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31 October 2020

Companies Announcements Office
ASX Limited
10th Floor, 20 Bridge Street
SYDNEY NSW 2000

30 SEPTEMBER 2020 QUARTER OPERATIONS REPORT

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

Equity Raising

On 23 July 2020 the Company announced it had completed a placement and that it intended to undertake a nonrenounceable rights issue.

The placement consisted of 29,987,500 fully paid ordinary shares at an issue price of $0.015 per share, together with one free attaching option with an exercise price of $0.05 per share and an expiry date of 29 July 2022 for every two placement shares subscribed for and issued to sophisticated and professional investors under the Company's existing placement capacity, raising $449,813 in cash. The lead manager will be issued 2,000,000 options with an exercise price of $0.05 per share and an expiry date of 29 July 2022 subject to shareholder approval at a meeting anticipated to be held in November 2020.

In August 2020 the Company completed the 2 for 5 non-renounceable rights issue at $0.015 per share together with one free attaching option with an exercise price of $0.05 per share and an expiry date of 29 July 2022 for every two shares subscribed for and issued, raising $1,685,752 in cash and $250,518 in in extinguishment of amounts owed to directors. In addition, a further 13,502,467 shortfall shares (representing $202,537) and attaching options under the non-renounceable rights issue will, subject to shareholder approval at a meeting anticipated to be held in November 2020, be issued in extinguishment of amounts owed to directors. A further 2,599,880 shares (representing $38,398) in shortfall shares will also be issued to a former director.

In September 300,000 options were exercised with an exercise price of $0.02 per share.

Advent Energy

Investee Advent Energy Ltd has submitted to the National Offshore Petroleum Titles Administrator (NOPTA) an application to enable the drilling of the Baleen drill target in the PEP11 permit offshore NSW. The PEP11 Joint Venture has reviewed the work program and now proposes to proceed with the drilling of a well at Baleen subject to approvals from NOPTA and other regulatory authorities and financing and has now made application to NOPTA to change the current Permit conditions. The current permit expiry date is in March 2021.The application to NOPTA includes the extension of the permit title for up to two years to enable the drilling and includes an application

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for the removal of the requirement for a 500 sq. km 3D seismic program. NOPTA has confirmed that this application is now in the final decision phase.

Investee Advent Energies subsidiary Onshore Energy ("Onshore") made an application for suspension and extension of the permit conditions in EP386 which was not accepted by the Department (DMIRS). Onshore sought a review of the decision by the Minister of Resources who responded setting out a course of action in relation to that decision which Onshore is following. Onshore Energy Pty Ltd has lodged an appeal against this decision with the State Administrative Tribunal (SAT).

BPH investee Advent also announced is proposing with its Joint Venture partner Bounty, to use the drilling program at Baleen to investigate the potential for CCS - Carbon Capture and Storage (geo-sequestration of CO2 emissions) in PEP11. CCS can capture CO2 fossil fuel emissions.Both the International Energy agency and the Intergovernmental Panel on Climate change believe that CCS can play an important role in helping to meet global emission reduction targets. CCS is part of a suit of solutions with the potential to mitigate greenhouse gas emissions and help address climate change. The Sydney Basin is a major contributor to Australia's greenhouse gas emissions and contributes up to 34% of the total national emissions. Independent Government published research has indicated at least 2 TCF (Trillion Cubic Ft) of CO2 storage may be feasible in the offshore Sydney Basin.

Cortical Dynamics Limited

Cortical has entered into a nonexclusive Licence and Co-operation Agreement with Philips Healthcare North America Corp ("Philips"), which will enable Cortical to interface its Brain Anaesthesia Response Monitor ("BARM") into the Philips IntelliVue and Patient Information Center (PIC iX) Monitoring Systems using the IntelliBridge integration product line

Cortical has now begun the FDA 510K filing process for BARM in the USA assisted by its strategic investor Intuitive X ("IX"). The Food and Drug Administration ("FDA") is the federal agency of the United States Department of Health and Human Services which regulates the sale of medical device products (including diagnostic tests) in the U.S. and monitors the safety of all regulated medical products. FDA approval is a necessary precursor for sales of BARM to commence in the USA. Cortical already has achieved both CE (Europe) and TGA (Australian) registration.

The patent application for "Apparatus and process for measuring brain activity "has been given International (PCT) Patent Application No. PCT/AU2020/050535. Cortical has developed an extensive patent portfolio encapsulating the BARM, providing critical patent protection across a number of key brain monitoring markets. Cortical's competitive advantage is underpinned by a strong patent position covered by five patent families and 22 granted patents. Currently, Cortical has patents awarded in Australia, New Zealand, Japan, the People's Republic of China, Europe and the United States.

The BARM next generation medical brain monitor was exhibited at the 2020 Spring Development seminar and Council of the Korean Association of Anaesthesia. Cortical's Korean distributor, Globaluck, presented the BARM at this conference at the BEXCO Convention Hall in Busan South Korea on July 24th to 25th. Cortical and Globaluck are currently in the final phase of the Korean regulatory approval process with the Korean Ministry of Food and Drug Safety.

Cortical raised $250,269 cash in the quarter by the issue of 2,002,150 shares at 12.5 cents per share.

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Legal Claims

The Company's associate companies, Advent Energy limited ("Advent") and Asset Energy Pty Ltd ("Asset"), have each served a notice of demand on MEC Resources Limited ("MEC") primarily in respect of costs incurred by Advent and Asset but claimed by MEC in its 30 June 2018 and 30 June 2019 annual Research and Development Tax Incentive claims with the Australian Taxation Office. The claim against MEC by Advent is $242,155.21, and by Asset $593,343.17. MEC recorded a current liability of $593,796 payable to Asset in its 30 June 2020 financial report lodged with ASX on 14 October 2020 and therefore it is the Company's understanding that they do not contest the Asset claim against MEC nor its validity as a current liability.

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

Line 6.1: $36,000 from the payment of management fees to Grandbridge Limited and $19,000 paid to a related party of a director as remuneration

Line 6.2: Loans of $23,000 to Onshore Energy and $7,500 to MDS Limited, less a loan repayment of $15,000 from Cortical Dynamics Limited.

Authorised by



David Breeze
Chairman

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