2017 BIONOMICS ANNUAL REPORT

CONTENTS

VISION

BIONOMICS IS A GLOBAL, CLINICAL STAGE BIOPHARMACEUTICAL COMPANY LEVERAGING PROPRIETARY PLATFORM TECHNOLOGIES, IONX AND MULTICORE, TO DISCOVER AND DEVELOP A DEEP PIPELINE OF NOVEL DRUG CANDIDATES TARGETING ION CHANNELS

HIGHLIGHTS

COLLABORATION PROGRESS

- Merck & Co (MSD) collaboration milestone triggered as therapeutic candidate entered clinical development for the treatment of Alzheimers disease
- US$10 million payment by MSD to Bionomics

BNC210 CLINICAL SUCCESS

- Positive topline Phase 2 data reported in patients with Generalised Anxiety Disorder (GAD)
- Phase 2 clinical trial of BNC210 in Post Traumatic Stress Disorder (PTSD) initiated in Australia and the USA

STRATEGY REFINED

- Focussed strategy builds on Bionomics' strengths in ion channel targeted small molecule drug discovery and development
- 'Off strategy' oncology assets BNC101 and BNC105 to be monetised

CHAIRMAN'S LETTER

DEAR SHAREHOLDERS

Fiscal Year 2017 has been very pleasing for Bionomics as many elements of our long term strategy and value of our ionX and MultiCore drug discovery platforms were realised with exciting progress in our clinical pipeline both through our important collaboration with MSD (known as Merck & Co., Inc., in the US and Canada), success of our internal candidate BNC210 in a Phase 2a clinical trial in Generalized Anxiety Disorder (GAD), initiation of a multi-centre Phase 2b clinical trial of BNC210 in Post-Traumatic Stress Disorder (PTSD), strengthening of our Board of Directors and Management and solid financial results.

Our strong collaboration with MSD, one of the leading pharmaceutical companies in the world, is exemplified on multiple fronts. As part of a research collaboration and license agreement announced in June 2014, the Bionomics and MSD teams have worked closely together to deliver a candidate therapy now in clinical development for the treatment of cognitive dysfunction associated with Alzheimer's disease. The first administration of a candidate therapy in a clinical trial in early 2017 triggered a US$10 million milestone payment to Bionomics. This payment not only strengthened our balance sheet, but further validates Bionomics' proprietary drug discovery technology and capabilities.

Beyond the R&D collaboration, MSD became a shareholder of Bionomics in 2015 and the two companies have worked together since 2013 to co-sponsor an annual symposium in Adelaide to highlight emerging opportunities for the treatment of major debilitating neurological and psychiatric disorders with presentations from international and Australian researchers and clinicians across academia and industry.

The clinical development progress of our internal pipeline was equally pleasing to report with positive Phase 2a clinical data from a trial evaluating the effects of BNC210 on anxiety-associated neural networks in patients with GAD.

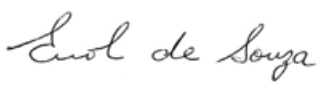
We now eagerly await the completion of enrolment and results from a separate Phase 2b clinical trial being undertaken in the US and Australia in patients with PTSD, a common condition that is very poorly served by existing medications. Top line results from the multi-centre PTSD trial are anticipated in mid-calendar year 2018.

2016 marked changes of the Board of Directors with the addition of Messrs David Wilson, Alan Fisher and Peter Turner bolstering our experience in global investment, finance and drug development.

The new Board has undertaken a major review of the Company's strategy in 2017 and determined that we should continue to build and make significant investments in R&D where there has been both clinical and commercial success. These investments will focus on Bionomics' acknowledged world-leading expertise in ion channel biology which has led to our relationship with MSD, previous partnerships with Merck KGaA and Ironwood and which underpins the mechanism of action of our lead therapeutic candidate BNC210. In line with this strategic focus, we will seek to monetise our non-ion channel assets, the cancer therapeutic candidates BNC101 and BNC105. In parallel, we will complete the ongoing BNC101 clinical trial in patients with metastatic colon cancer, where biomarker and other data are anticipated in late 2017, and support the current BNC105 trials which have attracted external funding. Difficult operational decisions have also been made which include the closure of our operations in San Diego, which were originally established to focus on development of BNC101, and our retirement from the CRC for Cancer Therapeutics. Closure of the San Diego site allowed us to consolidate our business and R&D operations in Australia and France making greater use of existing synergies.

It is pleasing to report that FY17 delivered solid financial results. Revenue increased 128% to $18.6 million. The reported loss after tax for FY17 was $6.7 million compared to $16.6 million in FY16. The closing cash position at 30 June 2017 was $42.9 million compared to $45.5 million at 30 June 2016.

The Board thanks Dr Deborah Rathjen and the Management team, which as of August 2017 includes an additional highly experienced international executive Mr Steven Lydeamore, for the progress the Company has made in the past 12 months. We acknowledge and sincerely thank all our shareholders for their continued support and we look forward to sharing with you news on clinical and partnership progress in the coming year.



Yours faithfully
Errol De Souza
Chairman and Non-Executive Director

CEO AND MANAGING DIRECTOR'S REPORT

DEAR SHAREHOLDERS

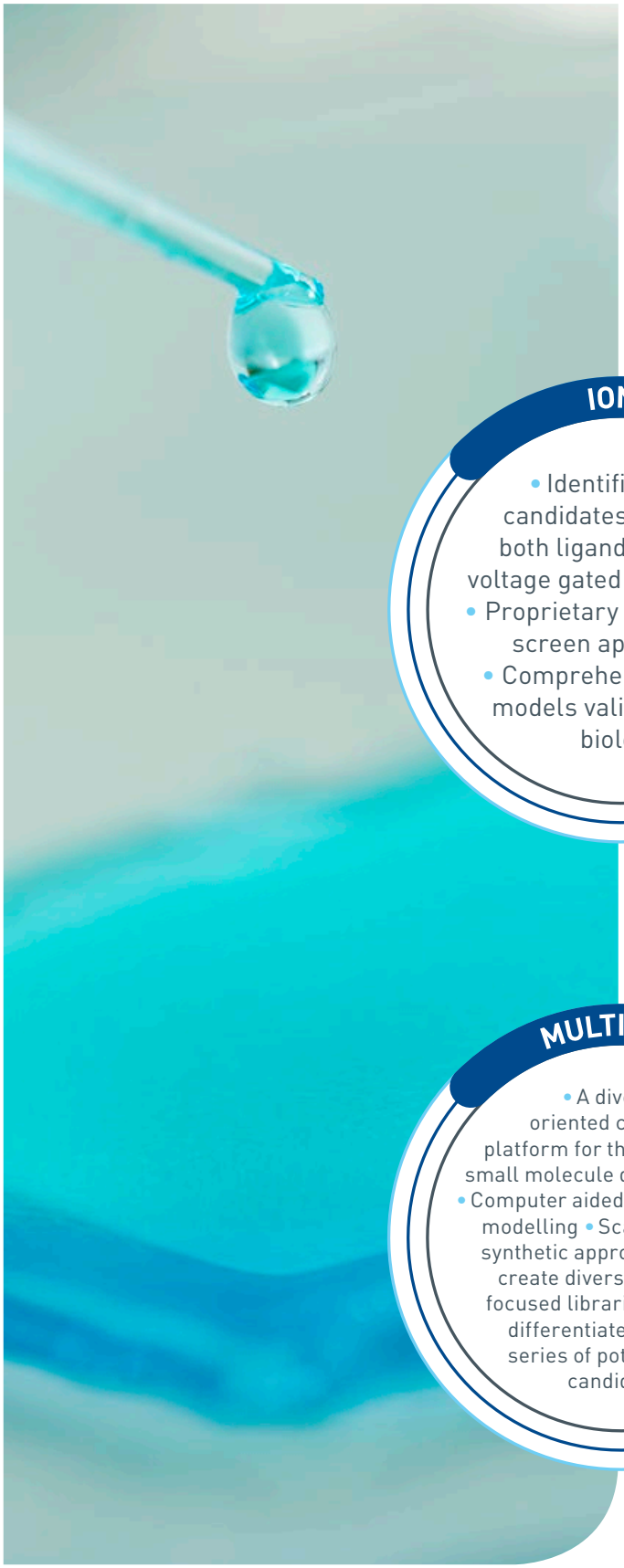
Bionomics is a biopharmaceutical company developing innovative therapeutics for diseases of the central nervous system (CNS) and cancer. Our primary proprietary chemistry platform MultiCore in combination with our ionX ion channel drug discovery platform enables us to fast track the discovery and development of novel therapeutic candidates which have the potential to alter the treatment paradigm and substantially improve the lives of patients.

Your Company achieved a number of key milestones in FY17 and it gives me great pleasure to report on the following clinical development progress:

- The Phase 2a success of our lead program BNC210, which is in development for the treatment of anxiety disorders, disorders where anxiety is also present including in depression and stress and trauma related disorders.
- The initiation in Australia and the US of a Phase 2b clinical trial of BNC210 in patients with PTSD.
- The completion of the first milestone in our ongoing collaboration with MSD (known as Merck & Co., Inc., Kenilworth NJ, USA in the US and Canada) to develop novel candidates for treatment of cognitive dysfunction associated with Alzheimer's disease. As part of a research collaboration and license agreement announced in June 2014, the first administration of a candidate therapy in a clinical trial in February 2017 triggered a US$10 million milestone payment to Bionomics. Under our agreement with MSD, Bionomics received US$20 million in an upfront payment and is eligible to receive up to US$506 million for reaching pre-defined research and clinical development milestones. In addition, our agreement includes eventual undisclosed royalties on product sales.
- Bionomics' clinical stage oncology assets continued to make progress during the year. In particular, the BNC101 Phase 1 clinical trial in patients with advanced, metastatic colon cancer reached its recommended Phase 2 dose level of 15mg/kg without evidence of dose limiting toxicities or other significant safety issues. With identification of the recommended Phase 2 dose level, the Company initiated enrolment of the final expansion cohort of the study.

Financially, Bionomics continues to be in a strong position to progress its development of BNC210 in PTSD. As the Company matures, its strategy will focus on its core strength and an area of significant competitive advantage in ion channel biology and drug discovery. It is worth spending a little time to discuss our technology platforms and to provide details on the clinical programs, financial performance, revised strategy and outlook for the coming year.

CEO AND MANAGING DIRECTOR'S REPORT



IONX AND MULTICORE PLATFORM TECHNOLOGIES

Bionomics' early genomics research in epilepsy provided the tools to form the ionX platform for the rapid identification of potential therapeutic candidates targeting both voltage and ligand gated ion channels. The combination of ionX and MultiCore chemistry, through the acquisition of Iliad Chemicals Pty Ltd in 2005, underpins both BNC210 and our collaboration with MSD. These technologies are validated by our important collaboration with MSD and previous partnerships with Merck KGaA and Ironwood.

IONX

- Identifies drug candidates targeting both ligand gated and voltage gated ion channels
- Proprietary cell lines and screen approaches
- Comprehensive *in vivo* models validate target biology

THERAPEUTIC AREAS

- Anxiety
- Depression
- Alzheimer's disease
- Cognition / memory
- Pain
- Epilepsy

MULTICORE

- A diversity oriented chemistry platform for the discovery of small molecule drug candidates
- Computer aided pharmacophore modelling
- Scaffold hopping synthetic approaches rapidly create diversity on small, focused libraries
- Parallel, differentiated chemical series of potential drug candidates

THE COMBINATION OF IONX AND MULTICORE CHEMISTRY UNDERPINS BOTH BNC210 AND OUR COLLABORATION WITH MSD.

BNC210: NEXT GENERATION DRUG CANDIDATE TO TREAT ANXIETY, DEPRESSION & PTSD

Potential Competitive Advantages of BNC210*

* Based on data from preclinical studies and Phase 1 clinical trials.

Drug	No sedation	No withdrawal syndrome	No memory impairment	Fast acting	No drug / drug interactions	Once-a-day dosing
BNC210	✔	✔	✔	✔	✔	✔
Valium and other BZD	✘	✘	✘	✔	✔	✘
Prozac and certain other SSRI / SNRI	✔	✘	✔	✘	✘	✔

ANXIETY TREATMENTS

- Dominated by benzodiazepines
- Associated with sedation, addiction and tolerance and cognitive disturbances
- Not recommended for long-term treatment

DEPRESSION TREATMENTS

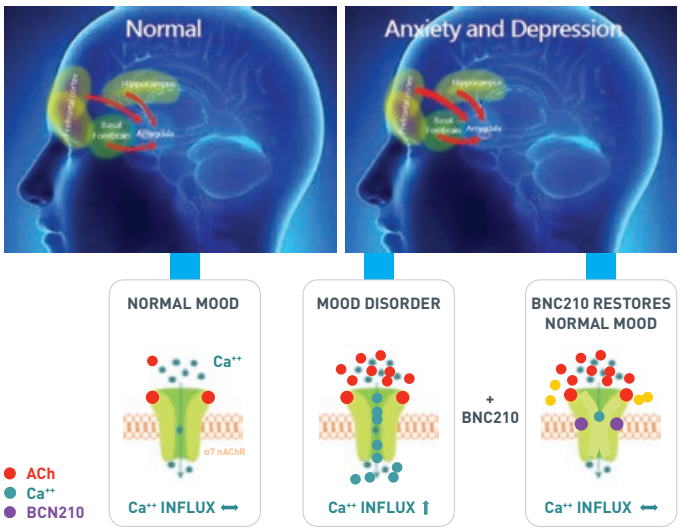
- SSRIs and SNRIs used to treat depression and anxiety
- Modest efficacy late onset of action, discontinuation, changes in weight, sexual dysfunction and increased thoughts of suicide in adolescents
- Many have black box warnings

BNC210, AN INNOVATIVE FIRST-IN-CLASS MODULATOR OF α7 NICOTINIC ACETYLCHOLINE RECEPTOR (ALPHA7 RECEPTOR)

BNC210 works by subtly down-modulating the activity of the alpha7 ion channel receptor through a process called allosteric modulation. In this way, BNC210 normalises the effects of a neurotransmitter, acetylcholine, on brain function. Excessive neurotransmission by acetylcholine has been linked to the symptoms of anxiety and depression and to stress-induced behaviours.

Throughout the clinical trials conducted to date, BNC210 has continued to demonstrate its strong potential in meeting an unmet medical need for a fast-acting anxiolytic agent without the side effects of existing treatments such as sedation, addiction, impaired memory and motor co-ordination. BNC210 has also demonstrated anti-depressant activity in preclinical models.

BNC210 ACTION DEPENDS ON ACETYLCHOLINE NEUROTRANSMISSION



BNC210 FOR THE TREATMENT OF GENERALIZED ANXIETY DISORDER

In September 2016, we were very pleased to announce exciting, positive results from the Phase 2a clinical trial of BNC210 in patients with GAD. These results were very encouraging with BNC210 not only meeting the primary and secondary end points for the clinical trial but also outperforming the current standard of care, lorazepam.

This double-blinded and placebo controlled trial in previously un-medicated patients with GAD evaluated the effects of BNC210 on neural networks activated in anxiety, including during the performance of anxiety inducing tasks. This trial used the anxiety provoking emotional faces task whilst patients underwent a form of brain imaging known as functional Magnetic Resonance Imaging (fMRI). Imaging occurred across the whole brain but for the primary endpoint analysis was focused on the amygdala which is the brain's emotional centre. The clinical trial also evaluated defensive behaviour using the Joystick Operated Runway Task (JORT) which uses a force-sensing interface to obtain an objective measure of the intensity of threat avoidance motivation.

The data from this trial demonstrated that treatment with 300mg BNC210 significantly reduced bi-lateral amygdala

CEO AND MANAGING DIRECTOR'S REPORT

reactivity to fearful faces relative to placebo treatment. Amygdala hyperactivity has been associated with GAD and other anxiety related disorders. Anxiolytic drugs including the benzodiazepines such as lorazepam, have been shown to diminish this hyper-reactivity, suggesting that normalisation of amygdala activity is critical to successful treatment of symptoms.

Further analysis of the data since the market announcement on 21 September 2016 also showed that connectivity between the amygdala and the anterior cingulate cortex was reduced in patients treated with BNC210 indicating that BNC210 reduces activation of anxiety-related neural circuits which are constantly switched on in anxiety disorders.

Fear or anxiety result in the expression of a range of defensive behaviours, which are aimed at escaping from the source of danger or motivational conflict. A secondary endpoint of the trial was to determine the effect of BNC210 on defensive behaviour using the JORT. In simple terms, the JORT is similar to a PAC-MAN game where anxiety and fear are induced by the threat of punishment. In the JORT, BNC210 administration at both 300mg and 2,000mg was associated with a significant decrease in the intensity of threat avoidance behaviour and again BNC210 outperformed lorazepam in this regard. The results of the JORT further support the anti-anxiety effect of BNC210.

BIONOMICS HOSTS WORLD-CLASS KEY OPINION LEADER (KOL) EVENTS

Bionomics hosted and participated in world class events to share key data from the BNC210 GAD clinical trial:

- Presentation at Society for Neuroscience (SFN) Annual Conference in San Diego on 16 November 2016.
- Presented at Biotech Showcase 2017 in San Francisco on 11 January 2017.
- Hosted a KOL meeting on 23 March 2017 in New York with Professor Allan H Young, MB ChB, MPhil, PhD, FRCPsych, FRCPC, FRSB, Professor Marina Picciotto, PhD. and Dr. Adam Perkins, PhD presenting.
- Hosted a KOL meeting on 10 May 2017 in London with Professor Allan H Young, Dr. Adam Perkins and Dr Sue O'Connor, PhD. Bionomics' VP, Neuroscience Research presenting.
- Presentation by Professor Allan H Young, at the Society of Biological Psychiatry Annual Convention on 18 May 2017 in San Diego.

BNC210 MAY REPRESENT A PROMISING TREATMENT OPTION FOR PTSD

The positive results from our clinical trial in patients with GAD has provided proof of biology broadly for anxiety disorders and conditions where anxiety is present with other conditions, most notably PTSD. Recruitment of patients in a Phase 2b BNC210 PTSD trial, the "RESTORE" trial, was initiated in the second half of calendar year 2016 with expanded recruitment of up to 192 patients across multiple trial sites in Australia and the US. The treatment of PTSD is both complex and challenging because current medications, such as selective serotonin reuptake inhibitors, benzodiazepines and anti-psychotics have limited effects in patients and have multiple side effects. In fact, the use of benzodiazepines by PTSD patients is actively discouraged.

Patients with PTSD display multiple symptoms in the clusters of intrusion, avoidance, arousal and reactivity, and negative alterations of cognition and mood. PTSD is a set of reactions that can develop in some people who have been through a traumatic event like combat, a natural disaster, a car accident, or sexual assault, which threatened their life or safety, or that of others around them. People who suffer from PTSD continue to experience memories and feelings of intense fear, helplessness or horror long after the trauma was experienced.

PREVALENCE OF PTSD AMONGST DIFFERENT POPULATIONS IN THE UNITED STATES:

7%-8% OF TOTAL POPULATION

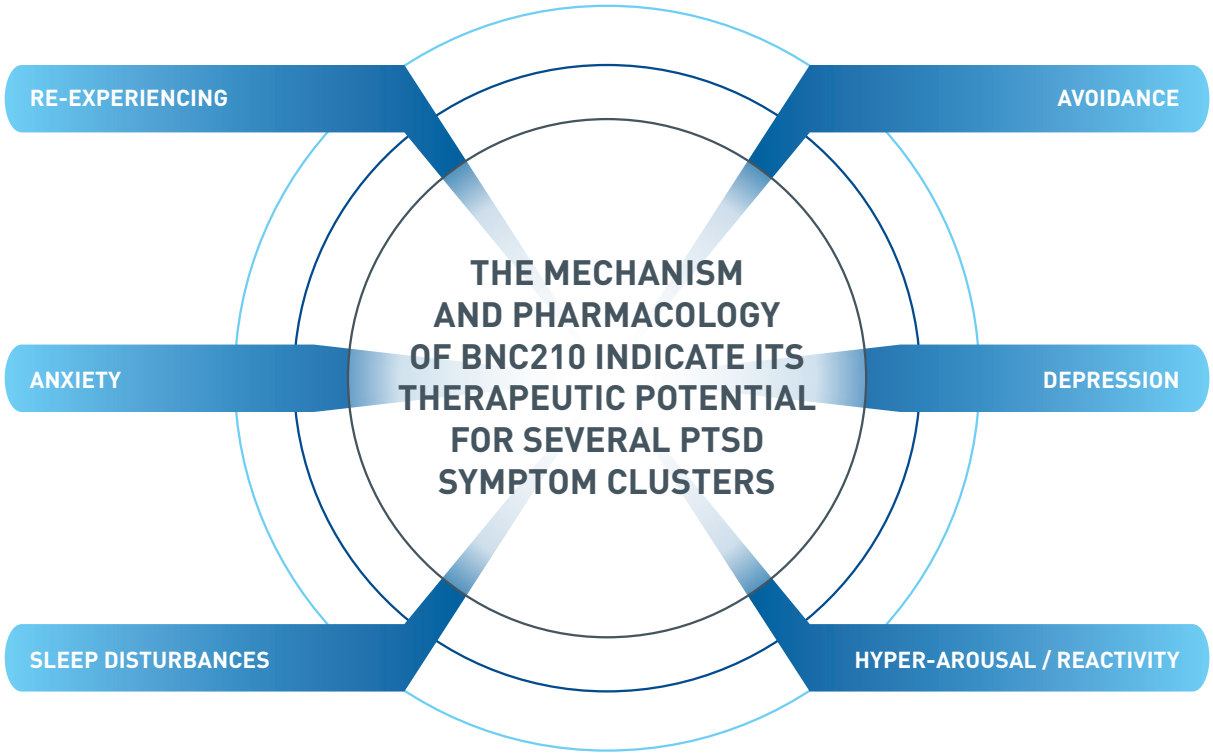
VETERANS
30% Vietnam veterans
10% Desert Storm veterans
6%-11% Afghanistan veterans
12%-20% Iraq veterans

CHILDREN AND WOMEN
60% Female rape victims
30%-60% Children who have survived specific disasters
100% Children witness to parental homicide or sexual assault

FIRST RESPONDERS
16% Fire-fighters
4%-14% Police

FOLLOWING DISASTERS
2% Natural disaster
28% Terrorism episode
29% Plane crash

PTSD PRESENTS IN A HIGHLY INDIVIDUALISED MANNER WITH A COMPLEX AND CHALLENGING SET OF SYMPTOMS THAT VARIES FROM PATIENT TO PATIENT



CEO AND MANAGING DIRECTOR'S REPORT

The prevalence of PTSD in society is high with the associated economic burden also considerable. It is estimated in the US alone that up to 8% of the population will suffer from PTSD at some point during their lifetimes, with the occurrence in women higher at 10% compared to men at 4%.

PTSD patients need:

- More effective treatments
- Treatments without side-effects since side-effects are one of the reasons people fail to take their medications
- Treatments that are non-addictive and without the potential to be abused
- Treatments that are safe to give with other drugs commonly prescribed for the disorder

BNC210 has demonstrated its potential to affect different symptom clusters experienced by sufferers of PTSD through its anxiolytic and anti-depressant activity, ability to reduce hyperarousal and ability to extinguish fear.

BIONOMICS SHOWCASES BNC210 DATA AT INVITATION-ONLY PTSD STATE OF THE SCIENCE SUMMIT HOSTED BY US ARMY MEDICAL RESEARCH AND MATERIEL COMMAND

Bionomics was invited to participate in and to present its BNC210 clinical trial results at the *PTSD State of the Science Summit* hosted by the US Army Medical Research and Materiel Command in June 2017 in West Virginia. This summit brought together experts from government, academia and industry in a format that included scientific presentations from key opinion leaders and working parties addressing key questions around the topic of the Pathophysiology of PTSD: Rethinking Drug Targets. Bionomics' invitation to this event further highlighted our position as a key subject matter expert in the development of more effective drug therapies for the treatment of PTSD.

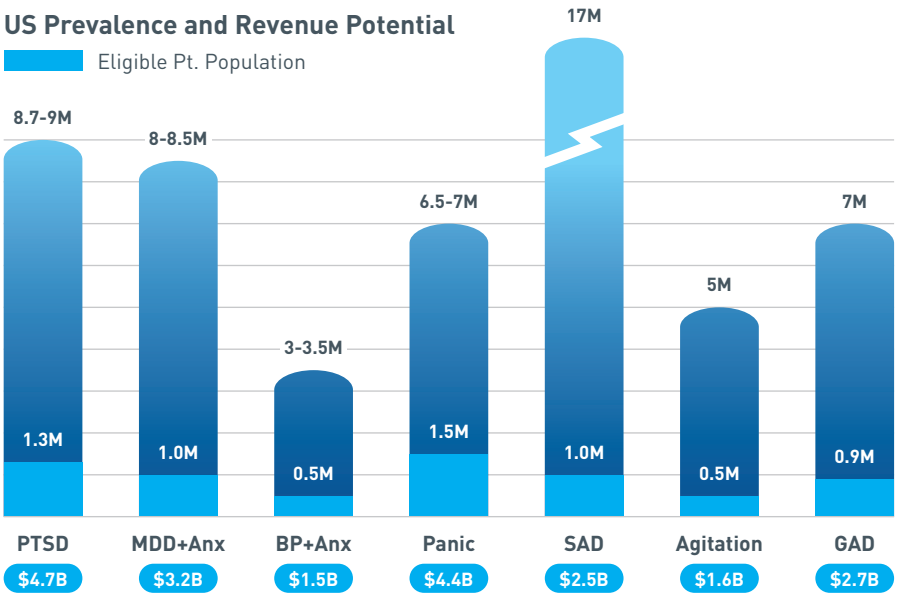
US MARKET RESEARCH INDICATES CONSIDERABLE MARKET POTENTIAL FOR BNC210

In both GAD and PTSD, BNC210 may offer a paradigm change in treatment.

US market research, commissioned by Bionomics indicates considerable market potential for BNC210 with the addressable US market opportunity in GAD estimated at US$2.7 billion and PTSD at US$4.7 billion. This substantial piece of research involved outreach to over 30 KOLs and up to seven health insurance companies in the US.

- Innovative, first-in-class
- Unmet need in large patient population
- Advancement in care
- Limited branded competition
- Ability to achieve large market share

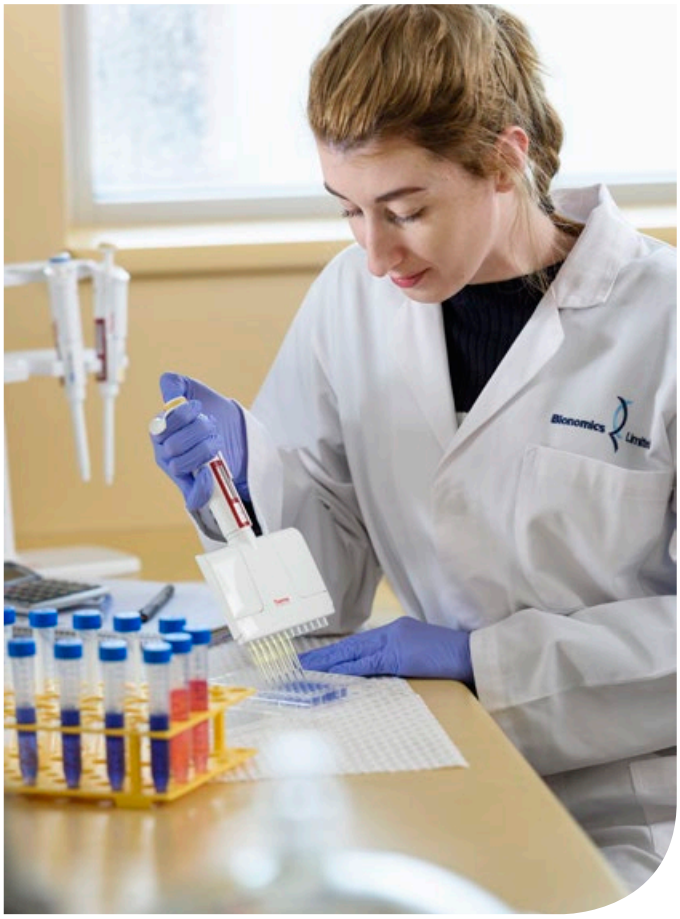
THE POTENTIAL MARKET VALUE OF BNC210



Eligible Patient US Market Potential

Assume 5% premium to Trintellix 2016 AWP for 30-day supply of $380 — Compliance Adjusted

[1] 3.4-4% prevalence >18yrs., ~25% of patients diagnosed and treated
[2] 6.7% prevalence, ~50% co-morbid anxiety, ~50% diagnosed and treated
[3] ~2.9% prevalence, 50% co-morbid anxiety (range in literature 25 to 75%), ~50% diagnosed and treated
[4] ~2.7% prevalence, ~50% diagnosed and treated
[5] ~6.8% prevalence, 15-20% diagnosed and treated
[6] ~3.1% dementia prevalence >40yrs., ~9% agitation patients diagnosed and treated
[7] 3.1% CAD prevalence, assumes ~25% diagnosed and treated, ~50% of SSRI patients treated are partial responders or relapsers



MSD COLLABORATION IN COGNITIVE DYSFUNCTION REACHED FIRST CLINICAL MILESTONE TRIGGERING US$10 MILLION PAYMENT TO BIONOMICS

In February 2017, we were delighted to announce the completion of the first milestone in our ongoing collaboration with MSD to develop novel candidates for treatment of cognitive dysfunction associated with Alzheimer's disease. As part of a research collaboration and license agreement announced in June 2014, the first administration of a candidate therapy in a clinical trial triggers a US$10 million milestone payment to Bionomics. We are particularly excited that MSD has initiated a clinical trial evaluating a candidate developed under our cognition collaboration. This milestone provides validation of the utility of our drug discovery platform to identify high-quality candidates as well as our strategic approach to partner selected assets. The portfolio of products under our collaboration with MSD are designed to address cognitive dysfunction in important CNS indications, and Alzheimer's disease is of chief importance among these as there remains an urgent need for new treatments.

Under the 2014 agreement, MSD funds all early-stage and clinical development of any candidate within the collaboration and is responsible for worldwide commercialisation. Bionomics received US$20 million in an upfront payment and is eligible to receive up to US$506 million for reaching pre-defined research and clinical development milestones. In addition, our agreement includes eventual undisclosed royalties on product sales.

BIONOMICS AND MSD PARTNER IN AN ANNUAL SYMPOSIUM: FRONTIERS OF NEUROSCIENCE RESEARCH

The annual Bionomics & MSD Symposium is now in its fifth year in 2017. This year the event will occur as a satellite event in association with the annual AusBiotech industry conference in Adelaide on 26 October 2017. Further details are available on Bionomics' website. This year, our annual symposium will look at *Frontiers of Neuroscience: Feelings and Forgetting* and we are anticipating a large crowd of leading industry, academic and clinical experts interested in new advances and novel target research across memory, pain, sleep and mood disorders.

This co-hosted annual symposium has continued to grow year on year. Last year's Symposium *At the Frontiers of Neuroscience: Memory, Movement & Mood* saw over 210 registrations from researchers, medical personnel and patient support groups as well as investors and life science analysts. Of particular note was the keynote presentation by Dr David Michelson, Vice President Neuroscience, Clinical Research, MSD on *Approaching an Answer to Alzheimer's Disease? Antibodies, BACE, and Beyond.*

Some of the key presentations at the symposium this year will be:

- Professor Steve Williams, IoPPN Kings College London & Maudsley Hospital on *MR Neuroimaging to Facilitate the Drug R&D Process - from Mouse to Man*
- Professor Ole Isacson, Professor of Neurology & Neuroscience, Harvard Medical School on *Novel Concepts from Human Cell Biology and Genetics for Neurodegenerative Disease Treatments*
- Dr Richard Hargreaves, Corporate Vice President Neuroscience & Imaging, Celgene on *Seeing the Problems and Devising Solutions for Neurodegenerative Disease*

CEO AND MANAGING DIRECTOR'S REPORT

BNC101, A FIRST-IN-CLASS COMPOUND IN ONCOLOGY, FOR THE TREATMENT OF METASTATIC COLON CANCER AND OTHER SOLID TUMOUR TYPES

During FY17, Bionomics continued to progress the development of its anti-cancer stem cell agent BNC101. The BNC101 Phase 1 clinical trial in patients with advanced, metastatic colon cancer reached its recommended Phase 2 dose level of 15mg/kg without evidence of dose limiting toxicities or other significant safety issues. With the identification of the recommended Phase 2 dose level, the Company initiated enrolment of the final expansion cohort of the study.

BNC101 is an anti-LGR5 cancer stem cell drug candidate being developed to treat solid cancers. It aims to prevent or delay tumour recurrence by targeting LRG5, a cancer stem cell (CSC) marker that is over-expressed in metastatic colorectal cancers and other solid tumour types. Inhibition of LGR5 by BNC101 results in the inhibition of a CSC survival pathway, known as the Wnt pathway. Emerging data demonstrates that cancer stem cells can generate an environment in the tumour that suppresses the immune system from functioning as it normally would to attack tumour cells.

In April 2017, Bionomics presented new pre-clinical data of BNC101 at the American Association for Cancer Research (AACR) conference in Washington, DC. The data showed in mouse models of colon cancer that treatment with BNC101 and a checkpoint inhibitor has a greater reduction in T regulatory cells. T regulatory cells are an immune suppressive cell and when BNC101 was administered it produced an increase in tumour attacking cytotoxic T cells compared to treatment with the checkpoint inhibitor alone. Further preclinical data

highlight the ability of BNC101 to induce the recruitment of Natural Killer cells to the LGR5 positive cells through an effect known as Antibody-Dependent Cell-mediated Cytotoxicity (ADCC).

Targeting the LGR5 positive cancer stem cell component of colorectal cancer with BNC101 may release potential suppression of checkpoint inhibitor activity to leverage greater therapeutic benefit to a colorectal cancer patient population. Colorectal cancer is the second most prevalent cancer type, yet overall survival is significantly behind other high occurrence cancers. In metastatic colorectal cancer, five-year survival is just 12% with current treatment options offering minimal therapeutic benefit to the patient population. The global market for metastatic colorectal cancer treatments is estimated to reach US$9.4 billion by 2020.

BNC105, A NOVEL VASCULAR DISRUPTING AGENT WITH IMMUNE MODULATING ACTIVITY, FOR CANCER TREATMENT

BNC105 is being developed for the treatment multiple forms of cancer. The mechanism of action of BNC105 in treating cancer aims to disrupt the blood vessels that nourish tumours, which has a distinct number of advantages over traditional forms of chemotherapy. BNC105 was developed by using our proprietary MultiCore technology to create novel compounds that effectively shut down tumour blood vessels without affecting other organ blood vessels. More recent evidence has indicated that BNC105 also acts to restore the immune response within solid tumours, providing an avenue for synergy with immune-oncology agents such as checkpoint inhibitors.

In February 2017, Bionomics announced grant funding for a new BNC105 clinical trial in combination with pembrolizumab, a checkpoint inhibitor developed by MSD, and a collaboration between the Peter MacCallum Cancer Centre and the Olivia Newton-John Cancer Wellness & Research Centre. The $2.25m grant, from the Victorian Cancer Agency, is funding a BNC105 trial in combination with pembrolizumab in patients with advanced melanoma who are unresponsive to standard treatments. This investigator initiated clinical trial is in addition to the grant funded clinical trial in patients with Chronic Lymphocytic Leukemia in progress at Dartmouth College in the US and a Novartis-funded biomarker study which is utilizing patient samples from the previously completed Phase 2 clinical trial in patients with metastatic renal cancer.

FINANCIAL PERFORMANCE

The Company is in a strong position to continue to execute its clinical and discovery programs with $42.874 million in cash and cash equivalents at 30 June 2017 (compared to $45.450 million at 30 June 2016).

Revenue increased by 128% to $18.606 million, reflecting the US$10 million milestone payment under Bionomics' agreement with MSD. Cash receipts for the period were $29.413 million, which consists of income under Bionomics' agreement with MSD including a milestone payment of US$10 million in March 2017, contract services by our wholly owned subsidiaries Neurofit SAS and Prestwick Chemical SAS, sales of chemical libraries by Prestwick and payment received under the Federal Government's R&D Tax Incentive of $9.505 million.

The reported loss after tax for FY17 was $6.749 million compared to $16.592 million in FY16.

CEO AND MANAGING DIRECTOR'S REPORT

OUR STRATEGY

With sharper focus in our strategy and our decision to "play to our strengths" in ion channel biology where we believe Bionomics is globally competitive, some important but difficult strategic and operational decisions have been taken and implemented.

Bionomics has retired from the Co-operative Research Centre (CRC) for Cancer Therapeutics after an association of over 10 years. In June 2016, Bionomics received its share (US$736,815) of the upfront payment under a licensing agreement for the PRMT5 project with MSD under its collaborative arrangements with the CRC. This strategic decision was taken to allow Bionomics to strengthen its focus on its core expertise in ion channel-based drug discovery and its proprietary platforms ionX and MultiCore. Despite its retirement from the CRC, Bionomics remains eligible for future payments under the PRMT5 license agreement.

Bionomics has also closed its operations in San Diego, with consequent cost savings in FY17 and beyond. Closure of the San Diego site has allowed us to consolidate our business and R&D operations in Australia and France making greater use of existing synergies. Our operations in San Diego were originally established to focus on development of BNC101 and with BNC101 now in clinical development all the necessary skills and expertise for this program are covered by our Adelaide-based oncology research team.

OUTLOOK

FY17 has been an exciting breakthrough year for Bionomics as we work to deploy state-of-the-art therapies for the treatment of diseases of the CNS and cancer. Bionomics has been recognised at several world-class events throughout the year and been given excellent opportunities to highlight the effectiveness of our drug discovery platforms and clinical candidates.

We will continue with our Phase 2b BNC210 trial in patients with PTSD and we anticipate results mid-calendar year 2018.

As the Company matures, it's strategy will focus on its core strength and an area of significant competitive advantage in ion channel biology and drug discovery. In pursuing this path, there is a recognition that our clinical stage oncology assets BNC105 and BNC101 are no longer "on strategy". Bionomics will therefore seek to monetise both assets in parallel with its currently committed support of investigator initiated clinical trials funded by granting bodies and Pharma companies.

> BIONOMICS WILL FOCUS ON ITS CORE STRENGTH AND AN AREA OF SIGNIFICANT COMPETITIVE ADVANTAGE IN ION CHANNEL BIOLOGY AND DRUG DISCOVERY.

In addition to the clinical development of BNC210, Bionomics will seek further opportunities to execute its partnership strategy through new licensing agreements for assets across its portfolio of drug candidates.

I extend my thanks for our hard-working team and the Board for their support over the course of the year. I also acknowledge and thank our shareholders for your continued investment in Bionomics' strategy and I look forward to reporting on progress of our pipeline of innovative drug candidates over the coming year.

Yours faithfully
Dr Deborah Rathjen
CEO and Managing Director

INTELLECTUAL PROPERTY PORTFOLIO

WE ARE THE OWNER ON RECORD OF 117 ISSUED PATENTS ACROSS 58 FAMILIES AND 106 PENDING PATENT APPLICATIONS ACROSS 33 FAMILIES FILED IN EUROPE, THE UNITED STATES AND ASIA.
THE BIONOMICS PATENT PORTFOLIO INCLUDES:

Through the worldwide Patent Cooperation Treaty (PCT) mechanism, Bionomics and its related companies were granted 18 patents this financial year, 37 PCT patent applications entered the national and regional phases of examination, 1 PCT patent application and 4 provisional patent applications were filed.

BOARD OF DIRECTORS

DR ERROL DE SOUZA PhD

CHAIRMAN AND NON-EXECUTIVE DIRECTOR

Dr De Souza is a leader in the development of therapeutics for treatment of central nervous system (CNS) disorders. He is currently President and CEO of Neuropore Therapies Inc., and is the former President and CEO of US biotech companies Biodel Inc. (NASDAQ:BIOD), Archemix Corporation and Synaptic Pharmaceutical Corporation (NASDAQ:SNAP). Dr De Souza formerly held senior management positions at Aventis Pharmaceuticals, Inc. (now Sanofi) and its predecessor Hoechst Marion Roussel Pharmaceuticals, Inc. Most recently, he was Senior Vice President and Site Head of US Drug Innovation and Approval (R&D), at Aventis, where he was responsible for the discovery and development of drug candidates through Phase 2a clinical trials for CNS and inflammatory disorders. Prior to Aventis, he was a co-founder and Chief Scientific Officer of Neurocrine Biosciences (NASDAQ:NBIX). Dr De Souza has served on multiple editorial boards, National Institutes of Health (NIH) Committees and is currently a Director of several public and private companies.

DR DEBORAH RATHJEN

BSc (Hons), PhD, MAICD, FTSE

CEO AND MANAGING DIRECTOR

Dr Rathjen joined Bionomics in 2000 from Peptech Limited, where she was General Manager of Business Development and Licensing. Dr Rathjen was a co-inventor of Peptech's TNF technology and leader of the company's successful defence of its key TNF patents against a legal challenge by BASF. Dr Rathjen has significant experience in company building and financing, mergers and acquisitions, therapeutic product research and development, business development, licensing and commercialisation. Dr Rathjen has been recognised both in Australia and internationally through awards and honours including the 2004 AusBiotech President's Medal, 2006 Flinders University Distinguished Alumni Award, 2009 BioSingapore Asia Pacific Biotechnology Woman Entrepreneur of the Year, 2009 Regional Finalist Ernst & Young – Entrepreneur of the Year, 2014 Woman Executive of the Year BioPharm Industry Awards. In 2015 Dr Rathjen was included in the Top 50 most influential Australian business women by The Australian newspaper.

MR PETER TURNER

BSc, MBA, GAICD

NON-EXECUTIVE DIRECTOR

Mr Turner is a former senior executive with global experience in CSL, a large multinational organisation in the biopharmaceutical industry. He has been an Executive director and COO of CSL and was the founding President of CSL Behring working in Europe and the United States from 2000 to 2011. Mr Turner provided strategic, technical and commercial leadership and was responsible for the integration of large company acquisitions in Europe, the United States and Japan. He has been responsible for significant company re-structuring and turnaround and has overseen thirteen new product launches in the United States and Europe and more in other jurisdictions. During his tenure overseas sales grew from US$140 million to $3.4 billion. Mr Turner is a Non-Executive director of Virtus Health and the Chair of NPS MedicineWise. He is a former Chair of Ashley Services Group.

MR DAVID WILSON

NON-EXECUTIVE DIRECTOR

Mr Wilson is Chairman and founding partner of WG Partners and has over 30 years' experience in the City of London. Previously Mr Wilson was CEO of Piper Jaffray Ltd, where he also served as Global Chairman of Healthcare and on the Group Leadership Team. Mr Wilson has held senior positions at ING Barings as Joint Head of UK Investment Banking Group, Deutsche Bank as Head of Small Companies Corporate Finance and UBS as Head of Small Companies Corporate Broking.
Mr Wilson currently serves as non executive Director of Bionomics Limited and was previously Senior Independent Director of Optos plc prior to its successful sale of Nikon Corporation for c.$400m as well as a non executive director of BerGenBio AS.

MR ALAN FISHER

BCom, FCA, MAICD

NON-EXECUTIVE DIRECTOR

Mr Fisher has extensive and proven experience in restoring and enhancing shareholder value. He spent 24 years at world-leading accounting firm Coopers & Lybrand as Lead Advisory Partner where he headed and grew the Melbourne Corporate Finance Division.
Following this tenure Alan developed his own business as a corporate advisor and for the past 20 years has specialised in M&A, business restructurings, strategic advice and capital raisings for small cap companies. He is currently Non-Executive Chairman of Centrepoint Alliance Limited and Non-Executive Director and Chair of the Audit and Risk Committees of IDT Australia Limited and Thorney Technology Limited. He is also the Managing Director of Fisher Corporate Advisory and DMC Corporate.
Mr Fisher holds a Bachelor of Commerce from Melbourne University, is a Fellow of the Institute of Chartered Accountants Australia, a member of the Australian Institute of Company Directors and the Turnaround Management Association.

MANAGEMENT

DR DEBORAH RATHJEN

BSc (Hons), PhD, MAICD, FTSE

CEO AND MANAGING DIRECTOR

Dr Rathjen joined Bionomics in 2000 from Peptech Limited, where she was General Manager of Business Development and Licensing. Dr Rathjen was a co-inventor of Peptech's TNF technology and leader of the company's successful defence of its key TNF patents against a legal challenge by BASF. Dr Rathjen has significant experience in company building and financing, mergers and acquisitions, therapeutic product research and development, business development, licensing and commercialisation. Dr Rathjen has been recognised both in Australia and internationally through awards and honours including the 2004 AusBiotech President's Medal, 2006 Flinders University Distinguished Alumni Award, 2009 BioSingapore Asia Pacific Biotechnology Woman Entrepreneur of the Year, 2009 Regional Finalist Ernst & Young - Entrepreneur of the Year, 2014 Woman Executive of the Year BioPharm Industry Awards. In 2015 Dr Rathjen was included in the Top 50 most influential Australian business women by The Australian newspaper.

MR JACK MOSCHAKIS

BEc, DIPLaw (BAB) NSW, GDipBA, FCIS

LEGAL COUNSEL AND COMPANY SECRETARY

Mr Moschakis brings a depth of legal knowledge with over 25 years' experience as a legal practitioner. He has worked in senior legal / company secretary roles in the South Australian electricity industry for over 10 years and has expertise in energy law and energy related commercial and contractual matters. His most recent position was at mining company Rex Minerals Ltd where he worked as a legal consultant. Prior to this, Mr Moschakis worked at Thomsons Lawyers, a top tier Adelaide law firm that is now part of the national law firm of Thomson Geer, as an energy and infrastructure consultant. Mr Moschakis holds a Bachelor of Economics (Adelaide), Diploma in Law (BAB-NSW) and Graduate Diploma in Business Administration (Adelaide). He is a Fellow of the Institute of Chartered Secretaries / Governance Institute of Australia, Member of the Law Society of South Australia and the Association of Corporate Counsel.

MR STEVEN LYDEAMORE

MBA, CPA

CHIEF FINANCIAL OFFICER

Mr Lydeamore is a Certified Practising Accountant with 25 years' international pharmaceutical experience. He has senior executive experience spanning Asia Pacific, Europe, Latin America and North America in finance, business development, mergers and acquisitions, sales and marketing, manufacturing and research and development. Mr Lydeamore worked in various finance roles for F.H. Faulding & Co. Limited in Australia over a ten year period followed by four years in the United States at Mayne Pharma (USA) Limited. For the eleven years prior to joining Bionomics, Mr Lydeamore worked for Apotex Inc., the largest Canadian-owned pharmaceutical company, most recently as President, Apobiologix. Mr Lydeamore holds a Bachelor of Business (Applied Economics) (Deakin) and a Master of Business Administration (RMIT). He is a member of CPA Australia and Licensing Executives Society (U.S.A. and Canada), Inc.

DIRECTORS' REPORT

Your Directors present their report on the financial statements of the Group for the year ended 30 June 2017, comprising the parent entity Bionomics Limited (Bionomics) and its subsidiaries. In order to comply with the *Corporations Act 2001*, the Directors report as follows:

Directors
The following persons were Directors of Bionomics during the period and up to the date of this report:

- Mr Graeme Kaufman, Non-Executive Chairman (until 31 August 2016)
- Dr Errol De Souza, Non-Executive Director and from 1 September 2016, Non-Executive Chairman
- Dr Deborah Rathjen, Chief Executive Officer and Managing Director
- Mr Trevor Tappenden, Non-Executive Director (until 8 November 2016)
- Dr Alan W Dunton, Non-Executive Director (until 4 July 2016)
- Mr David Wilson, Non-Executive Director
- Mr Peter Turner, Non-Executive Director
- Mr Alan Fisher, Non-Executive Director (from 1 September 2016)

Except as noted above, the Directors held office during the whole of the financial year and since the end of the financial year.

Principal Activities
The principal activities of the Company and its controlled entities (the Group) during the period include the discovery and development of novel drug candidates focused on the treatment of central nervous system disorders and cancer by leveraging our proprietary platform technologies.

Operating Results
Consolidated revenue for the year to 30 June 2017 increased by 128% to $18,606,356. Other income for the year to 30 June 2017 decreased by 29% to $9,645,501 and primarily relates to the Research and Development (R&D) Tax Incentive, foreign government grants and interest income. This compared with revenue of $8,143,288 and other income of $13,584,627 for the year to 30 June 2017. The operating loss after tax of the Group for the year to 30 June 2017 was $6,749,615 compared with the prior year after tax loss of $16,592,410.

The cash position at 30 June 2017 was $42,873,656 with restricted cash of $550,000 and $384,000 classified as current and non-current other financial assets (2016: $45,450,382 with restricted cash of $550,000 and $384,000 classified as current and non-current other financial assets).

The financial performance of key operating segments of Drug discovery and development and Contract services are included in Note 4.

Review of Operations
Bionomics is a global, clinical-stage biopharmaceutical company, leveraging our proprietary platform technologies to discover and develop a deep pipeline of best-in-class, novel drug candidates focused on ion channel mediated disorders, including conditions of the Central Nervous System (CNS) and oncology.

Ion Channel Expertise to Drive Growth
Our ionX and MultiCore drug discovery platforms are validated through our partnership with Merck & Co., or MSD as it is known outside the US and Canada and both platforms serve as a source of significant competitive advantage in addressing under-served therapeutic areas including anxiety, depression, pain and Alzheimer's disease.

Our Important Relationship with MSD Made Significant Progress
Our collaboration with MSD in cognition reached an important milestone with the first dosing in a clinical trial in February 2017. The milestone occurred with the initiation of a Phase 1 clinical study of a candidate Alzheimer's disease treatment. The achievement of this milestone by MSD triggered a payment of US$10 million to Bionomics. We are excited that MSD initiated this clinical trial evaluating a candidate developed under our June 2014 cognition collaboration. This milestone provides validation of the utility of our drug discovery platform to identify high-quality candidates as well as our strategic approach to partner selected assets. The portfolio of products under our collaboration with MSD are designed to address cognitive dysfunction in important CNS indications, and Alzheimer's disease is of chief importance among these as there remains an urgent need for new treatments.

Under the 2014 agreement, MSD funds all early-stage and clinical development of any candidate within the collaboration and is responsible for worldwide commercialisation. Bionomics previously received US$20 million in upfront payments and is eligible to receive up to US$506 million for reaching predefined research and clinical development milestones, plus eventual undisclosed royalties on any product sales.

In November 2016 MSD and Bionomics hosted its annual joint Symposium in Adelaide, Australia focused on Frontiers in Neuroscience Research: Memory, Mood and Movement. Symposium speakers included some of the world's most respected experts in the fields of memory, movement and mood and attendees benefited from reports on latest advances in the science and treatment options for Alzheimer's disease, Parkinson's disease and anxiety. The successful Symposium was well received with over 210 registrations. Attendees included researchers, medical personnel and

DIRECTORS' REPORT

patient support groups as well as investors and life science analysts. The keynote presentation was given by Dr David Michelson, Vice President Neuroscience & Ophthalmology, Clinical Research, MSD.

BNC210 Positive Phase 2 Clinical Trial Results Prepared the Foundation for Further Development and Partnering with Significant Commercial Opportunities Identified in Post Traumatic Stress Disorder

During the period Bionomics continued the development of BNC210 reporting positive clinical trial results in September 2016 from a robust Phase 2, placebo and lorazepam controlled, double blinded, 4-way cross over design, clinical trial which confirmed using brain imaging technology that BNC210 reduced the activity of known brain circuitry associated with anxiety. The effect of BNC210 was superior to that of standard of care lorazepam in reducing anxiety during the performance of anxiety inducing tasks, including the Joystick Operated Runway Task.

BNC210 is a novel, proprietary, negative allosteric modulator of the alpha-7 nicotinic acetylcholine receptor, or the α7 receptor. In six completed Phase 1 clinical trials, BNC210 has demonstrated safety and tolerability in over 190 healthy subjects and shown initial indications of efficacy in the absence of side effects such as sedation, memory loss, impairment of motor co-ordination and potential for addiction. The α7 receptor is highly expressed in the amygdala which forms part of the emotional centre of the brain and it can be considered a key driver of emotional responses. In the Phase 2 GAD trial BNC210 inhibited amygdala activation in response to anxiety-inducing signals, a strong endorsement for its continued development for the treatment of anxiety disorders, conditions where co-morbid anxiety exist such as in Major Depressive Disorder and Bipolar Disorder and stress and trauma related disorders.

Bionomics has an ongoing multi-centre, placebo controlled, double-blinded Phase 2 clinical trial of BNC210 in patients with PTSD. The clinical trial is being conducted in Australia and the US. Results from this clinical trial, which will enrol 192 patients, are anticipated in 2018.

Strong Market Opportunity for BNC210

Market research commissioned by Bionomics conducted by market research firm Torreya Insights indicates that the US market opportunity for BNC210 in GAD alone is estimated to be US$2.7 billion p.a. This market research also indicates that the US market opportunity for BNC210 in PTSD is estimated to be US$4.7 billion p.a. PTSD is anticipated to provide a more rapid path to market than GAD, with the potential for further FDA Fast Track and breakthrough designation with positive Phase 2 data.

Our Clinical Stage Oncology Assets Continue to Mature, But Are Now "Off Strategy"

In addition to the successes of its ion channel-based neuroscience programs, Bionomics continued to develop its cancer drug pipeline utilising non-dilutive financing with Pharma company support where possible while the Company prioritises investment in its ion channel programs.

The ongoing BNC101 Phase 1 clinical trial in patients with advanced, metastatic colon cancer reached its recommended Phase 2 dose level of 15mg/kg without evidence of dose limiting toxicities or other significant safety issues. With identification of the recommended Phase 2 dose level the Company initiated enrolment of the final expansion cohort of the study. BNC101 is a first-in-class, high-affinity, anti-LGR5 humanised monoclonal antibody targeting cancer stem cells. Exposure levels observed in the 15 mg/kg patient cohort were similar to efficacious exposure levels seen in preclinical models. In-depth analysis of patient samples for biomarker evaluation is ongoing in parallel with the expansion cohort. This data is anticipated to be reported, together with the completion of the expansion cohort in the current quarter.

In February 2017 Bionomics announced grant funding for a new investigator initiated BNC105 clinical trial in combination with Keytruda, a checkpoint inhibitor developed by MSD and a collaboration between the Peter MacCallum Cancer Centre and the Olivia Newton-John Cancer Wellness & Research Centre. The $2.25m grant from the Victorian Cancer Agency is funding a BNC105 trial in combination with Keytruda in patients with advanced melanoma who are unresponsive to standard treatments. This investigator initiated clinical trial is in addition to the grant funded clinical trial in patients with Chronic Lymphocytic Leukemia in progress at Dartmouth College in the US and a Novartis-funded biomarker study which is utilising patient samples from the Phase 2 clinical trial in patients with metastatic renal cancer.

Strategic Realignment to Focus on Ion Channel Assets

As part of our strategic realignment, management and Board reached a decision to focus on our essential operations in Australia and France, making the most of the clearly identified operational synergies, and to close our US operations. The decision to close our US operations was implemented in June 2017, with savings identified moving forward.

Outlook

Bionomics is in a strong position to progress its development of BNC210 in PTSD and other indications and to support our important relationship with MSD. In the second half of calendar year 2018, we anticipate Phase 2 data from the ongoing BNC210 trial in patients with PTSD.

As the Company matures, its strategy will focus on its core strength and an area of significant competitive advantage in

ion channel biology and drug discovery. In pursuing this path there is a recognition that our clinical stage oncology assets BNC105 and BNC101 are no longer "on strategy". Bionomics will therefore seek to monetize both assets in parallel with its currently committed support of investigator initiated clinical trials funded by granting bodies and Pharma companies. Near-term data in the ongoing BNC101 trial in patients with metastatic colon cancer is anticipated to assist in value realisation.

Bionomics will seek further opportunities to execute its partnership strategy through new licensing agreements for assets across its portfolio of drug candidates.

Dividends
The Directors do not propose to make any recommendation for dividends for the current financial year. There were no dividends declared in respect of the previous financial year.

Significant Changes in the State of Affairs
There were no significant changes in the state of affairs of the Group during the financial year.

Subsequent Events
No other matters or circumstances have arisen since the end of the financial year which significantly affect or may significantly affect the results of the operations of the Group.

Likely Developments and Expected Results of Operations
The Group will continue to undertake drug discovery and will seek to commercialise the outcomes of its research and development in the form of drug candidates for the treatment of CNS diseases and cancer.

Environmental Regulation
The Group is subject to environmental regulations and other licenses in respect of its facilities in Australia, USA and France. The Group is subject to regular inspections and audits by responsible State and Federal authorities. The Group was in compliance with all the necessary environmental regulations throughout the year ended 30 June 2017 and no related issues have arisen since the end of the financial year to the date of this report.

INFORMATION ON DIRECTORS

Dr ERROL DE SOUZA PhD
Chairman – Non-Executive Director since 28 February 2008 and Non- Executive Chairman from 1 September 2016

Experience and Expertise
Dr De Souza is a leader in the development of therapeutics for treatment of CNS disorders. He is currently President and CEO of Neuropore Therapies Inc. and is the former President and CEO of US biotech companies Biodel Inc. (NASDAQ:BIOD), Archemix Corporation and Synaptic Pharmaceutical Corporation (NASDAQ:SNAP). Dr De Souza formerly held senior management positions at Aventis Pharmaceuticals, Inc. (now Sanofi) and its predecessor Hoechst Marion Roussel Pharmaceuticals, Inc. Most recently, he was Senior Vice President and Site Head of US Drug Innovation and Approval (R&D), at Aventis, where he was responsible for the discovery and development of drug candidates through Phase 2a clinical trials for CNS and inflammatory disorders. Prior to Aventis, he was a co-founder and Chief Scientific Officer of Neurocrine Biosciences (NASDAQ:NBIX). Dr De Souza has served on multiple editorial boards, National Institutes of Health (NIH) Committees and is currently a Director of several public and private companies.

Current Directorships (in addition to Bionomics Limited)
Listed companies: Director of Catalyst Biosciences Inc. (NASDAQ:CBIO)

Former Listed Directorships in Last Three Years
Biodel Inc. (NASDAQ:BIOD), Targacept, Inc. (NASDAQ: TRGT)

Special Responsibilities
Chairman of Independent Board Committee
Member of Audit and Risk Management Committee
Member of the Nomination and Remuneration Committee

Interests in Shares and Options at Date of Report
266,698 ordinary shares in Bionomics Limited
600,000 unlisted options over ordinary shares in Bionomics Limited

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Mr GRAEME KAUFMAN
Chairman – Non-Executive until 31 August 2016
Director - 18 September 2012 until 31 August 2016

Experience and Expertise
Mr Kaufman has wide ranging experience across the biotechnology sector, spanning scientific, commercial and financial areas. His experience with CSL Limited, Australia's largest biopharmaceutical company included responsibility

DIRECTORS' REPORT

for all of their manufacturing facilities, and the operation of an independent business division operating in the high technology medical device market. As CSL's General Manager Finance, Mr Kaufman had global responsibility for finance, strategy development, human resources and information technology. Mr Kaufman has also served as an Executive Director of ASX-listed Circadian Technologies and a Non-Executive Director of Amrad Corporation. He was previously Executive Vice President Corporate Finance with Mesoblast Limited and is currently Executive Chairman of IDT Australia Limited and non-executive Chairman of Paradigm Biopharmaceuticals Limited.

Current Directorships (in addition to Bionomics Limited)
Listed companies: Executive Chairman, IDT Australia Limited (ASX:IDT) (since June 2013); Chairman Paradigm Biopharmaceuticals Limited (ASX:PAR) (since August 2014)

Former Listed Directorships in Last Three Years
Non-Executive Director, Cellmid Limited (ASX:CDY) (from August 2012 until June 2015)

Special Responsibilities
Member of Audit and Risk Management Committee

Interests in Shares and Options at Date of Report
178,750 ordinary shares in Bionomics Limited
1,000,000 unlisted options over ordinary shares in Bionomics Limited

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Dr DEBORAH RATHJEN BSc (Hons), PhD, MAICD, FTSE
Chief Executive Officer and Managing Director
Director since 18 May 2000

Experience and Expertise
Dr Rathjen joined Bionomics in 2000 from Peptech Limited, where she was General Manager of Business Development and Licensing. Dr Rathjen was a co-inventor of Peptech's TNF technology and leader of the company's successful defence of its key TNF patents against a legal challenge by BASF. Dr Rathjen has significant experience in company building and financing, mergers and acquisitions, therapeutic product research and development, business development, licensing and commercialisation. Dr Rathjen has been recognised both in Australia and internationally through awards and honours including the 2004 AusBiotech President's Medal, 2006 Flinders University Distinguished Alumni Award, 2009 BioSingapore Asia Pacific Biotechnology Woman Entrepreneur of the Year, 2009 Regional Finalist Ernst & Young, Young Entrepreneur of the Year, and 2014 Woman Executive of the Year BioPharm Industry Awards. In 2015 Dr Rathjen was included in the Top 50 most influential Australia business women by The Australian newspaper.

Current Directorship (in addition to Bionomics Limited)
Listed companies: Nil
Other: ANFF Limited, Director of CTX CRC Limited (concluded June 2017),

Former Listed Directorships in Last Three Years
Nil

Special Responsibilities
Chief Executive Officer and Managing Director
Member of Independent Board Committee

Interests in Shares and Options at Date of Report
2,485,901 ordinary shares in Bionomics Limited
2,255,000 unlisted options over ordinary shares in Bionomics Limited

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Mr TREVOR TAPPENDEN CA, FAICD
Non-Executive Director
Director from 15 September 2006 to 8 November 2016

Experience and Expertise
Mr Tappenden commenced his career as a Non-Executive Director in 2003 after a career with Ernst & Young spanning 30 years. During his time at Ernst & Young, Mr Tappenden held a variety of positions including Managing Partner of the Melbourne Office, member of the Board of Partners, Head of the Victorian Government Services Group and National Director of the Entrepreneurial Services Division. He holds directorship in various private, government and not-for-profit organisations and is the Chairman of the Audit and Risk Management Committees of many of those organisations.

Current Directorships (in addition to Bionomics Limited)
Listed companies: Nil
Other: Director, Buckfast Pty Ltd; Director & Chairman, Intellicomms Pty Ltd; Director & Chairman, RMIT University Foundation; Director, Museum Victoria

Former Listed Directorships in Last Three Years
Nil

Special Responsibilities
Chairman of Audit and Risk Management Committee

Interests in Shares and Options at Date of Report
49,924 ordinary shares in Bionomics Limited
Nil unlisted options over ordinary shares in Bionomics Limited

Dr ALAN W DUNTON BCom, FCA, MAICD
Non-Executive Director
Retired 4 July 2016

Experience and Expertise
Dr Dunton is a seasoned pharmaceutical/biotechnology industry executive, with extensive product and company leadership experience. Dr Dunton's career has ranged from responsibility for overall leadership of large pharma R&D organisations to private biotechnology companies. Dr Dunton is currently Senior Vice President, Research and Development at Purdue Pharma, LLP and has discovery, development, and regulatory experience across all functional areas for the complete life cycle management of products as well as raising capital to create shareholder value. Dr Dunton created Danerius, LLC, a pharma/biotech consulting company covering the industry, venture capital groups and government agencies. Dr Dunton has played a key role in the development of more than 20 products to regulatory approval. Dr Dunton holds a MD degree from New York University School of Medicine, where he completed his residency in internal medicine.

Current Directorships (in addition to Bionomics Limited)
Listed companies: Director, Palatin Technologies, Inc. (NYSE:PTN); Director, Oragenics, Inc. (NYSE: OGEN)

Former Listed Directorships in Last Three Years
Targacept, Inc. (NASDAQ: TRGT)

Special Responsibilities
Nil

Interests in Shares and Options at Date of Report
Nil ordinary shares in Bionomics Limited
500,000 unlisted options over ordinary shares in Bionomics Limited

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Mr DAVID WILSON
Non-Executive Director
Director since 16 June 2016

Experience and Expertise
Mr Wilson is Chairman and founding partner of WG Partners and has over 30 years' experience in the City of London. Previously Mr Wilson was CEO of Piper Jaffray Ltd, where he also served as Global Chairman of Healthcare and on the Group Leadership Team. Mr Wilson has held senior positions at ING Barings as Joint Head of UK Investment Banking Group, Deutsche Bank as Head of Small Companies Corporate Finance and UBS as Head of Small Companies Corporate Broking. Mr Wilson currently serves as Non-Executive Director of Bionomics Limited and was previously Senior Independent Director of Optos plc prior to its successful sale of Nikon Corporation for c.$400m as well as a Non-Executive Director of BerGenBio AS.

Current Directorships (in addition to Bionomics Limited)
Listed companies: Nil

Former Listed Directorships in Last Three Years
Optos plc

Special Responsibilities
Member of Independent Board Committee
Member of Audit and Risk Management Committee
Member of the Nomination and Remuneration Committee

Interests in Shares and Options at Date of Report
200,000 ordinary shares in Bionomics Limited
500,000 unlisted options over ordinary shares in Bionomics Limited

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Mr PETER TURNER BSc, MBA, GAICD
Non-Executive Director
Director since 16 June 2016

Experience and Expertise
Mr Turner is a former senior executive with global experience in CSL, a large multinational organisation in the biopharmaceutical industry. He has been an Executive Director and COO of CSL and was the founding President of CSL Behring working in Europe and the United States from 2000 to 2011. Mr Turner provided strategic, technical and commercial leadership and was responsible for the integration of large company acquisitions in Europe, the United States and Japan. He has been responsible for significant company re-structuring and turnaround and has overseen thirteen new product launches in the United States and Europe and more in other jurisdictions. During his tenure, overseas sales grew from US$140 million to $3.4 billion. Mr Turner is a Non-Executive Director of Virtus Health and the Chair of NPS MedicineWise. He is a former Chair of Ashley Services Group.

Current Directorships (in addition to Bionomics Limited)
Listed companies: Director, Virtus Health Limited (ASX:VRT) (since June 2013)

Former Listed Directorships in Last Three Years
Chair: Ashley Services Group Limited (ASX:ASH) (July 2014 to October 2015)

Special Responsibilities
Member of Independent Board Committee
Chair of Nomination and Remuneration Committee

Interests in Shares and Options at Date of Report
100,000 ordinary shares in Bionomics Limited
500,000 unlisted options over ordinary shares in Bionomics Limited

DIRECTORS' REPORT

Mr ALAN FISHER BCom, FCA, MAICD
Non-Executive Director
Director since 1 September 2016

Experience and Expertise
Mr Fisher has extensive and proven experience in restoring and enhancing shareholder value. He spent 24 years at world-leading accounting firm Coopers & Lybrand as Lead Advisory Partner where he headed and grew the Melbourne Corporate Finance Division. Following this tenure Alan developed his own business as a corporate advisor and for the past 20 years has specialised in M&A, business restructurings, strategic advice and capital raisings for small cap companies. He is currently Non-Executive Chairman of Centrepoint Alliance Limited and Non-Executive Director and Chair of the Audit and Risk Committees of IDT Australia Limited and Thorney Technology Limited. He is also the Managing Director of Fisher Corporate Advisory and DMC Corporate. Mr Fisher holds a Bachelor of Commerce from Melbourne University, is a Fellow of the Institute of Chartered Accountants Australia, a member of the Australian Institute of Company Directors and the Turnaround Management Association.

Current Directorships (in addition to Bionomics Limited)
Listed companies: Chairman, Centrepoint Alliance Limited (ASX: CAF); NED and Chairman of A&RC IDT Australia Limited (ASX: IDT); NED and Chairman of A&RC Thorney Technology Limited (ASX: TEK).

Former Listed Directorships in Last Three Years
Nil

Special Responsibilities
Chair of Audit and Risk Management Committee
Member of Nomination and Remuneration Committee

Interests in Shares and Options at Date of Report
Nil ordinary shares in Bionomics Limited
500,000 unlisted options over ordinary shares in Bionomics Limited

Mr JACK MOSCHAKIS BEc, DIPLaw (BAB) NSW, GDipBA, FCIS
Legal Counsel and Company Secretary

Experience and Expertise
Mr Moschakis brings a depth of legal knowledge with over 25 years' experience as a legal practitioner. He has worked in senior legal / company secretary roles in the South Australian electricity industry for over 10 years and has expertise in energy law and energy related commercial and contractual matters. His most recent position was at mining company Rex Minerals Ltd where he worked as a legal consultant. Prior to this, Mr Moschakis worked at Thomsons Lawyers, a top tier Adelaide law firm that is now part of the national law firm of Thomson Geer, as an energy and infrastructure consultant. Mr Moschakis holds a Bachelor of Economics (Adelaide), Diploma in Law (BAB) NSW and Graduate Diploma in Business Administration (Adelaide). He is a Fellow of the Institute of Chartered Secretaries / Governance Institute of Australia, Member of the Law Society of South Australia and the Association of Corporate Counsel.

MEETINGS OF DIRECTORS

The following table sets out the number of Directors' meetings (including meetings of committees of Directors) held during the financial year and the number of meetings attended by each Director (while they were a director or committee member).

	MEETINGS OF DIRECTORS			MEETINGS OF AUDIT AND RISK MANAGEMENT (ARM) COMMITTEE			MEETINGS OF THE NOMINATION AND REMUNERATION COMMITTEE[1]		INDEPENDENT BOARD COMMITTEE[2]	
	Held	Eligible to Attend	Attended	Held	Eligible to Attend	Attended	Held	Attended	Held	Attended
Mr Graeme Kaufman	9	1	1	4	1	1	1	1	-	-
Dr Deborah Rathjen[3]	9	9	9	4	4	4	1	1	1	1
Mr Trevor Tappenden	9	3	2	4	1	1	1	1	-	-
Dr Errol De Souza	9	9	9	4	4	4	1	1	1	1
Dr Alan W Dunton	9	-	-	-	-	-	-	-	-	-
Mr David Wilson	9	9	9	4	3	2	-	-	1	1
Mr Peter Turner[4]	9	9	9	4	3	3	-	-	1	1
Mr Alan Fisher[5]	9	8	8	4	3	3	-	-	-	-

[1] The Directors of the Remuneration Committee met in respect of the prior (2016) financial year. The meeting for the current year occurred after the close of this (2017) financial year.

[2] Independent Board Committee established 21 March 2016 to deal with the Sec 203D Notice

[3] Attends ARM Committee, Nomination and Remuneration Committee by invitation

[4] Appointed Chair of the Remuneration Committee and Chair of the Nomination Committee from 9 August 2016. The Nomination Committee merged with the Remuneration committee in May 2017 to be the Nomination and Remuneration Committee.

[5] Appointed Chair ARM Committee from 8 November 2016

REMUNERATION REPORT

This remuneration report, which forms part of the Directors' Report, sets out information about the remuneration of the Company's Key Management Personnel (KMP) for the financial year ended 30 June 2017. The term 'KMP' refers to those persons having authority and responsibility for planning, directing and controlling the activities of the consolidated entity (the Group), directly or indirectly, including any director (whether executive or otherwise) of the Group. The prescribed details for each person covered by this report are detailed below under the following headings:

1. Key Management Personnel

2. Remuneration Policy

3. Relationship Between the Remuneration Policy and Company Performance

4. Remuneration of Key Management Personnel

5. Key Terms of Service Agreements.

DIRECTORS' REPORT

1. Key Management Personnel (KMP)

NON-EXECUTIVE DIRECTORS	POSITION
Mr Graeme Kaufman	NED & Chairman - retired 31 August 2016
Dr Errol De Souza	Chairman - from 1 September 2016
Mr Trevor Tappenden	Retired 8 November 2016
Dr Alan W Dunton	Retired 4 July 2016
Mr David Wilson	Non-Executive Director
Mr Peter Turner	Non-Executive Director
Mr Alan Fisher	Non-Executive Director from 1 September 2016
EXECUTIVE DIRECTOR	
Dr Deborah Rathjen	Chief Executive Officer and Managing Director
OTHER KMP	
Ms Melanie Young	Chief Financial Officer (Until 19 May 2017)
Dr Jens Mikkelsen	Chief Scientific Officer
Mr Jack Moschakis	Legal Counsel & Company Secretary
Mr Anthony Colasin	Chief Business Officer
Mr Stephen Birrell	Interim Chief Financial Officer - from 22 May 2017 to 9 August 2017

Except as noted, the above persons held their current position for the whole of the financial year and since the end of the financial year.

2. Remuneration Policy

Non-Executive Director Remuneration Policy

Non-Executive Directors' fees are reviewed regularly, taking into account comparable remuneration data from the biotechnology sector, with the most recent increase having taken effect in 2012. Non-Executive Directors' fees are determined within an aggregate Directors' fee pool limit that is approved by shareholders. The current aggregate Non-Executive Directors' fee pool limit is $500,000 per annum and was approved by shareholders on 14 November 2012. This amount (or some part of it) is to be divided among the Non-Executive Directors as determined by the Board and reflecting the time and responsibility related to the Board and committees. The Group does not provide for retirement allowances to its Non-Executive Directors.

The Chairman and Non-Executive Directors' base board fees are $120,000 per annum and $65,000 per annum respectively, inclusive of any statutory Australian superannuation contributions. The Chairman of the Audit and Risk Management Committee receives an additional $15,000 per annum inclusive of superannuation, of which Mr Trevor Tappenden received $5,333 (retired 8 November 2016) and Mr Alan Fisher received $9,666. The Chairman of the Nomination and Remuneration Committee receives an additional $15,000 per annum inclusive of superannuation, of which Mr Peter Turner received an additional $6,995 (inclusive of superannuation) for services relating to his additional duties. Dr Errol De Souza received an additional $10,000 per annum for being the Chair of the Scientific Advisory Board, a role he relinquished following his appointment as Chairman of the Company. The total fees paid to Non-Executive Directors for the year ended 30 June 2017 was $372,899 compared to the aggregate Directors' fee pool limit of $500,000.

Non-Executive Directors may receive share options on their initial appointment to the Board or at other such times, as approved by shareholders.

Any value that may be attributed to options issued to Non-Executive Directors is not included in the shareholder approved aggregate limit of Directors' fees. There were 500,000 share options granted to each of the four Non-Executive Directors during the year as part of their remuneration, following approval by Shareholders at the 2016 Annual General Meeting. The share option grants;

- Conserve cash that would otherwise have to be provided as Directors' fees;
- Align the interests of Directors with shareholders;
- Are not contingent on tenure and do not therefore compromise the director's independence;
- Exercise is spread over multiple time periods, to promote continuous improvement in value; and
- Can only be traded under the company's Share Trading Policy in a trading window when the market is fully informed.

Executive Remuneration Policy and Framework
The objective of the Group's executive remuneration policy and framework is to ensure that the Group can attract and retain high calibre executives capable of managing the Group's operations and achieving the Group's strategic objectives, and focus these executives on outcomes necessary for success.

The Executives total remuneration package framework comprises:

- Base pay and benefits, including superannuation and other entitlements;
- Performance incentives paid as share options or cash; and
- Equity awards through participation in the Bionomics employee equity plans.

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

The Board reviews and approves the base pay, benefits, incentive payments and equity awards of the Chief Executive Officer and Managing Director and other executives reporting directly to the Chief Executive Officer and Managing Director.

Base Pay and Benefits
Executives receive their base pay and benefits structured as a Total Fixed Remuneration (TFR) package which may be delivered as a combination of cash and prescribed non-financial benefits at the executives' discretion. Superannuation (or local equivalent) is included in TFR. There are no guaranteed base pay increases in any executive contract.

Base pay and benefit levels are reviewed annually and an assessment made against market comparable positions. Factors taken into account in determining remuneration include levels of remuneration in other biotechnology companies, a demonstrated record of performance, internal relativities, and the company's capacity to pay. An executive's base pay and benefit levels may also be reviewed if the position's accountabilities increase in scope and impact.

During the year there were increases provided to the Chief Executive Officer and Managing Director and executives in the order of 3%.

Performance Incentives
Executive positions have no pre-determined bonus or equity opportunity, however performance incentives may be awarded at the end of the performance review cycle upon achievement of specific Board approved (i) individual, and (ii) company-related KPIs with a weighting of 50% each.

Following a performance evaluation against these KPIs, the amount of possible incentive payable to each executive is determined by the Board based on the CEO's recommendation, and to the CEO by the Board based on the Board's assessment of her performance.

The Board determines whether the incentive award should be in share options or cash. The default award is share options, as this is in accord with the Company's philosophy that a continuum of KPI achievement pre and post any award is required to progressively improve shareholder value, and that options are an appropriate payment vehicle because a reward is only realised if there is further KPI achievement resulting in improved shareholder value.

In summary, performance incentives:

- Are based on achievement against annual KPIs;
- Recognise that in a biotechnology company shareholder value is realised if there is successive periods of annual KPI achievement across the management team;
- Require a payment vehicle that recognises the KPI achievements, but only has value if there are shareholder returns after the award is made; and
- Are paid as share options that vest progressively over a 5 year period.

In exceptional circumstances, the Board will consider cash payment instead of or in addition to an option award if the executive:

- Already has significant shareholdings; and / or
- Resides in a country where an option award is inappropriate due to local regulation or taxes; and / or
- Is likely to be in a position whereby the executive may be unable to exercise options because of insider knowledge and / or an extended blackout period; and / or
- The KPI achievement is, in the judgement of the board, of such significance to materially position the Company for further shareholder value enhancement.

Performance incentives paid as Options conserves cash. They align the interests of executives with shareholders, have a look back element on what was achieved in the financial year, and a look forward element requiring enhanced shareholder value beyond market expectations at the time of the award for the incentive to be realised. The Board considers this to be the right approach for a company of Bionomics' size and nature and at this stage in its lifecycle.

The Board continues to review the performance assessment and incentive structure to ensure it remains effective.

Equity Awards
Equity awards for executives and employees are provided by a combination of equity plans that may include:

- An Employee Share Plan;
- An Employee Share Plan ($1,000 Plan); and
- An Employee Share Option Plan.

DIRECTORS' REPORT

Participation in these plans is at the Board's discretion and no individual has an ongoing contractual right to participate in a plan or to receive any guaranteed benefits. For key appointments, an initial allocation of equity may be offered as a component of their initial employment agreement. The structure of equity awards is under the active review of the Nomination & Remuneration Committee to ensure it meets good corporate practice for a company of Bionomics' size, nature and company lifecycle.

Employee Share Plan
The Bionomics Employee Share Plan (ESP) was approved by shareholders at the November 2014 Annual General Meeting. It may involve the Company providing an interest-free limited recourse loan to eligible employees to purchase shares under this ESP. The Company takes security over the Shares to secure repayment of the loan. The purpose of this ESP is to provide eligible employees with an incentive to remain with the Company and to improve the longer-term performance of the Company and its returns to shareholders. The issue price will be determined by the Board at its sole discretion, with the intention to base it on market value at the time. No Shares were issued to employees under the ESP during this financial year or to the date of this report.

Employee Share Plan ($1,000 Plan)
All executives and staff, excluding Directors, are eligible to participate in the Bionomics Employee Share Plan ($1,000 Plan). The objective of the $1,000 Plan is to assist in the attraction and retention of employees of the Company, and to provide encouragement to become shareholders. An annual allocation of up to $1,000 of shares may be granted and taxed on a concessional basis. Shares are granted under the $1,000 Plan for no consideration and are escrowed for 3 years while participants are employed by the Company. None were issued during this financial year or to the date of this report.

Employee Share Option Plan
Options may be granted under the Bionomics Limited Employee Share Option Plan (ESOP) which was last approved by shareholders at the 2014 Annual General Meeting. All executives and staff are eligible to participate in the Plan. The objective of the Plan is to assist in the recruitment, reward, retention and motivation of employees of the Company. Options are granted under the Plan for no consideration. More particularly, the Plan is utilised to award options to executives if they achieve specified KPIs. It may also be used for shareholder approved Non-Executive Director grants in addition to cash fees. The exercise price of options granted under the Plan must be not less than the market price at the time the decision is made to invite a participant to apply for options. The exercise price is calculated as the volume-weighted average price (VWAP) of the shares in the 7 days preceding the approval to grant the options.

3. Relationship Between the Remuneration Policy and Company Performance
The Company's remuneration policy aligns executive reward with the interests of shareholders. The primary focus is on growth in shareholder value through the achievement of research, development, regulatory and commercial milestones. The performance goals are not necessarily linked to financial performance measures typical of companies operating in other market segments.

Share options and/or cash bonuses are granted to executive KMP based on their level of Key Performance Indicator (KPI) achievement. Achievement of KPIs should result in increases in shareholder value. However, the Company provides share options rather than a cash award for KPI achievement (unless there are exceptional circumstances). This is because share options only have realisable value if there is an increase in shareholder value. That is, further improvement beyond the KPI achievement on which the award is based is required for the executives to realise value.

The incentive framework, therefore, combines a "look back" element to reward the achievement of KPIs necessary to enhance value, with a "look forward" element requiring improvement beyond this level of achievement for the executive to actually realise value. This is typical of a biotechnology company at Bionomics' stage of its lifecycle.

Bionomics' approach to its remuneration framework ensures:

- Executives focus on meaningful KPIs,
- The best performers receive higher reward,
- Cash is conserved through the use of options,
- There is relatively less dilution from option grants because they are selectively granted rather than universally granted,
- Executives must continue to perform to realise value, and
- Executive reward is aligned with shareholder interests.

KPIs may include (but are not limited to) successful negotiations of commercial contracts, achieving key research, development and regulatory milestones, and ensuring the availability of adequate capital to achieve stated objectives.

There is no direct link between the determination of fixed pay and the Company's financial performance (specifically, revenue and net (loss)/profit included in the table below) or share price.

The calculation of the annual incentive award for executive KMP is by reference to the achievement of specific milestones and targets approved by the Board. Milestones and targets generally relate to:

- Efficiently conducting the Company's development programs;

- Executing Bionomics' partnership strategy, both new and existing;
- Demonstrating the power of Bionomics' discovery capabilities; and
- Maintaining adequate capital reserves.

These KPIs have been established to support the Company achieving its overall objectives. Executive KMP have 50% of their performance incentives tied to the achievement of corporate goals and the remaining 50% is tied to the achievement of individual goals.

In last year's Remuneration Report, it was reported that incentive remuneration for the 2016 Financial Year was not finalised during the year and therefore the results would be reported this year. The Board determined that for FY2016 no incentive payments would be made to executive KMP.

Important milestones directly related to Board approved FY17 KPI's achieved by Bionomics' executives included:

- The initiation of a Phase 1 clinical study of a candidate Alzheimer's disease treatment. The achievement of this milestone by MSD triggered a payment of US$10 million to Bionomics;
- The continued development of BNC210 reporting positive clinical trial results in September 2016 from a robust Phase 2 clinical trial which confirmed using brain imaging technology that BNC210 reduced anxiety in patients with GAD through its modulation of known brain circuitry;
- BNC101 Phase 1 clinical trial in patients with advanced, metastatic colon cancer reached its recommended Phase 2 dose level of 15mg/kg without evidence of dose limiting toxicities or other significant safety issues;
- Obtained a grant to initiate a new BNC105 clinical trial in combination with Keytruda, a collaboration between the Peter MacCallum Cancer Centre and the Olivia Newton-John Cancer Wellness & Research Centre. The $2.25m grant, from the Victorian Cancer Agency, is funding a BNC105 trial in combination with Keytruda, a checkpoint inhibitor developed by MSD, in patients with advanced melanoma who are unresponsive to standard treatments;
- Achieving board specified financial targets.

Incentive remuneration applicable to achievement of FY17 milestones as set out above has not been finalised and will be included in next year's Remuneration Report.

The tables below set out summary information about the consolidated entity's earnings and movements in shareholder wealth for the five years to 30 June 2017.

	30 JUNE 2017 $	30 JUNE 2016 $	30 JUNE 2015 $	30 JUNE 2014 $	30 JUNE 2013 $
Revenue	18,806,356	8,143,288	6,827,277	19,921,506	3,724,169
Net (Loss) / Profit before tax	(6,227,039)	(17,324,118)	(17,277,206)	3,946,945	(9,963,175)
Net (Loss) / Profit after tax	(6,749,615)	(16,592,410)	(16,949,405)	3,206,616	(10,001,350)

	30 JUNE 2017 CENTS	30 JUNE 2016 CENTS	30 JUNE 2015 CENTS	30 JUNE 2014 CENTS	30 JUNE 2013 CENTS
Share price at start of year	28.0	41.5	55.0	34.0	30.0
Share price at end of year	40.0	28.0	41.5	55.0	34.0
Dividends paid	-	-	-	-	-
Basic earnings per share	(1.0)	(3.0)	(4.0)	1.0	(2.7)
Diluted earnings per share	(1.0)	(3.0)	(4.0)	1.0	(2.7)

DIRECTORS' REPORT

4. Remuneration of Key Management Personnel

The following tables show details of the remuneration received by the Directors and the executive key management personnel of the Group for the current and previous financial years.

DIRECTORS AND OTHER KEY MANAGEMENT PERSONNEL – 2017

	SHORT-TERM BENEFITS		POST-EMPLOYMENT	LONG-TERM EMPLOYEE BENEFITS	SHARE-BASED PAYMENTS	
NAME	CASH SALARY AND FEES $	NON-MONETARY BENEFITS $	SUPER-ANNUATION $	ANNUAL AND LONG SERVICE LEAVE $	OPTIONS $	TOTAL $
Mr Alan Fisher	58,333	-	5,542	-	35,191	**99,066**
Mr Graeme Kaufman	18,265	-	1,735	-	23,640	**43,640**
Mr Peter Turner	65,749	-	6,246	-	33,653	**105,648**
Dr Deborah Rathjen	441,523	64,980	19,616	12,790	30,866	**569,775**
Mr Trevor Tappenden	25,977	-	2,468	-	-	**28,445**
Dr Errol De Souza*	122,878	-	-	-	35,191	**158,069**
Mr David Wilson	65,000	-	-	-	33,653	**98,653**
Dr Alan Dunton	707	-	-	-	30,373	**31,080**
Mr Anthony Colasin	401,299	-	-	-	21,121	**422,420**
Ms Melanie Young	254,631	10,122	16,701	-	3,635	**285,089**
Mr Jack Moschakis	282,694	-	19,616	2,426	16,324	**321,060**
Dr Jens Mikkelsen	262,868	15,029	16,346	-	-	**294,243**
Mr Stephen Birrell	17,843	-	1,695	-	6,088	**25,626**
	2,017,767	**90,131**	**89,965**	**15,216**	**269,735**	**2,482,814**

* Includes Scientific Advisory Board Fee of $10,000.00

DIRECTORS AND OTHER KEY MANAGEMENT PERSONNEL – 2016

	SHORT-TERM BENEFITS		POST-EMPLOYMENT	LONG-TERM EMPLOYEE BENEFITS	SHARE-BASED PAYMENTS	
NAME	CASH SALARY AND FEES $	NON-MONETARY BENEFITS $	SUPER-ANNUATION $	ANNUAL AND LONG SERVICE LEAVE $	OPTIONS $	TOTAL $
Mr Graeme Kaufman	109,589	-	10,411	-	45,867	**165,867**
Mr Trevor Tappenden	73,059	-	6,941	-	-	**80,000**
Dr Errol De Souza	83,544	-	-	-	-	**83,544**
Dr Alan W Dunton[2]	49,106	-	-	-	-	**49,106**
Mr David Wilson[3]	2,500	-	-	-	-	**2,500**
Dr Jonathan Lim[1]	24,917	-	-	-	-	**-**
Mr Peter Turner[3]	2,283	-	217	-	-	**2,500**
Dr Deborah Rathjen	436,468	70,343	19,308	70,395	9,402	**605,916**
Dr José Iglesias[4]	151,145	-	-	-	-	**151,145**
Ms Melanie Young	180,739	11,042	18,219	14,343	26,712	**251,055**

DIRECTORS AND OTHER KEY MANAGEMENT PERSONNEL – 2016 CONT.

	SHORT-TERM BENEFITS		POST-EMPLOYMENT	LONG-TERM EMPLOYEE BENEFITS	SHARE-BASED PAYMENTS	
NAME	CASH SALARY AND FEES $	NON-MONETARY BENEFITS $	SUPER-ANNUATION $	ANNUAL AND LONG SERVICE LEAVE $	OPTIONS $	TOTAL $
Dr Jens Mikkelsen	308,559	5,917	16,461	19,347	10,211	**360,495**
Mr Jack Moschakis	280,692	-	19,308	21,702	10,211	**331,913**
Mr Anthony Colasin[5]	351,985	-	-	5,384	3,391	**360,760**
	2,054,586	**87,302**	**90,865**	**131,171**	**118,258**	**2,482,182**

[1] Dr Jonathan Lim retired 18 November 2015.
[2] Dr Alan Dunton was appointed 29 September 2015 and retired 4 July 2016.
[3] Mr David Wilson and Mr Peter Turner were appointed 16 June 2016.
[4] Dr José Iglesias' remuneration package is in Canadian dollars and the above has been translated into Australian dollars. Dr Iglesias ceased full time employment 15 October 2015, retained under consulting agreement.
[5] Mr Anthony Colasin commenced 1 August 2015. Mr Colasin's remuneration package is in United States dollars and the above has been translated into Australian dollars.

5. Key Terms of Service Agreements
Remuneration and other terms of employment for the Chief Executive Officer and Managing Director and the other executive KMP are formalised in service agreements. Major provisions of the agreements relating to remuneration are set out below:

Dr Deborah Rathjen, Chief Executive Officer and Managing Director
- Term of agreement – 5 years commencing 15 August 2015.
- Total remuneration package, to be reviewed annually by the Board.
- Payment of termination benefit on early termination by the employer without cause equal to six months' salary. In the event of redundancy, purchase or merger of Bionomics by a third party resulting in a material diminution in duties, an additional six months' salary will be paid.

Ms Melanie Young, Chief Financial Officer
- Term of agreement – Until 19 May 2017.
- Total remuneration package to be reviewed annually by the Chief Executive Officer and Managing Director and approved by the Board.

Dr Jens Mikkelsen, Chief Scientific Officer
- Term of agreement - open - converted to Consultancy Agreement during the year.
- Part-time Consulting services ongoing.

Mr Jack Moschakis, Legal Counsel and Company Secretary
- Term of agreement – open, commencing 4 May 2015.
- Total remuneration package to be reviewed annually by the Chief Executive Officer and Managing Director and approved by the Board.
- Payment of termination benefit on early termination by the employer without cause equal to six months' salary. In the event of redundancy, purchase or merger of Bionomics by a third party resulting in a material diminution in duties, six months' salary will be paid.

Mr Anthony Colasin, Chief Business Officer
- Term of agreement - open commencing 1 August 2015
- Total remuneration package to be reviewed annually by the Chief Executive Officer and Managing Director and approved by the Board.
- Ceased employment on 6 June 2017 with the closure of the San Diego office. Termination effective 18 July 2017.

Mr Stephen Birrell, Interim Chief Financial Officer
- Term of agreement - from 22 May 2017 to 10 August 2017 (otherwise employed as Group Financial Controller).
- Total Remuneration package increased for this period.
- Payment of termination benefit on early termination by the employer without cause equal to three months' salary.

Share-based Payments
Share-based payment benefits are provided to employees via the Bionomics ESOP and the Bionomics Employee Share Plan.

The market value of shares issued to employees for no cash consideration under the Employee Share Plan is recognised as an employee benefits expense with a corresponding increase in equity when the employees become unconditionally entitled to the shares.

DIRECTORS' REPORT

Share-based Payments cont.

The Bionomics ESOP and ESP were approved by the Board and Shareholders in 2014. Employees eligible to participate in the plan are those who have been a full-time or part-time employee of the Group for a period of not less than six months or a Director of the Company.

Options are granted under the plan for no consideration and vest equally over five years, provided a person remains employed subject to good leaver provisions (death, retrenchment or retirement).

The amounts disclosed as remuneration relating to options are the assessed fair values at grant date of those options allocated equally over the period from grant date to vesting date. Fair values at grant date are determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the vesting criteria, the impact of dilution, the share price at grant date, expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

Incentive options are issued at the discretion of the Board and vest immediately. There are no subsequent performance conditions attached to the options. The incentive payable to each executive is determined by the Board based on the CEO's recommendation. The incentive calculation is based 50% on the Company meeting corporate objectives and 50% on the achievement of individual annual KPIs. The Company's assessment of milestone performance achievements are outlined in 3 above. The executive's KPIs are established with reference to their contribution to achieving the Company's overall objectives.

The terms and conditions of each grant of options affecting remuneration of Directors and other KMP in this or future reporting periods are as follows:

GRANT DATE	EXPIRY DATE	REVISED EXERCISE PRICE	FAIR VALUE PER OPTION AT GRANT DATE	VESTING DATE
Granted in prior periods				
November 2008	November 2017	$0.2976	$0.1591	05-Nov-12
	August 2016	$0.3692	$0.1419	07-Aug-11
November 2011	August 2017	$0.9186	$0.0475	15-Aug-12
December 2012	December 2018	$0.3176	$0.1751	11-Dec-13
	December 2019	$0.3176	$0.1751	11-Dec-14
	December 2020	$0.3176	$0.1751	11-Dec-15
	December 2021	$0.3176	$0.1751	11-Dec-16
	December 2022	$0.3176	$0.1751	11-Dec-17
December 2012	December 2017	$0.2846	$0.1614	11-Dec-12
March 2013	March 2019	$0.4176	$0.2001	19-Mar-14
	March 2020	$0.4176	$0.2001	19-Mar-15
	March 2021	$0.4176	$0.2001	19-Mar-16
	March 2022	$0.4176	$0.2001	19-Mar-17
	March 2023	$0.4176	$0.2001	19-Mar-18
December 2013	December 2018	$0.3301	$0.4647	17-Dec-13
	December 2018	$0.7224	$0.3291	11-Dec-13
	December 2020	$0.7224	$0.3291	11-Dec-15
	December 2021	$0.7224	$0.3291	11-Dec-16
	December 2022	$0.7224	$0.3291	11-Dec-17
October 2014	October 2019	$0.5643	$0.3523	15-Oct-14
December 2014	December 2019	$0.5643	$0.2705	04-Dec-14

GRANT DATE	EXPIRY DATE	REVISED EXERCISE PRICE	FAIR VALUE PER OPTION AT GRANT DATE	VESTING DATE
Granted in current period				
December 2015	December 2021	$0.5389	$0.1502	24-Dec-16
	December 2022	$0.5389	$0.1502	24-Dec-17
December 2015 cont.	December 2023	$0.5389	$0.1502	24-Dec-18
	December 2024	$0.5389	$0.1502	24-Dec-19
	December 2025	$0.5389	$0.1502	24-Dec-20
	December 2020	$0.4211	$0.1567	24-Dec-15
	December 2021	$0.5102	$0.1617	30-Dec-16
	December 2022	$0.5102	$0.1617	30-Dec-17
	December 2023	$0.5102	$0.1617	30-Dec-18
	December 2024	$0.5102	$0.1617	30-Dec-19
	December 2025	$0.5102	$0.1617	30-Dec-20
May 2016	May 2022	$0.3200	$0.1841	06-May-17
	May 2023	$0.3200	$0.1841	06-May-18
	May 2024	$0.3200	$0.1841	06-May-19
	May 2025	$0.3200	$0.1841	06-May-20
	May 2026	$0.3200	$0.1841	06-May-21
November 2016	November 2022	$0.2613	$0.2505	28-Nov-17
	November 2023	$0.2613	$0.2621	28-Nov-18
	November 2024	$0.2613	$0.2721	28-Nov-19
	November 2025	$0.2613	$0.2810	28-Nov-20
	November 2026	$0.2613	$0.2890	28-Nov-21
	November 2022	$0.3130	$0.2504	28-Nov-17
	November 2023	$0.3130	$0.2721	28-Nov-18
	November 2024	$0.3130	$0.2716	28-Nov-19
	November 2025	$0.3130	$0.2804	28-Nov-20
	November 2026	$0.3130	$0.2804	28-Nov-21
	November 2022	$0.6000	$0.1873	28-Nov-17
	November 2023	$0.6000	$0.2046	28-Nov-18
	November 2024	$0.6000	$0.2198	28-Nov-19
	November 2025	$0.6000	$0.2333	28-Nov-20

Options granted under the plan carry no dividend or voting rights. When exercisable, each option is convertible into one ordinary share of Bionomics.

DIRECTORS' REPORT

During the year, and since the end of the year to the date of this report, no incentive options were issued to KMP. The following Directors received incentive options following approval of shareholders;

NAME	NUMBER GRANTED	DATE GRANTED	TOTAL FAIR VALUE * $	NUMBER VESTED	% OF GRANT VESTED	% OF GRANT FORFEITED
Dr Errol De Souza	500,000	28 Nov 2016	135,470	-	-	-
Dr Deborah Rathjen	1,000,000	28 Nov 2016	89,166	-	-	-
Mr Peter Turner	500,000	28 Nov 2016	130,170	-	-	-
Mr David Wilson	500,000	28 Nov 2016	130,170	-	-	-
Mr Alan Fisher	500,000	28 Nov 2016	135,470	-	-	-

* Dependent on the date the Options were issued and the exercise price.

During the year, the following key management personnel exercised options that were granted to them as part of their compensation.

NAME	NUMBER OF OPTIONS EXERCISED	NUMBER OF ORDINARY SHARES ISSUED	AMOUNT PAID $	AMOUNT UNPAID $
Dr Errol De Souza	100,000	100,000	29,760	-
Mr Trevor Tappenden	100,000	100,000	29,760	-

Fully Paid Ordinary Shares of Bionomics Limited

NAME	BALANCE AT 1 JULY 2016 NUMBER	GRANTED AS COMP-ENSATION NUMBER	RECEIVED ON EXERCISE OF OPTIONS NUMBER	NET OTHER CHANGE NUMBER	BALANCE AT 30 JUNE 2017 NUMBER	BALANCE HELD NOMINALLY NUMBER
Mr Graeme Kaufman	178,750	-	-	-	178,750	-
Mr Trevor Tappenden	379,924	-	100,000	(330,000)	49,924	-
Dr Errol De Souza	166,698	-	100,000	-	266,698	-
Dr Alan W Dunton	-	-	-	-	-	-
Mr Peter Turner	-	-	-	100,000	100,000	-
Mr David Wilson	-	-	-	200,000	-	200,000
Dr Deborah Rathjen	2,385,901	-	-	100,000	1,485,901	1,000,000
Mr Alan Fisher	-	-	-	-	-	-
Mr Jack Moschakis	-	-	-	-	-	-
Dr Jens Mikkelsen	-	-	-	-	-	-
Mr Anthony Colasin	-	-	-	-	-	-
Ms Melanie Young	76,549	-	-	12,500	89,049	-

Share options of Bionomics Limited

NAME	BALANCE AT 1 JULY 2016 NUMBER	GRANTED AS COMPEN-SATION NUMBER	EXERCISED NUMBER	NET OTHER CHANGE NUMBER	BALANCE AT 30 JUNE NUMBER	BALANCE VESTED AND EXERCIS-ABLE AT 30 JUNE 2017 NUMBER	OPTIONS VESTED DURING YEAR NUMBER
Mr Graeme Kaufman	1,000,000	-	-	-	1,000,000	900,000	100,000
Mr Trevor Tappenden	100,000	-	(100,000)	-	-	-	-
Dr Errol De Souza	200,000	500,000	(100,000)	-	600,000	100,000	-
Dr Alan W Dunton	500,000	-	-	-	500,000	100,000	100,000
Mr Peter Turner	-	500,000	-	-	500,000	-	-
Mr David Wilson	-	500,000	-	-	500,000	-	-
Dr Deborah Rathjen	2,180,000	1,000,000	-	(925,000)	2,255,000	1,255,000[6]	-
Mr Alan Fisher	-	500,000	-	-	500,000	-	-
Mr Jack Moschakis	250,000	-	-	-	250,000	-	250,000
Dr Jens Mikkelsen	250,000	-	-	(250,000)	-	-	-
Mr Anthony Colasin	250,000	-	-	-	250,000	-	250,000
Ms Melanie Young	711,000	-	-	(711,000)	-	-	-

[6] Since the end of year to the date of this Report, 1,000,000 Options have lapsed and therefore the balance exercisable is 255,000 Options

All share options issued to KMP were made in accordance with the provisions of the Employee Share Option Plan. The number granted in the above table and in total during the year was 0.62% and 1.5% respectively of common shares outstanding.

During the financial year, 200,000 options were exercised by KMP at a weighted average exercise price of $0.30 per option for 200,000 ordinary shares in Bionomics Limited. No amounts remain unpaid on the options exercised during the financial year at year end.

Further details of the Employee Share Option Plan and of share options granted during the 2017 and 2016 financial years are contained in Note 22 to the financial statements.

Other Transactions with Directors and Other Key Management Personnel
There were no other transactions with Directors or other KMP during the financial year.

OTHER INFORMATION

Shares Under Option
Information relating to shares under option is set out in section 4 of the Remuneration Report. The total number of shares under option at 30 June 2017 was 11,139,740. This is 2.3% of common shares outstanding as at 30 June 2017.

Shares Issued on the Exercise of Options
432,120 ordinary shares of Bionomics were issued during the year ended 30 June 2017 on the exercise of options granted under the Bionomics ESOP.

Warrants
During the year the Company issued 16,082,988 warrants at an exercise price of $0.5938, being the second tranche in connection with a private placement to US equity holders. These warrants are exercisable at the discretion of the holder and exchangeable for 16,082,988 ordinary shares.

The Company issued 24,124,484 warrants in December 2015 being the first tranche in connection with the private placement to US equity holders, exchangeable for 24,124,484 ordinary shares at a fixed price of $0.5938.

DIRECTORS' REPORT

The company previously issued 988,843 warrants exchangeable for 988,843 ordinary shares at a fixed price (345,232 at $0.5288 and 643,611 at $0.54) in connection with a USD Loan or a lower number of shares for nil consideration, with the number of shares calculated on the basis of a formula which takes into account the movement in the share price of the Company from the date of issue to date of exercise of the warrant.

Insurance of Officers
During the financial year, the Company paid a premium to insure the Directors and Officers (D&O) of the Company. Under the terms of this policy the premium paid by the Company is not permitted to be disclosed.

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the D&O in their capacity as D&O of the Company, and any other payments arising from liabilities incurred by the D&O in connection with such proceedings, other than where such liabilities arise out of conduct involving a wilful breach of duty by the D&O or the improper use by the D&O of their position or of information to gain advantage for themselves or someone else or to cause detriment to the Company.

It is not possible to apportion the premium between amounts relating to the insurance against legal costs and those relating to other liabilities.

The Company has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify an officer or auditor of the Company or of any related body corporate against a liability incurred as such an officer or auditor.

Non-Audit Services
The Company may decide to employ the external auditor on assignments additional to their statutory audit duties where the external auditor's expertise and experience with the Group are important.

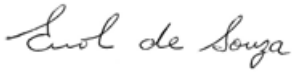
Details of the amounts paid to the external auditor for audit and non-audit services provided during the year are set out in Note 28 to the financial statements.

The Board has considered the position and, in accordance with the advice received from the Audit and Risk Management Committee, is satisfied that the provision of the non-audit services is compatible with the general standard of independence for external auditors imposed by the Corporations Act 2001.

External Auditor
Deloitte Touche Tohmatsu continues in office in accordance with section 327B of the Corporations Act 2001.

A copy of the auditors' independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 35.

This Directors' Report is signed in accordance with a resolution of Directors made pursuant to Section 298(2) of the Corporations Act 2001.



Errol De Souza
Chairman

16 August 2017

Deborah Rathjen
Chief Executive Officer and Managing Director

16 August 2017

AUDITOR'S INDEPENDENCE DECLARATION

Deloitte.

Deloitte Touche Tohmatsu
ABN 74 490 121 060
11 Waymouth Street
Adelaide, SA, 5000
Australia

Phone: +61 8 8407 7000
www.deloitte.com.au

15 August 2017

The Board of Directors
Bionomics Limited
31 Dalgleish Street
THEBARTON SA 5031

Dear Board Members

Re: Bionomics Limited

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Bionomics Limited.

As lead audit partner for the audit of the financial statements of Bionomics Limited for the financial year ended 30 June 2017, 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.

Yours faithfully

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Penny Woods
Partner

ANNUAL CONSOLIDATED FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

TABLE OF CONTENTS // FINANCIAL STATEMENTS

The financial statements cover both Bionomics Limited ("Bionomics") as an individual entity (Note 32) and the Group consisting of Bionomics and its subsidiaries. A description of the nature of the Group's operations and its principal activities is included throughout the Annual Report and the Directors' Report. The financial statements are presented in Australian dollars.

Bionomics is a company limited by shares, incorporated and domiciled in Australia. It is listed on the Australian Securities Exchange (ASX) (ASX:BNO) and its registered office is 31 Dalgleish Street, Thebarton, SA 5031.

Through the internet, we have ensured that our corporate reporting is timely, complete and available globally at minimum cost to the company. All press releases, financial statements and other information are available on our website **www.bionomics.com.au**.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

	NOTE	30 JUNE 2017 $	30 JUNE 2016 $
CONTINUING OPERATIONS			
Revenue	**5**	18,606,356	8,143,288
Other income	**5**	9,645,501	13,584,627
EXPENSES	**6**		
Research and development expenses		(24,223,275)	(24,770,876)
Administration expenses		(4,851,640)	(7,526,831)
Occupancy expenses		(2,594,778)	(3,033,209)
Compliance expenses		(838,976)	(1,686,703)
Gain/(loss) on disposal of assets		-	(140,159)
Finance expenses		(1,970,227)	(1,894,255)
LOSS BEFORE TAX		**(6,227,039)**	**(17,324,118)**
Income tax (expense)/benefit	**7**	(522,576)	731,708
LOSS AFTER TAX		**(6,749,615)**	**(16,592,410)**
Other comprehensive income, net of income tax Items that may be reclassified subsequently to profit or loss: Exchange differences on translating foreign operations		(114,093)	968,418
Total Comprehensive Loss for the Year		**(6,863,708)**	**(15,623,992)**

LOSS PER SHARE FROM CONTINUING OPERATIONS	Note	2017	2016
Basic Loss per share	**30**	($0.01) (1 cent)	($0.03) (3 cents)
Diluted Loss per share	**30**	($0.01) (1 cent)	($0.03) (3 cents)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2017

	NOTE	30 JUNE 2017 $	30 JUNE 2016 $
CURRENT ASSETS			
Cash and cash equivalents	8	42,873,656	45,450,382
Trade and other receivables	10	1,354,809	1,401,594
Other financial assets	9	550,000	550,000
Inventories	11	425,742	438,856
Research and development incentives receivable		8,537,919	9,601,355
Other assets	12	736,295	643,582
Total Current Assets		**54,478,421**	**58,085,769**
NON-CURRENT ASSETS			
Property, plant and equipment	14	2,617,675	2,835,066
Goodwill	15	12,264,122	12,441,333
Other intangible assets	16	14,330,844	16,062,954
Other financial assets	9	384,000	384,000
Total Non-Current Assets		**29,596,641**	**31,723,353**
TOTAL ASSETS		**84,075,062**	**89,809,122**
CURRENT LIABILITIES			
Trade and other payables	17	3,672,573	5,855,143
Borrowings	18	8,495,873	2,731,837
Provisions	19	1,594,410	1,590,979
Other financial liabilities	21	106,441	1,142,320
Other liabilities	20	19,509	65,811
Total Current Liabilities		**13,888,806**	**11,386,090**
NON-CURRENT LIABILITIES			
Other payables	17	341,703	144,938
Borrowings	18	10,013,645	18,436,717
Provisions	19	47,545	61,928
Deferred tax liabilities	7	4,771,162	5,127,277
Contingent consideration	33	14,558,628	10,489,438
Total Non-Current Liabilities		**29,732,683**	**34,260,298**
TOTAL LIABILITIES		**43,621,489**	**45,646,388**
NET ASSETS		**40,453,573**	**44,162,734**
EQUITY			
Issued capital	22	134,536,428	134,392,813
Reserves	23	14,112,877	11,216,038
Accumulated losses		(108,195,732)	(101,446,117)
Equity Attributable to Owners of the Company		**40,453,573**	**44,162,734**

THE ABOVE CONSOLIDATED STATEMENT OF FINANCIAL POSITION SHOULD BE READ IN CONJUNCTION WITH THE ACCOMPANYING NOTES.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

	ISSUED CAPITAL $	FOREIGN CURRENCY TRANSLATION RESERVE $	SHARE-BASED PAYMENTS RESERVE $	ACCUMU-LATED LOSSES $	TOTAL EQUITY $
BALANCE AT 30 JUNE 2015	**111,990,220**	**4,206,214**	**2,336,439**	**(86,567,048)**	**31,965,825**
Adjustment – Note 2 (iii)	-	-	-	1,713,341	1,713,341
RESTATED BALANCE AS 30 JUNE 2015	**111,990,220**	**4,206,214**	**2,336,439**	**(84,853,707)**	**33,679,166**
Loss for the period	-	-	-	(16,592,410)	(16,592,410)
Exchange differences on translation of foreign operations	-	968,418	-	-	968,418
Total Comprehensive Income	**-**	**968,418**	**-**	**(16,592,410)**	**(15,623,992)**
Recognition of share-based payments	-	-	399,913	-	399,913
Issue of ordinary shares and warrants, net of transaction costs	22,113,875	-	3,305,054	-	25,418,929
Issue of ordinary shares under Employee Share Option Plan	288,718	-	-	-	288,718
BALANCE AT 30 JUNE 2016	**134,392,813**	**5,174,632**	**6,041,406**	**(101,446,117)**	**44,162,734**
Loss for the period	-	-	-	(6,749,615)	(6,749,615)
Exchange differences on translation of foreign operations	-	(114,093)	-	-	(114,093)
Total Comprehensive Income	**-**	**(114,093)**	**-**	**(6,749,615)**	**(6,863,708)**
Recognition of share-based payments	-	-	503,652	-	503,652
Issue of warrants, net of transaction costs (Note 21)	-	-	2,507,280	-	2,507,280
Issue of ordinary shares under Employee Share Option Plan	143,615	-	-	-	143,615
BALANCE AT 30 JUNE 2017	**134,536,428**	**5,060,539**	**9,052,338**	**(108,195,732)**	**40,453,573**

THE ABOVE CONSOLIDATED STATEMENT OF CHANGES IN EQUITY SHOULD BE READ IN CONJUNCTION WITH THE ACCOMPANYING NOTES.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

	NOTE	2017 $	2016 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Research and Development Incentives received		9,505,189	9,491,378
Receipts from customers		19,907,614	8,079,976
Payments to suppliers and employees		(28,836,986)	(31,229,508)
Tax paid		(65,677)	-
Interest paid		(1,949,982)	(1,701,400)
Net Cash (Used In)/Generated By Operating Activities	**29(b)**	**(1,439,842)**	**(15,359,554)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		1,201,451	1,232,377
Payments for purchases of property, plant and equipment		(247,511)	(196,707)
Proceeds from disposals		-	68,586
Net Cash Generated By Investing Activities		**953,940**	**1,104,256**
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of borrowings		(2,324,659)	(808,025)
Proceeds from borrowings		100,000	5,787,968
Net proceeds from share issues		143,615	28,222,099
Net Cash Generated By/(Used In) Financing Activities		**(2,081,044)**	**33,202,042**
Net (decrease)/increase in cash and cash equivalents		**(2,566,946)**	**18,946,744**
Cash and cash equivalents at the beginning of the financial year		45,450,382	26,512,533
Effects of exchange rate changes on the balance of cash held in foreign currencies		(9,780)	(8,895)
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	**29(a)**	**42,873,656**	**45,450,382**

THE ABOVE CONSOLIDATED STATEMENT OF CASH FLOWS SHOULD BE READ IN CONJUNCTION WITH THE ACCOMPANYING NOTES.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

NOTE 1: GENERAL INFORMATION

Bionomics Limited (the Company) is a listed public company incorporated in Australia. The address of its registered office and principal place of business is as follows:

31 Dalgleish Street
Thebarton, South Australia, 5031
Tel: +61 (0)8 8354 6100

Principal Activities

The principal activities of the Company and its controlled entities (the Group) during the period include the discovery and development of novel drug candidates focused on the treatment of serious central nervous system disorders and cancer by leveraging proprietary platform technologies.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This financial report includes the consolidated financial statements and notes of the Group.

(i) Statement of Compliance

These financial statements are general purpose financial statements which have been prepared in accordance with the Corporations Act 2001, Accounting Standards and Interpretations, and comply with other requirements of the law.

The financial statements comprise the consolidated financial statements of the Group. For the purposes of preparing the consolidated financial statements, the Company is a for-profit entity.

Accounting Standards include Australian Accounting Standards (AASB). Compliance with AASB ensures that the financial statements and notes of the Company and the Group comply with International Financial Reporting Standards (IFRS).

The financial statements were authorised for issue by the Directors on 16 August 2017

(ii) Basis of Preparation

The consolidated financial statements have been prepared on the basis of historical cost, except for certain non-current assets and financial instruments that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars unless otherwise noted.

Fair value is 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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of AASB 2 (IFRS 2), leasing transactions that are within the scope of AASB 117 (IAS 17), and measurements that have some similarities to fair value but are not fair value, such as net realizable value in AASB 2 (IFRS 2) or value in use in AASB 136 (IAS 36).

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

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

(iii) Change in accounting policy

Deferred tax associated with acquisition of intangibles as a result of a business acquisition

The IFRS Interpretations Committee has issued an agenda decision related to the expected manner of recovery of intangible assets. The Committee was asked to clarify how an entity determines the expected manner of recovery of an intangible asset for deferred tax measurement purposes.

Previously the company measured deferred tax liabilities on the assumption of the tax consequences that would arise solely from the sale of the assets. Under its new policy, the Company considers its expected manner of recovery.

The Company has implemented this guidance on a retrospective basis as a change in accounting policy to AASB 112 Income Taxes. The impact of these changes was to increase Goodwill by $1,799,104 at 1 July 2015 and 30 June 2016, reduce accumulated losses by $1,713,341 at 1 July 2015 and $1,729,688 at 30 June 2016 and increase deferred tax liabilities by $85,763 at 1 July 2015 and $69,416 at 30 June 2016.

(iv) Application of New and Revised Accounting Standards

In the current year, the Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to its operations and effective for the current annual reporting period. The adoption of these new and revised Standards and Interpretations has resulted in no significant changes to the consolidated entity's accounting policies.

New and revised Australian Accounting Standards in issue but not yet effective

At the date of authorisation of the financial statements, the Group has not applied the following new and revised Australian Accounting Standards, Interpretations and amendments that have been issued but are not yet effective.

Standards and Interpretations in Issue Not Yet Adopted

At the date of authorisation of the financial report, a number of Standards and Interpretations were in issue but not yet effective.

STANDARD	EFFECTIVE FOR ANNUAL REPORTING PERIODS BEGINNING ON OR AFTER	EXPECTED TO BE INITIALLY APPLIED IN THE FINANCIAL YEAR ENDING
AASB 9 Financial Instruments	1 January 2018	30 June 2019
AASB 15 Revenue from Contracts with Customers, 2014-5 Amendments to Australian Accounting Standards arising from AASB 15, 2015-8 Amendments to Australian Accounting Standards – Effective date of AASB 15, 2016-3 Amendments to Australian Accounting Standards Clarifications to AASB 15	1 January 2018	30 June 2019
AASB 16 'Leases'	1 January 2019	30 June 2020

Impact of New and Revised Requirements

Management is currently assessing the potential impact of the following standards:

AASB 9 'Financial Instruments' (December 2009), and the relevant amending standards

AASB 9 applies to annual periods beginning on or after 1 January 2018. The Directors of the Company anticipate that the application of AASB 9 in the future is not anticipated to have a material impact on amounts reported, based on current transactions, in respect of the Group's financial assets and financial liabilities, but will affect disclosures made in the Group's consolidated financial statements.

AASB 15 Revenue from Contracts with Customers, AASB 2014-5 Amendments to Australian Accounting Standards arising from AASB 15, AASB 2015-8 Amendments to Australian Accounting Standards – Effective Date of AASB 15, and AASB 2016-3 Amendments to Australian Accounting Standards –Clarifications to AASB 15

AASB 15 applies to annual periods beginning on or after 1 January 2018. The Directors of the Company anticipate that the application of AASB 15 in the future will not have a material impact on the amounts reported, based on current transactions, but will affect disclosures made in the Group's consolidated financial statements.

AASB 16 'Leases'

AASB 16 provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessees and lessors.

The accounting model for lessees will require lessees to recognise all leases on balance sheet, except for short-term leases and leases of low value assets.

AASB 16 applies to annual periods beginning on or after 1 January 2019. The Directors of the Company anticipate that the application of AASB 16 in the future may have a material impact on the amounts reported and disclosures made in the Group's consolidated financial statements. However, it is not practicable to provide a reasonable estimate of the effect of AASB 16 until the Group performs a detailed review.

(v) Accounting Policies

The following significant accounting policies have been adopted in the preparation and presentation of the financial report:

(a) Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- Has power over the investee;
- Is exposed, or has rights, to variable returns from its involvement with the investee; and
- Has the ability to use its power to affect its returns.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

(b) Foreign Currencies

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each group entity are expressed in Australian dollars ('$'), which is the functional currency of the Company and the presentation currency for the consolidated financial statements.

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise except for exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items.

For the purpose of presenting these consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into Australian dollars using exchange rates prevailing at the end of the reporting period. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity.

Goodwill and fair value adjustments to identifiable assets acquired and liabilities assumed through acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in other comprehensive income and accumulated in equity.

(c) Revenue Recognition

Revenue is recognised when the amounts of the revenue can be measured reliably, it is probable that economic benefits associated with the transaction will flow to the entity and specific criteria related to the type of revenues has been satisfied. The Group enters into collaboration agreements that comprise of up front payments in connection with out-licensing activities and research funding, milestone payments based on development achieved by our collaborators, sales and royalties based on net sales. For these agreements, the Group applies revenue recognition criteria to the separately identifiable components of a single transaction. The total arrangement consideration is allocated to separately identifiable components by reference to their fair values. Revenue for the periods presented included license revenues, contract services revenues, and rental income.

(i) License revenues in connection with out-licensing of the Group's patents and other intellectual property to our collaborators are recognised when the following criteria have been met:

- The Group has transferred to the buyer the significant risks and rewards of ownership of the patents and intellectual property, and
- The Group does not retain either the continuing managerial involvement to the degree usually associated with ownership or the effective control over the patent and intellectual property.

Where the above criteria are not met, up-front payments received in connection with out-licensing activities would be deferred. All up-front license payments so far received have been recognised upon receipt.

(ii) For milestone receipts the Group's collaboration partners may be obligated to make certain payments as they achieve certain specified milestones in the further development of the licensed property.

(iii) Contract service revenue relates to the provision of scientific services for a fee and is recognised when the services are rendered. The Group's collaboration agreements contemplate its involvement in the ongoing research and development of its partnered drug candidates, for which the Group is paid fees for the services rendered. Revenue from such contracts to provide services is recognised as services are being rendered. In addition, the Group may enter into separate arrangements to undertake certain contract services work for a fee and such fees are recognised by reference to the proportion of the total cost of performing the services to the total fee.

(iv) Rental income is recognised on a straight line basis over the term of the lease.

(d) Government Research and Development Incentives

Government grants, including Research and Development incentives, are recognised at fair value where there is reasonable assurance that the grant will be received and all grant conditions will be met.

Grants relating to cost reimbursements are recognised as other income in profit or loss in the period when the costs were incurred or when the incentive meets the recognition requirements (if later).

(e) Income Tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current Tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax as reported in the consolidated statement of profit or loss and other comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred Tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax liabilities and assets are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and Deferred Tax for the Year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case the current and deferred tax are also recognised in other comprehensive income or directly in equity, respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

(i) Tax Consolidation Legislation

Bionomics and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation effective 31 December 2005.

The head entity, Bionomics, and the controlled entities in the tax consolidated group account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a stand-alone taxpayer in its own right.

In addition to its own current and deferred tax amounts, Bionomics also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the group.

Any difference between the amounts assumed and amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) wholly-owned tax consolidated entities.

(f) Business Combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value which is calculated as the sum of the acquisition-date fair values of assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- Deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with AASB 112 (IAS 12) 'Income Taxes' and AASB 119 (IAS 19) 'Employee Benefits' respectively;

- Liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with AASB 2 (IFRS 2) 'Share-based Payment' at the acquisition date; and
- Assets (or disposal groups) that are classified as held for sale in accordance with AASB 5 (IFRS 5) 'Non-current Assets Held for Sale and Discontinued Operations' are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a gain on bargain purchase.

Where the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or liability is remeasured at subsequent reporting dates in accordance with AASB 139 (IFRS 39), or AASB 137 (IFRS 37) 'Provisions, Contingent Liabilities and Contingent Assets' respectively, as appropriate, with the corresponding gain or loss being recognised in profit or loss, respectively.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

(g) Impairment of Tangible and Intangible Assets Other than Goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash generating units, or otherwise they are allocated to the smallest group of cash generating units for which a reasonable and consistent allocation basis can be identified.

A CGU is the smallest identifiable group of assets that generates cash flow that are largely independent of cash flows from other assets or group of assets. The cash generating units are defined as a research program that has the potential to be commercialised at some point in the future. Achievement of certain milestones within the research program will determine when a CGU comes into existence.

Intangible assets with indefinite useful lives are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed

the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

(h) 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 and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the consolidated statement of financial position.

(i) Inventories

Consumables are stated at the lower of cost and net realisable value.

(j) Property, Plant and Equipment

Land is stated at cost less any impairment losses if applicable and is not depreciated.

Building, plant and equipment are stated at cost less accumulated depreciation or accumulated impairment losses, where applicable.

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives, using the diminishing value or straight-line methods, depending on the type of asset. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period.

The depreciation rates for each class of depreciable assets are:

- Buildings 25 years
- Plant and equipment 20 – 40%
- Equipment under lease 3 – 5 years

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

(k) Financial Assets

Financial assets are classified into the following specified categories: 'held-to-maturity' investments and 'receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

(i) Held-to-Maturity Investments

Bills of exchange and debentures with fixed or determinable payments and fixed maturity dates that the Group has the positive intent and ability to hold to maturity are classified as held-to-maturity investments. Held-to-maturity investments are measured at amortised cost using the effective interest method less any impairment.

(ii) Receivables

Trade receivables and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'receivables'.

Interest income is recognised by applying the effective interest rate, except for short term receivables when the effect of discounting is immaterial.

(iii) Impairment of Financial Assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at each reporting date. Financial assets are impaired where there is objective evidence that as a result of one or more events that occurred after the initial recognition of the financial asset the estimated future cash flows of the investment have been impacted.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of financial assets including uncollectible trade receivables is reduced by the impairment loss through the use of an allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

(l) Intangible Assets

(i) Intellectual Property

Acquired intellectual property is recognised as an asset at cost and amortised over its useful life. There is currently no internally generated intellectual property that has been capitalised. Intellectual property with a finite life is amortised on a straight line basis over that life. Intellectual property with an indefinite useful life is subjected to an annual impairment review. There is currently no intellectual property with an indefinite life.

NOTES TO THE FINANCIAL STATEMENTS

Current useful life of all existing intellectual property is in the range of 5 to 20 years.

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

(ii) Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of the acquisition of the business (see Note 2(f) above) less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash generating units (or groups of cash generating units) that is expected to benefit from the synergies of the combination.

A CGU to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

(iii) Intangible Assets Acquired in a Business Combination

Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

(m) Research and Development

Expenditure on research activities, undertaken with the prospect of obtaining new scientific or technical knowledge and understanding, is recognised as an expense when it is incurred. Expenditure on development activities are capitalised only when technical feasibility studies identify that the project will deliver future economic benefits and these benefits can be measured reliably. Development costs have a finite life and are amortised on a systematic basis matched to the future economic benefits over the useful life of the project. At year end there are currently no capitalised development costs.

(n) Trade and Other Payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 45 days of recognition.

(o) Employee Benefits

(i) Short-term and Long-term Employee Benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave, long service leave and sick leave when it is probable that settlement will be required and they are capable of being measured reliably. Liabilities recognised in respect of short-term employee benefits, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement. Liabilities recognised in respect of long term employee benefits are measured as the present value of the estimated future cash outflows to be made by the Group in respect of services provided by employees up to reporting date.

(ii) Retirement Benefits Costs

Retirement benefits are contributions made to employee superannuation funds and are charged as expenses when incurred. These contributions are made to external superannuation funds and are not defined benefits programs. Consequently, there is no exposure to market movements on employee superannuation liabilities or entitlements.

(iii) Share-based Payments

Share-based compensation benefits are provided to employees via the Bionomics Employee Share Option Plan and an Employee Share Plan.

The fair value of shares issued to employees for no cash consideration under the Employee Share Plan is recognised as an employee benefits expense with a corresponding increase in equity. The fair value is measured at grant date and recognised on a straight line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest. The Employee Share Plan is currently not active.

The disclosure in the Remuneration Reports and Note 22 relates to the ESOP. The Bionomics ESOP was approved by the Board and shareholders in 2014. Staff eligible to participate in the plan are those who have been a full-time or part-time employee of the Group for a period of not less than six months or a director of the Group. Options are granted under the plan for no consideration and vest equally over five years, unless they are bonus options which vest immediately. The amounts disclosed as remuneration relating to

options are the assessed fair values at grant date of those options allocated equally over the period from grant date to vesting date. Fair values at grant date are independently determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option and the vesting criteria.

(p) Borrowings (Other Financial Liabilities)

(i) Warrants

Warrants issued by the Group in connection with bank loans or issued capital are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement. Where the warrants do not meet the definition of equity, they are initially measured at fair value with a corresponding reduction to the associated borrowings if associated with bank loans or as an allocation of proceeds received if associated with a share issue. Subsequent to initial recognition, the liability is fair valued until the warrant is issued, with gains or losses recognised in the profit or loss. See Note 21 for further details.

(ii) Other Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method.

(iii) Classification

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

(q) Borrowing Costs

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

(r) Leases

Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the lower of the fair value of the leased property and the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other long term payables. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The interest element of the finance cost is charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the asset's useful life and the lease term.

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

Lease income from operating leases is recognised in income on a straight-line basis over the lease term.

(s) Issued Capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options, or for the acquisition of a business, are deducted directly from equity.

(t) Earnings/(Loss) per Share

(i) Basic Earnings/(Loss) per Share

Basic earnings/(loss) per share is calculated by dividing the profit/(loss) after income tax attributable to equity holders of the company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the year, adjusted for bonus elements in ordinary shares issued during the year.

(ii) Diluted Earnings/(Loss) per Share

Diluted earnings/(loss) 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 options.

(u) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of 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 taxation authority is included with other receivables or payables in the consolidated statement of financial position.

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

NOTES TO THE FINANCIAL STATEMENTS

NOTE 3: CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of our consolidated financial statements requires the Group to make estimates and judgments that can affect the reported amounts of assets, liabilities, revenues and expenses, as well as the disclosure of contingent assets and liabilities at the date of the financial statements. The Group analyses the estimates and judgments and base estimates and judgments on historical experience and various other assumptions that are believed to be reasonable under the circumstances. Actual results may vary from the estimates. The significant accounting policies are detailed in Note 2 for the year ended 30 June 2017. Summarised below are the accounting policies of particular importance to the portrayal of the financial position and results of operations and that require the application of significant judgment or estimates by management.

Impairment of Goodwill and Other Intangible Assets

The Group assesses annually, or whenever there is a change in circumstances, whether goodwill or other intangible assets may be impaired. Determining whether goodwill and other intangible assets are impaired requires an estimation of the value in use of the cash generating units to which goodwill or other intangible assets have been allocated. The value in use calculation is judgmental in nature and requires the Group to make a number of estimates including the future cash flows expected to arise from the cash generating units based on actual current market deals for drug compounds within the cash generating unit and over a period covering drug discovery, development, approval and marketing as well as, a suitable discount rate in order to calculate present value. The cash flow projections are further weighted based on the observable market comparables probability of realising projected milestone and royalty payments. When the carrying value of the cash generating unit exceeds its recoverable amount, the cash generating unit is considered impaired and the assets in the cash generating unit are written down to their recoverable amount. Impairment losses are recognised in the consolidated statement of profit or loss and other comprehensive income. A detailed valuation was performed as of 30 June 2017 and each computed fair value (based on a value-in-use model) of our cash generating unit was in excess of the carrying amount respectively. As a result of this evaluation, it was determined that no impairment of goodwill or other intangible assets existed at 30 June 2017.

Contingent Consideration

As a result of the acquisition of Eclipse Therapeutic, Inc. (Eclipse) during the year ended 30 June 2013, the Group determines and recognises at each reporting date the fair value of the additional consideration that may be payable to Eclipse security holders due to potential royalty payments based on achieving late-stage development success or partnering outcomes based on Eclipse assets. Such potential earn-out payments are recorded at fair value and include a number of significant estimates including adjusted revenue projections and expenses, probability of such projections and a suitable discount rate to calculate present value.

NOTE 4: SEGMENT INFORMATION

Information reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance focuses on the nature of work processes performed. The Group's reportable segments under AASB 8 are:

- Drug discovery and development is the discovery, development and commercialisation of compounds to match a target product profile; and
- Contract services is the provision of scientific services on a fee for service basis to both external and internal customers.

Information regarding these segments is presented below.

(a) Segment Revenues and Results

The following is an analysis of the Group's revenue and results by reportable operating segment for the following periods:

	SEGMENT REVENUE YEAR ENDED		SEGMENT PROFIT YEAR ENDED	
	30 JUNE 2017 $	**30 JUNE 2016 $**	**30 JUNE 2017 $**	**30 JUNE 2016 $**
Drug discovery and development	16,417,428	5,482,777	(1,128,304)	(9,808,151)
Contract services	5,754,121	6,633,847	325,019	483,527
	22,171,549	**12,116,624**	**(803,285)**	**(9,324,624)**
Less: Intercompany revenue included in contract services	(3,722,308)	(4,129,972)	-	-
Corporate	157,115	156,636	157,115	156,636
	18,606,356	**8,143,288**	**(646,170)**	**(9,167,988)**
Interest income			1,203,748	1,226,530
Corporate financing expenses			(1,931,235)	(1,855,829)
Corporate administration expenses			(4,853,382)	(7,526,831)
Loss Before Income Tax (Continuing Operations)			**(6,227,039)**	**(17,324,118)**

Revenue reported above for Contract services includes intersegment sales. There were no intersegment sales for the other reportable segment. Segment profit represents the result for each segment without allocation of central administration expenses and investment and other revenue.

NOTE 4: SEGMENT INFORMATION CONT

(b) Segment Assets and Liabilities

The following is an analysis of the Group's assets and liabilities by reportable operating segment:

	30 JUNE 2017 $	30 JUNE 2016 $
ASSETS		
Drug discovery and development	42,279,000	40,443,463
Contract services	5,760,733	5,145,211
	48,039,733	**45,588,674**
Corporate	36,035,329	44,220,448
Total Assets	**84,075,062**	**89,809,122**
LIABILITIES		
Drug discovery and development	2,267,126	4,085,898
Contract services (excluding intercompany liabilities)	2,753,546	2,631,311
Corporate	38,600,817	38,929,179
Total Liabilities	**43,621,489**	**45,646,388**

The Board receive information on liabilities for the Group as a whole as well as liability information for the Contract services segment.

The Board receive information on non-current assets for the Group as a whole as well as non-current asset information for the Contract services segment. Additions to non-current assets:

	30 JUNE 2017 $	30 JUNE 2016 $
Contract services	87,096	56,366
Drug discovery and development	160,415	90,841
	247,511	**147,207**

(c) Other Segment Information

The segment result above has been determined after including the following items:

DEPRECIATION AND AMORTISATION YEAR ENDED	30 JUNE 2017 $	30 JUNE 2016 $
Drug discovery and development	1,511,247	1,797,975
Contract services	231,383	139,637
	1,742,630	**1,937,612**

(d) Revenue from Major Products and Services

The following is an analysis of the Group's external revenue from its major products and services:

	30 JUNE 2017 $	30 JUNE 2016 $
Contract services	5,375,625	7,986,652
Licensing fees	13,073,615	-
Other	157,116	156,636
	18,606,356	**8,143,288**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

NOTE 4: SEGMENT INFORMATION CONT

(e) Geographical Information

The Group operates in three geographical areas, Australia, France and United States of America. The Group's external revenue and information about its non-current assets by geographical segment are detailed below:

	REVENUE FROM EXTERNAL CUSTOMER YEAR ENDED		NON-CURRENT ASSETS YEAR ENDED	
	30 JUNE 2017 $	30 JUNE 2016 $	30 JUNE 2017 $	30 JUNE 2016 $
Australia	15,628,250	5,184,589	27,274,500	29,372,475
France	2,978,106	2,958,699	2,297,886	2,315,926
USA	-	-	24,255	34,952
	18,606,356	**8,143,288**	**29,596,641**	**31,723,353**

(f) Information about Major Customers

Included in revenues for the drug discovery and development segment is $13,066,771 (2016: $4,017,825) from one party. No other customer contributed 10% or more to the Group's revenue for both 2017 and 2016.

NOTE 5: REVENUE AND OTHER INCOME	2017 $	2016 $
Revenue		
Contract services	5,375,625	6,983,198
Royalties	13,073,615	1,003,454
Rent income	157,116	156,636
	18,606,356	**8,143,288**
Other Income from Continuing Operations		
Gain on revaluation of warrants	-	1,270,763
Interest income	1,203,748	1,226,530
Foreign Government grants	1,542,463	1,590,917
Government Research and Development Incentives (i)	6,899,290	9,496,417
	9,645,501	**13,584,627**

(i) The Government Research and Development Incentives include cash refunds provided by the Australian Government for 43.5% (2016: 45%) of eligible research and development expenditures by Australian entities having a tax loss and less than A$20 million in revenue. The grants are calculated at the end of the fiscal year to which they relate, based on the expenses incurred in and included in the fiscal year's Australian income tax return after registration of the research and development activities with the relevant authorities. There are no unfulfilled conditions or other contingencies attaching to the government Research and Development Incentive. Potentially eligible overseas expenditure awaiting government approval pending review of applications submitted during the year ended 30 June 2017 has been excluded from the calculation of the Research and Development Incentive and if approved, will result in an additional receipt of approximately $5 thousand (2016: $87k).

NOTE 6: EXPENSES Loss before income tax benefit includes the following specific expenses:	2017 $	2016 $
Finance Expenses		
- Interest expense on bank and other loans	1,810,388	1,699,818
- Interest expense on contingent consideration	158,992	158,399
- Interest obligations under finance leases	847	36,038
	1,970,227	**1,894,255**

NOTE 6: EXPENSES CONT.	2017 $	2016 $
Depreciation and Amortisation		
- Building	121,383	153,116
- Plant and equipment	162,609	254,896
- Equipment under lease	172,605	213,205
	456,597	**621,217**
Amortisation of Non-Current Assets		
- Intellectual property	**1,286,033**	**1,316,395**
Rental Expense on Operating Leases		
- Minimum lease payments	**1,110,502**	**1,159,792**
Employment Benefit Expenses of:		
- Wages and salaries	6,873,276	8,654,851
- Superannuation	434,791	464,904
- Share-based payments	503,652	399,913
	7,811,719	**9,519,668**
Unrealised foreign currency loss	**874,223**	**2,148,737**
Gain/(Loss) on Disposal of Assets		
- Plant and equipment	**-**	**(140,159)**

NOTE 7: INCOME TAXES (a) Income Tax Recognised in Profit or Loss	2017 $	2016 $
Current Tax		
In respect of the current year *	670,133	32,293
In respect of the prior year	65,677	-
	735,810	**32,293**
Deferred Tax		
Recognised in current year	(213,234)	(764,001)
	(213,234)	**(764,001)**
Total income tax (benefit)/expense	**522,576**	**(731,708)**

* In the current year this liability has been reduced by the withholding tax ($650,613) associated with the milestone payment received.

(b) Reconciliation to Accounting Loss	2017 $	2016 $
Loss from continuing operations	(6,227,039)	(17,324,118)
Tax at the Australian tax rate of 30% (2016: 30%)	(1,868,111)	(5,197,235)
Tax Effect of Non-Deductible / Non-Assessable Amounts		
Foreign exchange reversed on consolidation	(127,606)	59,220
Exempt income from government assistance	(2,440,421)	(3,145,028)
Entertainment	3,915	3,054
Contingent consideration	1,349,224	601,292
Share-based payments	151,095	119,974

NOTES TO THE FINANCIAL STATEMENTS

NOTE 7: INCOME TAXES CONT. **(b) Reconciliation to Accounting Loss cont.**	**2017 $**	**2016 $**
Research and development expenditure	4,704,800	5,352,657
Warrant revaluation loss/(gain)	431,329	(340,155)
Other non-assessable income	(1,547)	(290)
Temporary differences not recorded as an asset	(54,667)	1,340,404
Tax losses not recorded	416,281	710,145
Effect of different tax rates in other jurisdictions	(64,362)	(40,641)
Effect of unused tax losses, in the current period	(1,977,354)	(195,105)
	522,576	**(731,708)**

(c) Net Deferred Tax Liability Recognised Net deferred tax liability is attributable to the following deferred tax asset/(liability) items:	**2017 $**	**2016 $**
Property, plant & equipment denominated in EUR	(514,543)	(536,906)
Intangibles denominated in EUR	(56,293)	(69,416)
Intangibles denominated in USD	(4,600,501)	(5,065,557)
Tax losses denominated in USD	400,175	544,602
	(4,771,162)	**(5,127,277)**

(d) Movement in Net Deferred Tax Liability	**2017 $**	**2016 $**
Opening balance	(5,127,277)	(5,634,395)
Adjustments (Note 2 (iii))	-	(85,763)
Opening balance restated	(5,127,277)	(5,720,158)
Recognised in income	213,234	764,001
Recognised in equity	142,881	(171,120)
Closing Balance	**(4,771,162)**	**(5,127,277)**

(e) Net Deferred Tax Asset Not Recognised	**2017 $**	**2016 $**
Revenue tax losses	15,460,023	17,021,096
Net timing difference	3,156,007	3,210,676
	18,616,030	**20,321,772**

Deferred tax assets have not been recognised in respect to these items as it is not probable at this time that future taxable profits will be available against which the Group can utilise the benefit.

(f) Tax Consolidation

Relevance of tax consolidation to the Group

The Company and all its wholly-owned Australian resident entities are part of a tax-consolidated group under Australian taxation law. Bionomics is the head entity in the tax-consolidated group. Tax expense/benefit, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax-consolidated group are recognised in the separate financial statements of the members of the tax-consolidated group using the 'separate taxpayer within group' approach by reference to the carrying amounts in the separate financial statements of each entity and the tax values applying under tax consolidation. Current tax liabilities and assets and deferred tax assets arising from unused tax losses and relevant tax credits of the members of the tax-consolidated group are recognised by the Company (as head entity in the tax-consolidated group).

NOTE 8: CASH AND CASH EQUIVALENTS

Cash at the end of the financial year as shown in the statements of cash flows is reconciled to items in the Consolidated Statement of Financial Position as follows:

Current	2017 $	2016 $
Cash at bank and on hand	42,450,973	19,664,774
Deposits at call	422,683	25,785,608
	42,873,656	**45,450,382**

The weighted average interest rate on these deposits is 2.4% per annum (2016: 2.8% per annum).

NOTE 9: OTHER FINANCIAL ASSETS	2017 $	2016 $
Restricted deposits held as security and not available for use	934,000	934,000
Disclosed in the Financial Statements as:		
Current assets	550,000	550,000
Non-current assets	384,000	384,000
	934,000	**934,000**

The Group holds two restricted term deposits of $550,000 and $384,000 as security for a loan (Note 18(i)) and as security for a bank guarantee respectively that are not available for use. The interest rate on these deposits is 2.7% (2016: 2.7%) and maturity dates are 2 July 2018 and 17 September 2017 respectively (2016: 2 January 2017 and 23 September 2016 respectively).

NOTE 10: TRADE AND OTHER RECEIVABLES	2017 $	2016 $
Current		
Trade receivables	825,312	1,238,028
GST and Value Added Tax (VAT) receivables	133,954	141,097
Other	395,543	22,469
	1,354,809	**1,401,594**

The average credit period on sales of services is 60 days. No interest is charged on trade receivables for the first 60 days from the date of the invoice. Thereafter, interest is charged at 2% per annum on the outstanding balance. Allowances for doubtful debts are recognised against trade receivables based on estimated irrecoverable amounts determined by reference to past default experience of the counterparty and an analysis of the counterparty's current financial position. The Group has not recognised an allowance for doubtful debts.

Before accepting any new customer, the Group reviews the quality of the customer, and this is reviewed prior to commencing new major work. Of the trade receivables balance at the end of the 2017 year, the Group's largest customer, Merck, represented 43% of the total balance of trade receivables (2016: Merck 79% of the total balances).

Trade receivables disclosed above include amounts (see below for aged analysis) that are past due at the end of the reporting period for which the Group has not recognised an allowance for doubtful debts because there has not been a significant change in credit quality and the amounts (which include interest accrued after the receivable is more than 60 days outstanding) are still considered recoverable.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

NOTE 10: TRADE AND OTHER RECEIVABLES CONT. Age of receivables that are past due but not impaired	2017 $	2016 $
60-90 days	-	660
90-120 days	226	2,241
Total	**226**	**2,901**
Average age (days)	**48**	**56**

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the end of the reporting period. Typically, the concentration of credit risk is limited due to the fact that the customer base is large and unrelated, except as noted above.

NOTE 11: INVENTORIES	2017 $	2016 $
Current		
Consumables	**425,742**	**438,856**

NOTE 12: OTHER ASSETS	2017 $	2016 $
Current		
Prepayments	733,665	643,249
Accrued income	2,630	333
	736,295	**643,582**

NOTE 13: SUBSIDIARIES

Details of the Group's subsidiaries at the end of the reporting period are as follows:

			PERCENTAGE OWNED (%)	
ENTITY	**PRINCIPAL ACTIVITY**	**COUNTRY OF INCORPORATION**	**2017**	**2016**
Head Entity				
Bionomics Limited	Research and Development	Australia	N/A	N/A
Subsidiaries of Bionomics Limited				
Neurofit SAS	Contract Research Organisation	France	100	100
Iliad Chemicals Pty Limited	Asset owner	Australia	100	100
Bionomics, Inc.	Research and Development	United States	100	100
PC SAS	Contract Research Organisation	France	100	100

NOTE 14: PROPERTY, PLANT AND EQUIPMENT	FREEHOLD LAND AT COST $	BUILDING AT COST $	PLANT AND EQUIPMENT AT COST $	EQUIPMENT UNDER FINANCE LEASE AT COST $	TOTAL $
Cost at 30 June 2015	**256,522**	**1,880,896**	**3,536,559**	**600,507**	**6,274,484**
Additions	-	14,797	132,410	-	**147,207**
Disposals	-	(30,484)	(644,930)	(8,120)	**(683,534)**
Foreign currency exchange differences	7,618	55,857	63,847	-	**127,322**
Cost at 30 June 2016	**264,140**	**1,921,066**	**3,087,886**	**592,387**	**5,865,479**
Additions	-	53,484	194,027	-	**247,511**
Disposals	-	-	-	-	**-**
Foreign currency exchange differences	(1,176)	(8,562)	(2,516)	-	**(12,254)**
Cost at 30 June 2017	**262,964**	**1,965,988**	**3,279,397**	**592,387**	**6,100,736**
Accumulated Depreciation at 30 June 2015	**-**	**(56,763)**	**(2,572,486)**	**(194,680)**	**(2,823,929)**
Depreciation (Note 6)	-	(153,116)	(254,896)	(213,205)	(621,217)
Disposals	-	5,039	461,630	8,120	474,789
Foreign currency exchange differences	-	1,431	(61,487)	-	(60,059)
Accumulated Depreciation at 30 June 2016	**-**	**(203,409)**	**(2,427,239)**	**(399,765)**	**(3,030,413)**
Depreciation (Note 6)	-	(121,383)	(162,609)	(172,605)	(456,597)
Disposals	-	-	-	-	-
Foreign currency exchange differences	-	738	3,211	-	3,949
Accumulated Depreciation at 30 June 2017	**-**	**(324,054)**	**(2,586,637)**	**(572,370)**	**(3,483,061)**
Net Carrying Amounts at 30 June 2016	**264,140**	**1,717,657**	**660,647**	**192,622**	**2,835,066**
Net Carrying Amounts at 30 June 2017	**262,964**	**1,641,934**	**692,760**	**20,017**	**2,617,675**

Non-Current Assets Pledged as Security

Refer to Note 18 for information on non-current assets pledged as security by the Group.

NOTE 15: GOODWILL	$
Carrying Amount at 30 June 2015	**10,488,633**
Adjustment (see Note 2 (iii))	1,799,104
Carrying Amount at 30 June 2015 (restated)	**12,287,737**
Additions	-
Foreign currency exchange differences	153,596
Carrying Amount at 30 June 2016	**12,441,333**
Additions	-
Foreign currency exchange differences	(177,211)
Carrying Amount at 30 June 2017	**12,264,122**

(a) Impairment Tests

There are two Cash Generating Units (CGUs), Drug discovery and development, and Contract services. These are the same as the operating segments identified in Note 4. Management tests annually whether goodwill or indefinite life intangibles have suffered any impairment, in accordance with the accounting policy stated in Note 2(l)(i) and (l)(ii), Note 2(g) respectively. For the purpose of impairment testing all goodwill is allocated to the Drug discovery and development CGU.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 15: GOODWILL CONT.

Determining whether goodwill or intangibles are impaired requires an estimation of the value in use of the cash generating units to which goodwill or indefinite life intangibles have been allocated. The value in use calculation requires the entity to estimate the future cash flows expected to arise from the cash generating unit and a suitable discount rate in order to calculate present value over the expected life cycle of the commercialisation of the assets - in line with the average patent life and development cycle of the drug compound. A post-tax discount rate of 15% has been used.

Allocation of Goodwill to Group CGU's The carrying amount of goodwill was allocated to the following CGU's:	**2017** **$**	**2016** **$**
Drug discovery and development	12,264,122	12,441,333
Contract services	-	-

Drug Discovery and Development

The recoverable amount of this CGU is determined based on a value in use calculation which uses cash flow projections based on observable market comparables for drug compounds within the CGU over a period of twenty years covering drug discovery, development, approval and marketing, and a post-tax discount rate of 15% per annum (2016: 25% per annum pre-tax). The cash flow projections are weighted based on the observable market comparables probability of realising projected milestone and royalties payments.

Management believes that the application of discounted cash flows of observable market comparables for one drug compound is reasonable to be applied to other compounds within the CGU at their respective development phases.

Management believes that any reasonably possible change in the key assumptions on which recoverable amount is based would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of the CGU.

No growth rates have been included in the forecast. As the full discovery and development lifecycle has been taken into account with the cashflows, no terminal value has been used.

NOTE 16: OTHER INTANGIBLE ASSETS

Intellectual Property

The acquired intellectual property includes the Company's MultiCore technology, its BNC101 drug candidate and its BNC105 drug candidate. Each item is carried at its fair value as at its date of acquisition, less accumulated amortisation charges. The remaining amortisation periods for each item are between 5 and 20 years. There is currently no internally generated intellectual property capitalised.

	$
Gross Carrying Amount at 30 June 2015	**24,248,948**
Additions	-
Foreign currency exchange differences	547,640
Gross Carrying Amount at 30 June 2016	**24,796,588**
Additions	-
Foreign currency exchange differences	(582,956)
Gross Carrying Amount at 30 June 2017	**24,213,632**
Accumulated Amortisation Amount at 30 June 2015	**(7,321,329)**
Amortisation (Note 6)	(1,316,395)
Foreign currency exchange differences	(95,910)
Accumulated Amortisation Amount at 30 June 2016	**(8,733,633)**
Amortisation (Note 6)	(1,286,033)
Foreign currency exchange differences	136,878
Accumulated Amortisation Amount at 30 June 2017	**(9,882,788)**
Net Carrying Amount 30 June 2016	**16,062,954**
Net Carrying Amount 30 June 2017	**14,330,844**

NOTE 17: TRADE AND OTHER PAYABLES	2017 $	2016 $
Current		
Trade payables	1,900,212	2,633,103
Accrued expenses	1,772,361	3,222,040
	3,672,573	**5,855,143**
Non-Current		
Other payables	**341,703**	**144,938**

The average credit period on purchases of goods is 45 days. No interest is paid on the trade payables. The Group has financial risk management policies in place to ensure that all payables are paid within the credit timeframe.

NOTE 18: BORROWINGS	2017 $	2016 $
Unsecured – at Amortised Cost		
Commercial bill (i)	550,000	550,000
Secured – at Amortised Cost		
Finance lease liabilities (ii)	-	57,611
Equipment mortgage (iii)	404,138	431,021
Bank loan (iv)	17,555,380	20,129,922
	18,509,518	**21,168,554**
Disclosed in the financial statements as:		
- Current liabilities	8,495,873	2,731,837
- Non-current liabilities	10,013,645	18,436,717
	18,509,518	**21,168,554**

(i) The rolling commercial bill line is secured by a restricted deposit of $550,000 (2016: $550,000) and shown in Note 9.

(ii) Lease lines are secured by the leased plant and equipment (refer Note 14) and have an average interest rate of per annum 7.05% (2016: 7.05% per annum) and terms of three to five years.

(iii) The equipment mortgage loans are for equipment (which secure the loans) and have an interest rate of 5.61% and have terms of three to five years (2016: three to five years).

(iv) Bank loan is a secured US $13.5 million (2016: US$15 million) borrowing. The loan bears interest at a rate of 8.9% (2016: 8.15%) and repayable in equal installments over 30 months. The loan is collateralised by substantially all of the Group's assets, other than intellectual property. The loan further contains customary conditions of borrowing, events of default and covenants, including covenants that restrict the ability to dispose of assets, merge with or acquire other entities, incur indebtedness and make distributions to holders of capital stock. Should an event of default occur, including the occurrence of a material adverse change, the Group could be liable for immediate repayment of all obligations under the loan agreement. There were no breaches of covenants as of 30 June 2017.

The unused facilities available at 30 June 2017 of the Group's bank overdraft is $57,712 (2016: $59,693) and equipment finance facility is $295,857 (2016: $269,080). There is no unused facility in relation to the commercial bill line.

Interest Rate Risk

The Group's exposure to interest rates and the effective weighted average interest rate by maturity period is set out in Note 24.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

NOTE 19: PROVISIONS	2017 $	2016 $
Current		
Employee benefits	**1,594,410**	**1,590,979**
Non-Current		
Employee benefits	**47,545**	**61,928**

NOTE 20: OTHER LIABILITIES	2017 $	2016 $
Current		
Unearned services income	**19,509**	**65,811**

NOTE 21: OTHER FINANCIAL LIABILITIES	2017 $	2016 $
Current		
Warrants	106,441	72,802
Conditional warrants	-	1,069,518
	106,441	**1,142,320**
Balance at Beginning of Period	**1,142,320**	**122,544**
Warrants value at date of issue	-	87,170
Conditional warrants initial value	(2,507,280)	2,203,369
Change in value recognised in profit or loss	1,471,401	(1,270,763)
Balance at End of Period	**106,441**	**1,142,320**

Refer Note 22(e) for details about the fair value of the warrant.

Warrants

A derivative was recognised in relation to the warrants issued by the Group in connection with the USD loan included in Note 18(iv). These warrants are currently exercisable at the discretion of the holder and exchangeable for either 988,843 (2016: 988,843) ordinary shares at a fixed price (345,232 at $0.5288 and 643,611 at $0.54) or a lower number of shares for nil consideration, with the number of shares calculated on the basis of a formula which takes into account the movement in the share price of the Company from the date of issue to date of exercise of the warrant.

The warrants expiry dates are as follows:	NUMBER	EXPIRY DATE
	345,232	Oct-20
	643,611	Nov-19

A derivative was recognised in relation to the conditional warrants issued by the Group in connection with the private placement of shares in December 2015 (see Note 22(a)). Under the Share Placement Agreement 16,082,988 warrants for 16,082,988 ordinary shares at a fixed price ($0.5938) are required to be issued at the earlier of the approval of shareholders for the issue of the warrants and the passage of 12 months from the date of the agreement. The warrants were issued in December 2016 and the fair value of the conditional warrants at that date was transferred to equity.

The warrants and conditional warrants were initially measured at fair value in accordance with AASB 139 (IAS 39). The value of the warrants and conditional warrants liability is remeasured at each balance date with any movement in valuations recognised in the profit or loss.

NOTE 22: ISSUED CAPITAL (a) Issued and Paid-Up Capital	2017 SHARES	2016 SHARES
Ordinary shares – fully paid	481,456,441	481,024,341
Treasury stock	38,125	75,625
Total	**481,494,566**	**481,099,966**

Movements in Ordinary Shares and Treasury Stock (restricted shares issued subject to Employee Share Plan Loan Agreements) respectively, of the Company during the past two years were as follows:

DATE	DETAILS	NUMBER OF SHARES	$
Ordinary Shares			
30 June 2015	**Closing Balance**	**418,236,369**	**111,990,220**
	Share issue – Employee Share Option Plan option exercise	921,250	288,718
	Placements (net of warrants) [1]	61,866,702	22,113,875
30 June 2016	**Closing Balance**	**481,024,321**	**134,392,813**
	Share issue – Employee Share Option Plan option exercise	432,120	143,615
30 June 2017	**Closing Balance**	**481,456,441**	**134,536,428**
Treasury Stock			
30 June 2015	**Closing Balance**	**-**	**-**
	Share issue – Employee Share Plan Loan Agreements	75,625	-
30 June 2016	**Closing Balance**	**75,625**	**-**
	Share issue – Employee Share Plan Loan Agreements	(37,500)	-
30 June 2017	**Closing Balance**	**38,125**	**-**
	Total Issued Capital	**481,494,566**	**-**

[1] The placements are net of the warrants issued in December 2015 for 24,124,484 ordinary shares at a fixed price ($0.5938), valued at $3,305,054 and conditional warrants for 16,082,988 ordinary shares at a fixed price ($0.5938), valued at $2,203,369, as at issue date. The warrants and conditional warrants were valued using a Black-Scholes methodology. As at 30 June 2016, the conditional warrants had not been issued and are disclosed under "Other financial liability (current)" in Note 21.

Changes to the then Corporations Law abolished the authorised capital and par value concept in relation to share capital from 1 July 1998. Therefore, the Company does not have a limited amount of authorised capital and issued shares do not have a par value.

(b) Ordinary Shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held. On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote and upon a poll each share is entitled to one vote.

(c) Option Modification

The terms of the options under the Bionomics Employee Share Option Plan were modified at 30 June 2014 for all options on issue prior to the fully underwritten 1:8 non-renounceable rights issue announced on 4 March 2013. The exercise price for all outstanding options were adjusted under ASX Listing Rule 6.22 and are shown in the table below in this Note 22(d)(i).

(d) Share Options

When exercised, each option is convertible into one ordinary share. The exercise price is based on the weighted average price at which the Company's shares traded on the ASX during the seven trading days immediately before the options are issued.

(i) The Bionomics Employee Share Option Plan

The terms and conditions of the Bionomics Employee Share Option Plan are summarised in Note 2(o)(iii). The following options listed are outstanding at reporting date.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 22: ISSUED CAPITAL CONT.

GRANT DATE	EXPIRY DATE	EXERCISE PRICE	NUMBER	FAIR VALUE AT GRANT DATE
Oct-07	Oct-17	$0.2876	5,000	$0.36
Jan-08	Jan-18	$0.3776	4,000	$0.33
Jul-08	Jul-17	$0.3576	14,000	$0.28
	Jul-18	$0.3576	14,000	$0.29
Nov-08	Nov-17	$0.2976	100,000	$0.17
	Nov-17	$0.2776	10,000	$0.09
	Nov-18	$0.2776	10,000	$0.10
Mar-09	Mar-18	$0.2876	2,120	$0.11
	Mar-19	$0.2876	10,000	$0.12
	Mar-19	$0.2876	2,120	$0.12
Jun-09	Jun-18	$0.2476	4,000	$0.20
	Jun-19	$0.2476	4,000	$0.21
Nov-09	Nov-17	$0.2976	100,000	$0.19
	Nov-18	$0.2976	100,000	$0.20
	Nov-19	$0.2976	100,000	$0.20
Jul-10	Jul-19	$0.3176	10,000	$0.19
	Jul-20	$0.3176	10,000	$0.20
Nov-10	Nov-17	$0.3076	100,000	$0.16
	Nov-18	$0.3076	100,000	$0.17
	Nov-19	$0.3076	100,000	$0.17
Nov-11	Aug-17	$0.9186	1,000,000	$0.05
Dec-11	Dec-17	$0.5156	100,000	$0.33
	Dec-18	$0.5156	100,000	$0.36
	Dec-19	$0.5156	100,000	$0.37
	Dec-20	$0.5156	100,000	$0.39
	Dec-21	$0.5156	100,000	$0.40
Mar-12	Mar-18	$0.5026	5,000	$0.29
	Mar-19	$0.5026	5,000	$0.30
	Mar-20	$0.5026	5,000	$0.32
	Mar-21	$0.5026	5,000	$0.34
	Mar-22	$0.5026	5,000	$0.35
Jun-12	Jun-18	$0.3356	8,000	$0.16
	Jun-19	$0.3356	8,000	$0.17
	Jun-20	$0.3356	8,000	$0.18
	Jun-21	$0.3356	8,000	$0.19
	Jun-22	$0.3356	8,000	$0.20
Aug-12	Aug-17	$0.2846	37,500	$0.13
Dec-12	Dec-17	$0.2846	65,000	$0.16
	Dec-18	$0.3176	200,000	$0.18
	Dec-19	$0.3176	200,000	$0.19
	Dec-20	$0.3176	200,000	$0.20
	Dec-21	$0.3176	200,000	$0.21
	Dec-22	$0.3176	200,000	$0.22
	Dec-18	$0.3176	5,000	$0.21
	Dec-19	$0.3176	5,000	$0.22
	Dec-20	$0.3176	5,000	$0.23
	Dec-21	$0.3176	5,000	$0.24
	Dec-22	$0.3176	5,000	$0.25

NOTE 22: ISSUED CAPITAL CONT.

GRANT DATE	EXPIRY DATE	EXERCISE PRICE	NUMBER	FAIR VALUE AT GRANT DATE
May-13	May-19	$0.3745	64,000	$0.22
	May-20	$0.3745	64,000	$0.24
	May-21	$0.3745	64,000	$0.25
	May-22	$0.3745	64,000	$0.26
	May-23	$0.3745	64,000	$0.27
Aug-13	Aug-18	$0.3301	122,500	$0.38
Oct-13	Oct-19	$0.6014	15,000	$0.46
	Oct-20	$0.6014	15,000	$0.48
	Oct-21	$0.6014	15,000	$0.50
	Oct-22	$0.6014	15,000	$0.52
	Oct-23	$0.6014	15,000	$0.54
Dec-13	Dec-18	$0.7224	100,000	$0.33
	Dec-18	$0.3301	55,000	$0.46
	Dec-19	$0.7224	100,000	$0.36
	Dec-19	$0.6875	4,000	$0.37
	Dec-20	$0.7224	100,000	$0.39
	Dec-20	$0.6875	4,000	$0.39
	Dec-21	$0.7224	100,000	$0.41
	Dec-21	$0.6875	4,000	$0.42
	Dec-22	$0.7224	100,000	$0.43
	Dec-22	$0.6875	4,000	$0.44
	Dec-23	$0.6875	4,000	$0.46
Oct-14	Oct-19	$0.5643	108,500	$0.35
Dec-14	Dec-19	$0.5643	75,000	$0.27
Apr-15	Apr-21	$0.5029	19,000	$0.21
	Apr-22	$0.5029	19,000	$0.23
	Apr-23	$0.5029	19,000	$0.25
	Apr-24	$0.5029	19,000	$0.26
	Apr-25	$0.5029	19,000	$0.27
May-15	May-21	$0.4246	288,600	$0.24
	May-22	$0.4246	288,600	$0.25
	May-23	$0.4246	288,600	$0.27
	May-24	$0.4246	288,600	$0.28
	May-25	$0.4246	288,600	$0.29
Jul-15	Jul-20	$0.4341	151,000	$0.20
	Jul-21	$0.4341	15,000	$0.22
	Jul-21	$0.4152	3,000	$0.23
	Jul-22	$0.4341	15,000	$0.24
	Jul-22	$0.4152	3,000	$0.24
	Jul-23	$0.4341	15,000	$0.25
	Jul-23	$0.4152	3,000	$0.26
	Jul-24	$0.4341	15,000	$0.26
	Jul-24	$0.4152	3,000	$0.27
	Jul-25	$0.4341	15,000	$0.28
	Jul-25	$0.4152	3,000	$0.28
Oct-15	Oct-21	$0.4575	5,000	$0.30
	Oct-22	$0.4575	5,000	$0.32
	Oct-23	$0.4575	5,000	$0.34

NOTES TO THE FINANCIAL STATEMENTS

NOTE 22: ISSUED CAPITAL CONT.

GRANT DATE	EXPIRY DATE	EXERCISE PRICE	NUMBER	FAIR VALUE AT GRANT DATE
Oct-15 cont.	Oct-24	$0.4575	5,000	$0.35
	Oct-25	$0.4575	5,000	$0.37
	Oct-20	$0.4211	85,500	$0.29
Dec-15	Dec-20	$0.4211	60,000	$0.16
	Dec-21	$0.5389	100,000	$0.15
	Dec-22	$0.5389	100,000	$0.17
	Dec-23	$0.5389	100,000	$0.18
	Dec-24	$0.5389	100,000	$0.19
	Dec-25	$0.5389	100,000	$0.20
	Dec-21	$0.5102	50,000	$0.16
	Dec-22	$0.5102	50,000	$0.18
	Dec-23	$0.5102	50,000	$0.19
	Dec-24	$0.5102	50,000	$0.20
	Dec-25	$0.5102	50,000	$0.22
May-16	May-22	$0.3200	58,000	$0.18
	May-23	$0.3200	58,000	$0.20
	May-24	$0.3200	58,000	$0.21
	May-25	$0.3200	58,000	$0.22
	May-26	$0.3200	58,000	$0.23
Nov-16	Nov-22	$0.2600	4,000	$0.23
	Nov-23	$0.2600	4,000	$0.24
	Nov-24	$0.2600	4,000	$0.25
	Nov-25	$0.2600	4,000	$0.26
	Nov-26	$0.2600	4,000	$0.27
	Nov-21	$0.3743	302,500	$0.21
	Nov-22	$0.2613	200,000	$0.25
	Nov-23	$0.2613	200,000	$0.26
	Nov-24	$0.2613	200,000	$0.27
	Nov-25	$0.2613	200,000	$0.28
	Nov-26	$0.2613	200,000	$0.29
	Nov-22	$0.3130	200,000	$0.25
	Nov-23	$0.3130	200,000	$0.27
	Nov-24	$0.3130	200,000	$0.27
	Nov-25	$0.3130	200,000	$0.28
	Nov-26	$0.3130	200,000	$0.28
	Nov-22	$0.3820	5,000	$0.22
	Nov-23	$0.3820	5,000	$0.24
	Nov-24	$0.3820	5,000	$0.25
	Nov-25	$0.3820	5,000	$0.26
	Nov-26	$0.3820	5,000	$0.27
	Nov-22	$0.6000	225,000	$0.19
	Nov-23	$0.6000	225,000	$0.20
	Nov-24	$0.6000	225,000	$0.22
	Nov-25	$0.6000	225,000	$0.23
	Nov-26	$0.6000	100,000	$0.23
Dec-16	Dec-21	$0.3743	35,000	$0.19
			11,139,740	

Reconciliation of Employee Share Option Plan:

	2017		2016	
	NUMBER OF OPTIONS	WEIGHTED AVERAGE EXERCISE PRICE	NUMBER OF OPTIONS	WEIGHTED AVERAGE EXERCISE PRICE
Opening Balance at Beginning of Financial Year	**9,698,860**	**$0.49**	**9,798,480**	**$0.47**
Granted during the financial year	3,382,500	$0.39	1,716,500	$0.47
Forfeited during the financial year	(542,500)	$0.47	(576,550)	$0.40
Exercised during the financial year	(432,120)	$0.30	(921,250)	$0.31
Expired during the financial year	(967,000)	$0.52	(318,320)	$0.39
Closing Balance at 30 June	**11,139,740**	**$0.43**	**9,698,860**	**$0.49**

Employee Share Option Plan options exercised during the financial year:

SERIES	NUMBER EXERCISED	EXERCISE PRICE	EXERCISE DATE	SHARE PRICE AT EXERCISE DATE
01-May-06	20,000	$0.2176	05-Jul-16	$0.300
05-Nov-08	100,000	$0.2976	06-Oct-16	$0.445
04-Nov-09	100,000	$0.2976	04-Nov-16	$0.350
04-Nov-10	100,000	$0.3076	04-Nov-16	$0.350
16-Nov-06	100,000	$0.2976	16-Nov-16	$0.380
13-Mar-09	2,120	$0.2876	13-Mar-17	$0.375
01-Jul-08	10,000	$0.3576	28-Jun-17	$0.400
TOTAL	**432,120**			

	2017 NUMBER	2016 NUMBER
Unlisted Options Vested and Exercisable at the Reporting Date	**5,840,940**	**6,055,460**

(ii) Weighted averages

The weighted average remaining contractual life of any unlisted share options outstanding at the end of the year is 4.02 years (2016: 4.02 years).

The assessed fair value at grant date of options granted during the year ended 30 June 2017 is outlined in the Remuneration Report. The share price at grant date of these options was $0.3743 (2016: between $0.34 and $0.54). The expected average price volatility of the company's shares was 64.3% (2016: between 51.4% and 54%). Expected dividend yield was 0% (2016: 0%) and the average risk free interest rate used was 2.24% (2016: between 2.29% and 2.92%).

(e) Warrants

The weighted average remaining contractual life of the unlisted warrants and conditional warrants outstanding at the end of the year is 4.2 years (2016: 4.4 years)

Warrants recorded in equity

Details of outstanding warrants as at 30 June 2017 are as follows:

GRANT DATE	EXPIRY DATE	EXERCISE PRICE	NUMBER	FAIR VALUE AT GRANT DATE
Dec-15	Dec-20	$0.5938	24,124,484	$0.1370

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

NOTE 22: ISSUED CAPITAL CONT.

Warrants recorded in Other Financial Liabilities (Note 21)
The assessed fair value at 30 June 2017 of warrants granted is $106,441 (2016: $1,142,320). The share price as at 30 June 2017 was $0.40 (2016: $0.28). The expected average price volatility of the Company's shares was 67.63% (2016: 55.73%). Expected dividend yield was 0% (2016: 0%) and the average risk free interest rate as at 30 June 2017 was 2.24% (2016: 1.65%).

NOTE 23: RESERVES	2017 $	2016 $
Foreign Currency Translation Reserve (a)	5,060,539	5,174,632
Share-based Payments Reserve (b)	9,052,338	6,041,406
Total Reserves	**14,112,877**	**11,216,038**

(a) Foreign Currency Translation Reserve
Exchange differences arising on translation of the foreign controlled entities are taken to the foreign currency translation reserve, as described in Note 2(b). The reserve is recognised in profit or loss when the investment is disposed of.

(b) Share-Based Payments Reserve
The share-based payments reserve is used to recognise the fair value of options and warrants issued over the vesting period. Further information about share-based payments is set out in Note 22.

NOTE 24: FINANCIAL INSTRUMENTS

(a) Capital Risk Management
The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns whilst maximising the return to stakeholders through the optimisation of the debt and equity balance.

The Group's overall strategy remains unchanged from 2016. The capital structure of the Group consists of debt, which includes borrowings (Note 18), cash and cash equivalents (Note 8) and equity attributable to equity holders of the parent, comprising issued capital (Note 22), reserves (Note 23) and retained earnings.

The Group has global operations, primarily conducted through subsidiary companies established in the markets in which the Group trades. None of the Group's entities is subject to externally imposed capital requirements.

The Group's policy is to fund the research and development activities and operations through the issue of equity and the commercialisation of Intellectual Property assets. Project specific borrowings are utilised where appropriate and also minor borrowings for operational assets, as required.

(b) Categories of Financial Instruments	2017 $	2016 $
Financial Assets		
Receivables	9,892,637	11,002,949
Other financial assets	934,000	934,000
Cash and cash equivalents	42,873,656	45,450,382
	53,700,293	**57,387,331**
Financial Liabilities		
Amortised cost	22,649,744	27,168,635
Contingent consideration at fair value	14,558,628	10,489,438
	37,208,372	**37,658,073**
Reconciliation to Total Assets		
Financial assets (as above)	53,700,293	57,387,331
Non-financial assets	30,374,769	32,421,791
	84,075,062	**89,809,122**

(b) Categories of Financial Instruments cont.	2017 $	2016 $
Reconciliation to Total Liabilities		
Financial liabilities (as above)	37,208,372	37,658,073
Non-financial liabilities	6,413,117	7,988,315
	43,621,489	**45,646,388**

(c) Financial Risk Management Objectives

The Board, through the Audit and Risk Management (ARM) Committee, is responsible for ensuring there are adequate policies in relation to risk management, compliance and internal control systems. In summary, Group policies are designed to ensure significant strategic, operational, legal, reputational and financial risks are identified, assessed, and effectively monitored and managed in a manner sufficient for a company of Bionomics' size and stage of development to enable achievement of the Group's business strategy and objectives.

The Group's risk management policies are managed by the key management personnel and are reviewed by the ARM Committee according to a timetable of assessment and review proposed by that committee and approved by the Board.

(d) Market Risk

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates (see (e) below) and interest rates (see (f) below).

The Group uses derivative financial instruments to manage its exposure to foreign currency risk, if and when appropriate.

Unless approved by the Chief Executive Officer and Managing Director and ARM Committee, interest rate derivatives are not entered into.

The Group measures market risk exposures using sensitivity analysis. There has been no material change to the Group's exposure to market risks or the manner in which these risks are managed and measured.

There were no derivative financial instruments outstanding as at 30 June 2017 (2016: nil).

(e) Foreign Currency Risk Management

The Group undertakes certain transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. Exchange rate exposures are managed in accordance with established policies. The carrying amounts of the Group's foreign currency denominated monetary assets and liabilities at the end of the reporting date are as follows:

	LIABILITIES		ASSETS	
	2017 $	2016 $	2017 $	2016 $
EUR	2,783,829	2,697,299	5,760,733	5,551,524
USD	17,902,620	20,518,217	13,292,465	11,980,244
GBP	69,644	617,234	-	-

NOTES TO THE FINANCIAL STATEMENTS

NOTE 24: FINANCIAL INSTRUMENTS CONT.

Foreign Currency Sensitivity Analysis

The Group is mainly exposed to Euros, US dollars and Pound Sterling (GBP).

The following table details the Group's sensitivity to a 10% increase and decrease in the Australian dollar against the relevant foreign currencies. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign currency rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year-end for a 10% change in foreign currency rates. A positive number below indicates an increase in profit or equity where the Australian dollar strengthens 10% against the relevant currency. For a 10% weakening of the Australian dollar against the relevant currency, there would be a comparable impact on the profit or equity with the balances being the opposite.

	EUR IMPACT		USD IMPACT		GBP IMPACT	
	2017 $	2016 $	2017 $	2016 $	2017 $	2016 $
Profit or loss	2,753	5,999 (i)	417,322	796,036 (ii)	6,331	56,112 (iv)
Equity	(273,381)	(265,474) (iii)	1,783	(19,857) (v)	-	-

(i) This is mainly attributable to the exposure outstanding on EUR payables in the Group at the end of the reporting period.
(ii) This is mainly attributable to the exposure to outstanding USD net assets at the end of the reporting period.
(iii) This is as a result of the changes in fair value of the net investment in subsidiaries denominated in Euros, reflected in the foreign currency translation reserve.
(iv) This is mainly attributable to the exposure outstanding on GBP payables in the Group at the end of the reporting period.
(v) This is as a result of the changes in fair value of the net investment in subsidiaries denominated in USD, reflected in the foreign currency translation reserve.

The Group's sensitivity to foreign currency has decreased during the current year mainly due to the mix of net assets held in non-Australian dollar denominated currencies, in particular, the USD net borrowings valued through the profit or loss.

The sensitivity analysis may not represent the quantum of foreign exchange risk because the exposure at the end of the reporting period does not reflect the exposure during the year. Requirements change during the financial year depending on research and development activities being undertaken and contract research service financial performance.

Forward Foreign Exchange Contracts

It is the policy of the Group to enter into forward foreign currency contracts to cover specific foreign currency payments and receipts when appropriate (such as when there is a legal commitment to pay or receive foreign currency or the Chief Executive Officer and Managing Director has a high degree of confidence (→90%) that a foreign currency exposure will arise).

Under the Group's Treasury Policy, the Chief Financial Officer (CFO) will manage the foreign exchange transaction risk adopting the following guidelines:

- Generally, hedge foreign exchange exposure identified above by entering into a forward currency contract.
- The duration of any forward currency contract(s) will approximate the period in which the net currency exposure arises.
- Recognising the uncertainty that exists in projecting forward foreign currency flows, a maximum net foreign currency exposure position may be held at any point in time.

Due to the long-term nature of the net investment in the Euro and USD denominated wholly owned subsidiaries, the investments will not be hedged into Australian dollars, with the result that the Australian dollar value of the investments will fluctuate with the market rate through the foreign currency translation reserve.

There were no forward foreign currency contracts outstanding as at 30 June 2017 (2016: nil).

(f) Interest Rate Risk Management

The Group is exposed to interest rate risk, only in relation to the cash and cash equivalent balance, as entities in the Group invest funds in both fixed and variable interest rates with various maturities. The Group does not use interest rate swap contracts or forward interest rate contracts.

NOTE 24: FINANCIAL INSTRUMENTS CONT.

Interest Rate Sensitivity Analysis

The sensitivity analysis below has been determined based on the exposure to interest rates at the end of the reporting period and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period.

If interest rates had been 50 basis points higher / (lower) and all other variables were held constant, the Group's:

- Loss for the year ended 30 June 2017 would increase / (decrease) by $120,338 (2016: increase / (decrease) by $83,722). This is mainly attributable to the Group's exposure to interest rates on its variable rate deposits.

The Group's sensitivity to interest rates has decreased during the current year mainly due to the reduction in interest rates.

(g) Credit Risk Management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults.

As of 30 June 2017, Merck represented 43% of the Group's trade and other receivables (2016: Merck 79%). The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies.

The carrying amount of financial assets recorded in the financial statements, net of any allowances for losses, represents the Group's maximum exposure to credit risk.

(h) Liquidity Risk Management

Ultimate responsibility for liquidity risk management rests with the Board, which has approved an appropriate liquidity risk management framework for management of the Group's short, medium and long term funding. The Group manages liquidity risk by continuously monitoring forecast and actual cash flows and matching maturity profiles of financial assets and liabilities. Included in Note 18 is a listing of additional undrawn facilities that the group has at its disposal to further reduce liquidity risk.

(i) Liquidity and Interest Rate Risk

The following tables detail the Group's remaining contractual maturity for its financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The tables include both interest and principal cash flows.

	WEIGHTED AVERAGE EFFECTIVE INTEREST RATE %	INTEREST RATE MATURITY					
2017		**LESS THAN 1 MONTH $**	**1 – 3 MONTHS $**	**3 – 12 MONTHS $**	**1 TO 5 YEARS $**	**5 + YEARS $**	**TOTAL $**
Non-interest bearing		3,672,573	-	-	341,703	-	**4,014,276**
Finance lease liability	7.05	-	-	-	-	-	**-**
Variable interest rate instruments	8.90	142,791	280,975	1,257,478	24,094,830	-	**25,776,074**
Fixed interest rate instruments	4.11	569,109	28,044	126,198	236,004	-	**959,355**
TOTAL		**4,384,473**	**309,019**	**1,383,676**	**24,672,537**	**-**	**30,749,705**
2016							
Non-interest bearing		5,855,143	-	-	144,938	-	**6,000,081**
Finance lease liability	7.05	9,743	19,486	28,382	-	-	**57,611**
Variable interest rate instruments	8.15	136,910	282,948	3,247,747	19,892,894	-	**23,560,499**
Fixed interest rate instruments	4.62	567,026	23,878	107,451	330,268	-	**1,028,623**
TOTAL		**6,568,822**	**326,312**	**3,383,580**	**20,368,100**	**-**	**30,646,814**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

NOTE 24: FINANCIAL INSTRUMENTS CONT.

(j) Fair Value of Financial Instruments

Some of the Group's financial assets and liabilities are measured at fair value at the end of each reporting period. The value of other financial assets and liabilities approximate their fair value. The following table gives information about how the fair values of these financial assets and liabilities are determined.

	FAIR VALUE AS AT					
FINANCIAL ASSETS / FINANCIAL LIABILITIES	30 JUNE 2017 $	30 JUNE 2016 $	FAIR VALUE HIERARCHY	VALUATION TECHNIQUE	SIGNIFICANT UNOBSERVABLE INPUTS	RELATIONSHIP OF UNOBSERVABLE INPUTS TO FAIR VALUE
Contingent consideration in a business combination (Note 34)	Liabilities – $14,558,628	Liabilities - $10,489,438	Level 3	Discounted cash flow	Discount rate of 15% (post tax) and probability adjusted revenue projections.	The higher the discount rate, the lower the value. The higher the possible revenue the higher value.
Warrant (Note 21)	Liabilities - $106,441	Liabilities - $1,142,320	Level 2	Black Scholes model	N/A	N/A

The significant inputs used for Level 3 and disclosed above and the inputs used for Level 2 are disclosed in Note 22(e).

RECONCILIATION OF LEVEL 3 FAIR VALUE MEASUREMENTS	2017 CONTINGENT CONSIDERATION IN A BUSINESS COMBINATION	2016 CONTINGENT CONSIDERATION IN A BUSINESS COMBINATION
Opening Balance	**10,489,438**	**8,276,292**
Total gains or losses:		
- in profit or loss	4,069,190	2,213,146
Closing Balance	**14,558,628**	**10,489,438**

The carrying value of all other financial assets and liabilities approximate their fair value.

NOTE 25: KEY MANAGEMENT PERSONNEL COMPENSATION

The aggregate compensation made to Directors and other members of key management personnel of the Group is set out below:

	2017 $	2016 $
Short-term employee benefits	2,107,898	2,141,888
Post-employment benefits	89,965	90,865
Other long-term benefits	15,216	131,170
Share-based payments	269,735	118,258
Total Key Management Personnel Compensation	**2,482,814**	**2,482,181**

NOTE 26: COMMITMENTS FOR EXPENDITURE

(a) Finance Leases

The Group leases scientific equipment under finance leases. The average lease term is one year (2016: two years). Under the terms of the lease, the Group retains ownership at the completion of the agreed term. Interest rates underlying all obligations under finance leases are fixed at the respective contract dates with the current rate of 7.05% (2016: 5.22% to 7.37%) per annum.

FINANCE LEASE LIABILITIES	MINIMUM LEASE PAYMENTS 2017 $	MINIMUM LEASE PAYMENTS 2016 $	PRESENT VALUE OF LEASE PAYMENTS 2017 $	PRESENT VALUE OF LEASE PAYMENTS 2016 $
Within one year	-	58,458	-	57,611
Later than one year but not greater than five	-	-	-	-
	-	**58,458**	**-**	**57,611**
Future finance charges	-	(847)	-	-
Present Value of Minimum Lease Payments	**-**	**57,611**	**-**	**57,611**

Represented in the financial statements (Note 18) by:	2017 $	2016 $
Current borrowings	-	57,611
Non-current borrowings	-	-
	-	**57,611**

(b) Operating Leases

Operating leases relate to business premises with lease terms of between two and ten years. The building premise leases have options of +2 and +5+5 year terms respectively.

	2017 $	2016 $
Non-Cancellable Operating Lease Commitments		
Within one year	996,957	1,110,502
Later than one year but not greater than five	2,675,088	3,587,894
Later than five years	-	-
Minimum Lease Payments	**3,672,045**	**4,698,396**

(c) Rental Agreements

The Group sub-lets areas of its facility under agreements that are renewed annually. Rent received from these agreements is treated according to the accounting policy outlined in Note 2(c).

	2017 $	2016 $
Future Rental Income Receivable		
Within one year	153,009	324,698
Later than one year but not greater than five	-	240,122
	153,009	**564,820**

NOTE 27: EVENTS OCCURRING AFTER REPORTING DATE

No matters or circumstances have arisen since the end of the financial year which significantly affect or may significantly affect the results of the operations of the Group.

NOTE 28: REMUNERATION OF AUDITORS

During the financial year the following services were paid and payable to the external auditor:

	2017 $	2016 $
Auditor of the Group		
Audit or review of financial reports	162,994	719,343
	162,994	**719,343**

The auditor of Bionomics Limited is Deloitte Touche Tohmatsu.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

NOTE 29: CASH FLOW INFORMATION

(a) Cash and cash equivalents

For the purposes of the consolidated statement of cash flows, cash and cash equivalents include cash on hand and in banks, net of outstanding bank overdrafts. Cash and cash equivalents at the end of the reporting period as shown in the consolidated statement of cash flows can be reconciled to the related items in the consolidated statement of financial position as follows:

	2017 $	2016 $
Cash and Cash Equivalents (Note 8)	**42,873,656**	**45,450,382**

(b) Reconciliation of operating (loss)/profit to net cash outflow from operating activities

	2017 $	2016 $
(Loss)/Profit for the year	**(6,749,615)**	**(16,592,410)**
Items in (loss)/profit		
Depreciation and amortisation	1,742,630	1,937,612
Share-based payments	503,652	399,913
Gain on asset disposals	-	140,159
Contingent consideration – accretion interest	158,992	158,399
Contingent consideration – adjustment to inputs	4,338,422	1,845,907
Amortisation of borrowing costs	28,659	130,624
Net unrealised foreign exchange differences	(504,907)	1,698,619
Interest received	(1,203,748)	(1,240,226)
Warrant mark-to-market	1,471,401	(1,494,676)
Changes in operating assets and liabilities		
(Increase)/Decrease in receivables	41,152	(378,983)
Increase in Research and Development Incentive receivables	1,063,436	(1,595,956)
Decrease/(Increase) in other assets	(96,014)	635,347
Increase in inventory	11,500	(42,157)
Decrease in provisions	(6,219)	(35,835)
Decrease in other liabilities	(43,332)	(36,870)
(Decrease)/Increase in payables	(1,982,617)	(468,209)
Decrease in deferred tax liability	(213,234)	(420,812)
Net Cash (Outflows)/Inflows From Operating Activities	**(1,439,842)**	**(15,359,554)**

NOTE 30: LOSS PER SHARE	**2017**	**2016**
Basic Loss per share	($0.01) (1 cent)	($0.03) (3 cents)
Diluted Loss per share	($0.01) (1 cent)	($0.03) (3 cents)

The basic and diluted Loss per share amounts have been calculated using the 'Loss after income tax' figure in the consolidated statement of comprehensive income.

NOTE 30: LOSS PER SHARE CONT.

The basic and diluted Loss per share amounts have been calculated using the 'Loss after income tax' figure in the consolidated statement of comprehensive income.

	2017 $	2016 $
Loss Per Share (Basic and Diluted):		
Loss after tax for the year	**(6,749,615)**	**(16,592,410)**

	2017 NUMBER	2016 NUMBER
Weighted Average Number of Ordinary Shares - Basic		
Weighted average number of ordinary shares used in calculating basic loss per share:	481,350,312	457,258,616
Weighted Average Number of Ordinary Shares - Diluted		
Weighted average number of ordinary shares used in calculating basic loss per share:	481,350,312	457,258,616
Shares deemed to be issued for no consideration in respect of:		
- Employee options	11,139,740	4,046,000
Weighted Average Number of Ordinary Shares Used in the Calculation of Diluted Loss Per Share	**492,490,052**	**461,304,616**

The following potential ordinary shares are anti-dilutive and are therefore excluded from the weighted average number of ordinary shares for the purposes of diluted loss per share.

	2017 NUMBER	2016 NUMBER
Employee options	4,422,240	2,905,000

The warrants issued by the Company (see Note 21) have been excluded from the weighted average number of ordinary shares.

NOTE 31: RELATED PARTY TRANSACTIONS

(a) Parent Entity

The immediate parent and ultimate controlling party of the Group is Bionomics Limited. Interests in subsidiaries are set out in Note 13.

(b) Key Management Personnel

Disclosures relating to compensation of key management personnel are set out in Note 25 and the Directors' Report.

(c) Loans to Directors and Other Key Management Personnel

There were no loans to any Directors of the Company or other key management personnel of the Group during the financial year ended 30 June 2017 (2016: $0).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

NOTE 32: PARENT ENTITY INFORMATION

The accounting policies of the parent entity, which have been applied in determining the financial information shown below, are the same as those applied in the consolidated financial statements. Refer to Note 2 for a summary of the significant accounting polices relating to the Group.

FINANCIAL POSITION	YEAR ENDED 30 JUNE 2017 $	YEAR ENDED 30 JUNE 2016 $
Assets		
Current assets	51,332,869	56,063,216
Non-current assets	20,450,466	19,569,636
Total Assets	**71,783,335**	**75,632,852**
Liabilities		
Current liabilities	11,321,680	9,390,149
Non-current liabilities	24,355,139	28,723,403
Total Liabilities	**35,656,819**	**38,113,552**
NET ASSETS	**36,126,516**	**37,519,300**
Equity		
Issued capital	134,536,429	134,392,813
Accumulated losses	(107,411,637)	(102,914,920)
Reserves	9,001,724	6,041,407
Total Equity	**36,126,516**	**37,519,300**
Financial Performance		
Loss for the year	(5,464,127)	(17,275,742)
Other comprehensive income	-	-
Total Comprehensive Income	**(5,464,127)**	**(17,275,742)**

(a) Property, Plant and Equipment Commitments

There are no contractual commitments for the acquisition of property, plant or equipment as at 30 June 2017 (2016: Nil).

(b) Contingent Liabilities and Guarantees

The contingent liabilities and guarantees of the parent are the same as disclosed in Note 34 and Note 9 respectively.

NOTE 33: CONTINGENT CONSIDERATION

During the year ended 30 June 2013, the Company acquired Eclipse Therapeutics, Inc. (Eclipse) into the wholly owned subsidiary Bionomics, Inc.

Part of the consideration are potential cash earn-outs to Eclipse security holders based on achieving late stage development success or partnering outcomes based on Eclipse assets. Due to the movement in the US dollar, change in projected inputs and unwinding of interest, at 30 June 2017 this was $14,558,628 (30 June 2016: $10,489,438).

	2017 $	2016 $
Opening Balance	**10,489,438**	**8,276,292**
Accretion interest	158,992	158,399
Adjustment for changes in timing of expected revenue projections	4,338,422	1,845,907
FX movement	(428,224)	208,840
Closing Balance	**14,558,628**	**10,489,438**

NOTE 34: CONTINGENT LIABILITIES

A contingent liability exists in relation to employee contracts of up to $414,215 (2016: $871,206) in the event of redundancy, purchase or merger of the Company by a third party resulting in a material diminution in the employee's duties.

In January 2012, the Company entered into a research and license agreement with Ironwood Pharmaceuticals, Inc., or Ironwood, pursuant to which Ironwood was granted worldwide development and commercialisation rights for BNC210. In November 2014, the parties mutually agreed to terminate this license agreement, reverting all rights to BNC210 back to the Company. Our sole obligation to Ironwood is to pay Ironwood low single digit royalties on the net sales of BNC210, if commercialised. It is not practicable to estimate the future payments of any such royalties that may arise due to the stage of development of BNC210.

DIRECTORS' DECLARATION

The Directors Declare that:

a) in the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable;

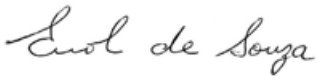
b) in the Directors' opinion, the attached financial statements are in compliance with International Financial Reporting Standards issued by the International Financial Reporting Standards, as stated in Note 2 to the financial statements;

c) in the Directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the consolidated entity; and

d) the Directors have been given the declarations required by section 295A of the Corporations Act 2001.

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

On behalf of the Directors



Errol De Souza
Chairman

Deborah Rathjen
Chief Executive Officer and Managing Director

Dated this 16th day of August 2017

Deloitte.

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Independent Auditor's Report to the members of Bionomics Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Bionomics Limited (the "Company") and its subsidiaries (the "Group") which comprises the consolidated statement of financial position as at 30 June 2017, 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 other explanatory information, and the directors 'declaration.

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

1) giving a true and fair view of the Group's financial position as at 30 June 2017 and of its financial performance for the year then ended; and

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

Basis for Opinion

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

We 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 for 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.

INDEPENDENT AUDIT REPORT

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Key Audit Matter	How the scope of our audit responded to the Key Audit Matter
Carrying value of goodwill, intangible assets and contingent consideration At 30 June 2017, the Group has goodwill of $12,264,122, as disclosed in note 15, other intangible assets of $14,330,884, as disclosed in note 16 and contingent consideration of $14,558,628, as disclosed in note 33. As disclosed in note 3, management uses significant judgements and estimates in determining the recoverable amounts of the assets and the fair value of the contingent consideration (which is dependent upon the recoverable amount of the assets). The key assumptions adopted by management in determining the recoverable amounts of the assets and the fair value of the contingent consideration include: • the forecast probabilities of achieving the various phases in the lifecycle of the development of the drug compounds; and • the likelihood of the Group being able to identify partnership opportunities with Pharma companies to further develop their compounds under licencing agreements and the value of anticipated milestones under those agreements.	Our procedures included, but were not limited to: • obtaining an understanding of the key controls associated with the preparation of the models used to assess the recoverable amount of the assets and valuation of the contingent consideration; • agreeing forecast expenditure to Board approved budgets; • in conjunction with our valuations specialists critically assessing the forecast probabilities of achieving projected milestones at the various phases in the lifecycle of drug compounds against industry data; • assessing the key assumptions for the value of milestones and royalty payments at the various phases against current contractual arrangements entered into by the Group; • obtaining an understanding of how the Group structures and prices its licencing agreements and benchmarks against other industry participants; • evaluating management's assessment of the current timing of the phases of each of the drug compounds in line with market announcements made by the Group; • assessing the historical accuracy of forecasting by management, performing sensitivity analysis on the key assumptions; and • assessing the appropriateness of the disclosures included in note 15 and note 33.

Other Information

The directors are responsible for the other information. The other information comprises the Directors' Report, which we obtained prior to the date of this auditor's report, the other information also includes the following documents which will be included in the annual report (but does not include the financial report and our auditor's report thereon): Highlights, Chairman's Report, CEO & Managing Directors report, Intellectual property portfolio, Board of Directors, Management, Corporate Governance Statement and Shareholders' Information which are expected to be made available to us after that date.

INDEPENDENT AUDIT REPORT

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Our opinion on the financial report does not cover the other information and accordingly we do not and will 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 identified above 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 on the other information that we obtained prior to the date of this auditor's report, 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.

When we read the Highlights, Chairman's Report, CEO & Managing Directors report, Intellectual property portfolio, Board of Directors, Management, Corporate Governance Statement and Shareholders' Information, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors and use our professional judgement to determine the appropriate action.

Responsibilities of the Directors for the Financial Report

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

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has 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.

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

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- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern.
- If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group's audit. We remain solely responsible for our audit opinion.

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

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 8 to 18 of the Directors' Report for the year ended 30 June 2017.

In our opinion, the Remuneration Report of Bionomics Limited, for the year ended 30 June 2017, complies with section 300A of the *Corporations Act 2001*.

INDEPENDENT AUDIT REPORT

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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.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Penny Woods
Partner
Chartered Accountants
Adelaide, 16 August 2017

CORPORATE GOVERNANCE STATEMENT

The Corporate Governance Statement for the 2016/2017 financial year is located on the Company's website under the "About" tab then "Corporate Governance" or by copying the following to a web browser **http://www.bionomics.com.au/about/corporate-governance**

SHAREHOLDER INFORMATION

All shareholder information provided is current as at 14 September 2017

Substantial Shareholders
Substantial holders in the Company are set out below:

ORDINARY SHARES	NUMBER HELD
BVF Partners L.P, BVFINC. and Mark N. Lampert	49,147,193
Ausbil Investment Management Ltd	33,737,603
Private Portfolio Managers Pty Ltd	26,403,534

Equity Securities
There are 5,697 holders of ordinary shares in Bionomics.

The number of shareholdings held in less than marketable parcels is 490.

Voting Rights
There is one class of quoted equity securities issued by the Company, ordinary, with voting rights attached to the ordinary shares. One share equates to one vote.

Distribution of Holders of Equity Securities

	NUMBER OF SECURITY HOLDERS		
CATEGORY (SIZE OF HOLDING)	ORDINARY SHARES	UNLISTED OPTIONS	WARRANTS
1 – 1,000	488	0	
1,001 – 5,000	1,723	5	
5,001 – 10,000	940	6	
10,001 – 100,000	2,107	52	
100,001 – and over	408	19	5
	5,666	**82**	**5**

SHAREHOLDER INFORMATION CONT.

Twenty largest holders of each class of quoted equity securities

The names of the 20 largest holders of each class of quoted equity securities are listed below:

		ORDINARY SHARES	
	NAME	**NUMBER HELD**	**PERCENTAGE OF ISSUED SHARES**
1	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	66,595,669	13.82
2	NATIONAL NOMINEES LIMITED	63,774,992	13.23
3	CVC LIMITED	22,501,120	4.67
4	US REGISTER CONTROL A/C	21,695,080	4.50
5	BELL POTTER NOMINEES LTD (BB NOMINEES A/C)	18,656,750	3.87
6	J P MORGAN NOMINEES AUSTRALIA LIMITED	17,413,354	3.61
7	BNP PARIBAS NOMINEES PTY LTD HUB24 CUSTODIAL SERV LTD DRP	14,156,526	2.94
8	CITICORP NOMINEES PTY LIMITED	13,642,291	2.83
9	LINK 405 PTY LTD	7,928,873	1.65
10	CITICORP NOMINEES PTY LIMITED (COLONIAL FIRST STATE INV A/C)	4,993,726	1.04
11	LONGFELLOW NOMINEES PTY LTD (NORGARD SUPER FUND A/C)	4,500,000	0.93
12	MR MARK RICHARD POTTER + MRS REBECCA AMY POTTER (MARK & REBECCA POTTER A/C)	4,225,000	0.88
13	WELAS PTY LTD (THE WALES FAMILY SUPER A/C)	3,455,357	0.72
14	PROVENDORE PTY LTD (THE WILKS SUPER FUND A/C)	3,045,000	0.63
15	CHARMED5 PTY LTD	2,950,600	0.61
16	STINOC PTY LIMITED	2,167,423	0.45
17	PLUTEUS (NO 164) PTY LIMITED (FRANK WOLF FAMILY A/C)	2,100,000	0.44
18	F M WOLF PTY LIMITED (FM WOLF SUPER FUND A/C)	2,068,474	0.43
19	LEE SANDS NOMINEES PTY LTD (WAYMOUTH PROP NO 1 A/C)	1,950,000	0.40
20	MR CHRISTOPHER REYES	1,529,205	0.32
		279,349,440	**57.96**

UNQUOTED EQUITY SECURITIES	**NUMBER ON ISSUE**	**NUMBER OF HOLDERS**
Options issued pursuant to Bionomics Limited Employee Share Option Plan	10,191,290	82
Warrants exchangeable into Bionomics Limited ordinary shares	41,196,315	5

COMPANY PARTICULARS

Bionomics, a listed public Company, is domiciled and incorporated in Australia.

Bionomics shares are listed on the Australian Securities Exchange under the code BNO.

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E-mail: web.queries@computershare.com.au
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AUDITORS
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Adelaide SA Australia 5000

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Melbourne VIC Australia 3000

Davies Collison Cave
1 Nicholson Street
Melbourne VIC Australia 3000

Knobbe Martens Intellectual Property Law
12790 El Camino Real
San Diego CA 92130
USA

Bionomics' primary listing is on the Australia Securities Exchange (ASX).

DIRECTORS	
Dr Errol De Souza	Chairman
Dr Deborah Rathjen	Chief Executive Officer and Managing Director
Mr Peter Turner	Non-Executive Director
Mr David Wilson	Non-Executive Director
Mr Alan Fisher	Non-Executive Director

SENIOR MANAGEMENT	
Dr Deborah Rathjen	Chief Executive Officer and Managing Director
Mr Jack Moschakis	Legal Counsel and Company Secretary
Mr Steven Lydeamore	Chief Financial Officer

SCIENTIFIC ADVISORS

Dr Glenn Begley MBBS, PhD, FRACP
Prof Jonathon Cebon MBBS, PhD, FRACP
Dr Philippe Danjou MD, PhD
Dr Jayesh Desai FRACP
Professor Paul Fitzgerald MSc, Phd
Dr Richard Hargreaves PhD
Dr Tim Harris
Dr Ann Hayes BSc, PhD
Dr Ole Isacson MD
Dr Jose Iglesias MD
Dr Fiona McLaughlin PhD, FSB
Dr Jens D Mikkelsen MD, PhD
Professor Danny Rischin MBBS, MD, FRACP
Dr Fiona Thomson PhD
Professor Steven Williams
Dr Frank Yocca PhD
Dr Allan Young

Bionomics ordinary shares commenced trading on the OTCQX marketplace in the US effective 2 March 2015 under the ticker code "BNOEF".

Investors can find current financial disclosure and real-time Level 2 quotes for Bionomics on www.octmarkets.com

For more information, please visit www.otcmarkets.com

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