

ADAVALE RESOURCES LIMITED

ACN 008 719 015

HALF YEAR REPORT

31 DECEMBER 2018

This financial report covers the consolidated entity consisting of Adavale Resources Limited and it's controlled entities.

This Interim Financial Report should be read in conjunction with the company's annual report for the period ended 30 June 2018.

FINANCIAL REPORT

for the half year ended 31 December 2018

ACN 008 719 015

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Directors

Haryono Eddyarto (Chairman)
Huili Guo
Allan Ritchie
Khamtane Signavong

Company Secretary

Julian Rockett

Registered Office

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SYDNEY NSW 2000

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Share Registry

Computershare Investor Services Pty Limited
Level 3, 60 Carrington Street
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Auditor

HLB Mann Judd (WA) Partnership
Level 4, 130 Stirling St
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Stock Exchange

Australian Stock Exchange Limited
20 Bridge Street
SYDNEY NSW 2000

ASX Code

ADD (fully paid ordinary shares)

The Directors of Adavale Resources Limited submit herewith the financial report for the half year ended 31 December 2018. In order to comply with the provisions of the Corporations Act 2001, the Directors report as follows:

Directors

The names of the Directors of the company during or since the end of the half year and up to the date of this report are:

Haryono Eddyarto (Chairman)
Huili Guo
Allan Ritchie
Khamtane Signavong

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

Principal Activity

The principal activities of the Group during the period were mining exploration and development in Australia and Indonesia.

On 24 July 2017 the Company announced a Standby Subscription Agreement with GTI Holdings Ltd (formerly Addchance Holdings Ltd) for a \$1,000,000 facility to provide working capital to the Company. During the period the Company issued 21,041,668 shares utilising \$190,000 raised via this facility. Prior to 31 December 2018 a further \$25,000 had been drawn against this facility and in January 2019 a further \$25,000 was drawn down. In February 2019 6,250,000 shares were issued capitalizing the \$50,000 drawdowns. In February 2019 a further \$25,000 was drawn down and a further 3,125,000 shares issued, thus taking the total shares issued to date against the facility to 57,610,000 and raising \$573,157. The shares are issued at 80% of 5-day VWAP prior to each drawdown. The balance of the facility amounts to \$426,843.

During the previous comparative half year period it was reported the Company entered into an agreement with its Chairman Mr Haryono Eddyarto to sell the TAPAN project to Mr Eddyarto and as consideration Mr Eddyarto would extinguish all debt between the Company and Mr Eddyarto and associated companies amounting to approximately \$669,370. Further details are contained in Note 11 to the Half Year Financial Statements.

The Group continues to hold its uranium tenements at Lake Surprise in South Australia and is actively seeking joint venture partners to further explore the area.

Dividends

No dividends were paid or declared for payment during the financial period.

Review of Operations

The operating result after income tax for the half year ended 31 December 2018 was a loss of \$286,480 (December 2017: net profit \$366,347).

The loss from ordinary activities before income tax expense includes the following revenues and expenses relevant in explaining the financial performance of the entity:

	Half Year Ended 31 Dec 2018	Half Year Ended 31 Dec 2017
	\$	\$
Revenue from continuing operations	-	-
Expenses from continuing operations	(286,480)	(303,023)
Loss from continuing operations	(286,480)	(303,023)
Gain from sale of discontinued operation (Note 11)	-	669,370
Gain/(loss) for the period	(286,480)	366,347

The result for the half-year is in line with Management and Board expectations.

Post balance date events.

No matters or circumstances have arisen since the end of the half year which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in subsequent financial years.

Auditor's Independence Declaration

A copy of the Auditor's Independence Declaration as required under section 307C of the Corporations Act 2001 is set out on the following page.

Signed in accordance with a resolution of Directors.

On behalf of the Directors.



A Ritchie
Director
13 March 2019

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the consolidated financial report of Adavale Resources Limited for the half-year ended 31 December 2018, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- a) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b) any applicable code of professional conduct in relation to the review.



Perth, Western Australia
13 March 2019

B G McVeigh
Partner

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the half year ended 31 December 2018

	Note	Consolidated 31 Dec 2018 \$	Consolidated 31 Dec 2017 \$
Continuing operations			
Other revenue		-	-
Total Revenue			
Insurance		(13,296)	(10,910)
Legal expenses		-	(40,000)
Share registry fees		(29,251)	(35,911)
Management and administration		(99,362)	(103,859)
Finance cost – financial Instrument		(94,374)	(59,008)
Interest expense – convertible loan	12	(40,326)	(40,326)
Interest expense - funding		(1,011)	(1,030)
Exploration and evaluation expenditure		(7,397)	(11,431)
Other expenses from ordinary activities		(1,463)	(548)
Total expenses		(286,480)	(303,023)
(Loss) before income tax		(286,480)	(303,023)
Income tax expense		-	-
Loss for the period from continuing operations		(286,480)	(303,023)
Profit/(loss) on sale of discontinued operation	11	-	669,370
Profit/(loss) for the period		(286,480)	366,347
Other Comprehensive Income:			
Movement in foreign exchange reserve		-	43,149
Total comprehensive Profit/(loss) for the period		(286,480)	409,496
Earnings Per Share:			
Basic (cents per share)			
Earnings from continuing operations	9	(0.34)	(0.49)
Earnings from discontinued operations		-	1.08
Diluted (cents per share)			
Earnings from continuing operations	9	(0.34)	(0.49)
Earnings from discontinuing operations		-	1.08

ADAVALE RESOURCES LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at 31 December 2018

	Note	Consolidated 31 Dec 2018 \$	Consolidated 30 June 2018 \$
CURRENT ASSETS			
Cash assets		9,293	13,469
Other		12,501	26,985
Asset classified as held for sale		-	-
TOTAL CURRENT ASSETS		21,794	40,454
NON-CURRENT ASSETS		-	-
TOTAL NON-CURRENT ASSETS		-	-
TOTAL ASSETS		21,794	40,454
CURRENT LIABILITIES			
Payables	4	172,654	164,208
Borrowings	5	25,000	50,000
TOTAL CURRENT LIABILITIES		197,654	214,208
NON-CURRENT LIABILITIES			
Borrowings	12	944,812	850,438
TOTAL NON-CURRENT LIABILITIES		944,812	850,438
TOTAL LIABILITIES		1,142,466	1,064,646
NET LIABILITIES		(1,120,672)	(1,024,192)
EQUITY			
Share capital	9	2,178,159	1,988,159
Reserves		327,409	327,409
Accumulated losses		(3,626,240)	(3,339,760)
TOTAL DEFICIENCY		(1,120,672)	(1,024,192)

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes

ADAVALE RESOURCES LIMITED**CONSOLIDATED STATEMENT OF CASH FLOWS**for the half year ended 31 December 2018

	Note	Consolidated 31 Dec 2018 \$	Consolidated 31 Dec 2017 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers and employees		(161,779)	(199,898)
Payments for exploration and evaluation expenditure		(7,397)	(11,431)
NET CASH FLOWS USED IN OPERATING ACTIVITIES		(169,176)	(211,329)
CASH FLOWS FROM FINANCING ACTIVITIES			
Net cash lost on disposal of subsidiary		-	(24,706)
Proceeds from borrowings		25,000	-
Net proceeds from issue of equity securities		140,000	268,158
NET CASH FLOWS FROM FINANCING ACTIVITIES		165,000	243,452
NET INCREASE/(DECREASE) IN CASH ASSETS HELD		(4,176)	32,123
Cash assets at the beginning of the half year		13,469	46,595
CASH ASSETS AT THE END OF THE HALF YEAR		9,293	78,718

This above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes

ADAVALE RESOURCES LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the half year ended 31 December 2018

	Share Capital \$	Accumulated Losses \$	Foreign Currency Revaluation Reserve \$	Equity Component Instrument \$	Options Reserve \$	Total \$
Balance at 1 July 2017	1,500,000	(3,462,211)	(43,149)	299,409	28,000	(1,677,951)
Profit for the period	-	366,347	-	-	-	366,347
Other comprehensive income for the period	-	-	43,149	-	-	43,149
Total Comprehensive income for the period	-	366,347	43,149	-	-	409,496
Net issue of shares	448,159	-	-	-	-	448,159
Balance at 31 December 2017	1,948,159	(3,095,864)	-	299,409	28,000	(820,296)

	Share Capital \$	Accumulated Losses \$	Foreign Currency Revaluation Reserve \$	Equity Component Instrument \$	Options Reserve \$	Total \$
Balance at 1 July 2018	1,988,159	(3,339,760)	-	299,409	28,000	(1,024,192)
Loss for the period	-	(286,480)	-	-	-	(286,480)
Other comprehensive income / (loss) for the period	-	-	-	-	-	-
Total Comprehensive loss for the period	-	(286,480)	-	-	-	(286,480)
Net issue of shares	190,000	-	-	-	-	190,000
Balance at 31 December 2018	2,178,159	(3,626,240)	-	299,409	28,000	(1,120,672)

NOTES TO THE FINANCIAL STATEMENTS

for the half year ended 31 December 2018

1. NATURE OF OPERATIONS

Adavale Resources Limited ("the Company") and its controlled entities ("the Group") principal activities of the consolidated entity during the period include energy and resource exploration and development in Australia.

CAPITAL RAISING FACILITY

On 24 July 2017 the Company announced a Standby Subscription Agreement with GTI Holdings Ltd (formerly Addchance Holdings Ltd) for a \$1,000,000 facility to provide working capital to the Company. During the period the Company issued 21,041,668 shares utilising \$190,000 raised via this facility. Prior to 31 December 2018 a further \$25,000 had been drawn against this facility and in January 2019 a further \$25,000 was drawn down. In February 2019 6,250,000 shares were issued capitalizing the \$50,000 drawdowns. In February 2019 a further \$25,000 was drawn down and a further 3,125,000 shares issued, thus taking the total shares issued to date against the facility to 57,610,000 and raising \$573,157. The shares are issued at 80% of 5-day VWAP prior to each drawdown. The balance of the facility amounts to \$426,843.

The Group is continuing to evaluate its uranium project at Lake Surprise in South Australia as well as evaluating farm-out or joint venture opportunities.

2. GENERAL INFORMATION AND BASIS OF PREPARATION

The half year consolidated financial statements are a general purpose financial report prepared in accordance with the requirements of the Corporations Act 2001 and Accounting Standard AASB 134: Interim Financial Reporting.

It is recommended that this half-year financial report be read in conjunction with the annual financial report for the year ended 30 June 2018 and any public announcements made by Adavale Resources Limited and its controlled entities during the half-year in accordance with continuous disclosure requirements arising under the Corporations Act 2001. The half-year report does not include full disclosures of the type normally included in an annual financial report.

3. SIGNIFICANT ACCOUNTING POLICIES

Except as referred to below, the interim financial statements have been prepared in accordance with the same accounting policies adopted in the Group's last annual financial statements for the year ended 30 June 2018.

The accounting policies have been applied consistently throughout the Group for the purposes of preparation of these interim financial statements.

The interim financial statements do not include full disclosures of the type normally included in the full financial report. Therefore, it cannot be expected to provide as full an understanding of the financial performance, financial position and cash flows of the Group as in the full financial report. It is recommended interim financial statements be read in conjunction with the full financial report for the year ended 30 June 2018 and any public announcements made by Adavale Resources Limited during the half-year in accordance with continuous disclosure requirements arising under the Corporations Act 2001 and the ASX Listing Rules.

In the half year ended 31 December 2018, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Group's operations and effective for annual reporting periods beginning on or after 1 July 2018.

It has been determined by the Directors that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on the Group and, therefore, no change is necessary to Group accounting policies.

The Directors have also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the half year ended 31 December 2018. As a result of this review the Directors have determined that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on the Group and, therefore, no change is necessary to Group accounting policies. These half-year financial statements were approved by the Board of Directors on 16 March 2018.

Critical Accounting Estimates and Judgements

When preparing the interim financial statements, management undertakes a number of judgements, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results may differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results. The judgements, estimates and assumptions applied in the interim financial statements, including the key sources of estimation uncertainty were the same as those applied in the company's last annual financial statements for the year ended 30 June 2018.

Going Concern

The Group is at the exploration and evaluation phase of each of its mining tenements. The Group has incurred a loss from continuing operations for the period of \$286,480 and a cash outflow from operating activities of \$169,176. At period end, the Group's current liabilities exceeded its current assets by \$175,860. The Group is also committed to payments to maintain rights to perform its evaluation activity. As a result, the Group has and expects further cash outflows from operating and investing activities in the next 12 months. Funding of ongoing activities is required from future capital raisings, debt funding and / or asset sales. Therefore at balance date material uncertainty exists as to the Group's ability to continue as a going concern.

In addition to the Convertible Loan Facility (fully drawn), on 24 July 2017 the Company has entered into a capital raising facility (Facility) with a non-related entity GTI Holdings Ltd (Formerly Addchance Holdings Ltd) (as agent for the nominee) (GTI), a Hong Kong based company. The purpose of these agreements is to provide further working capital to the Group. The general terms of the agreements are as follows;

- Facility limit: \$1,000,000;
- Period of facility; 5 years;
- The Company may draw down in one or more amounts within the facility limit, each draw down will result in an issue of fully paid ordinary shares to GTI; and
- The issue price of the shares will be 80% of the 5 day VWAP.

During the period the Company issued 21,041,668 shares utilising \$190,000 raised via this facility. Prior to 31 December 2018 a further \$25,000 had been drawn against this facility and in January 2019 a further \$25,000 was drawn down. In February 2019 6,250,000 shares were issued capitalizing the \$50,000 drawdowns. In February 2019 a further \$25,000 was drawn down and a further 3,125,000 shares issued, thus taking the total shares issued to date against the facility to 57,610,000 and raising \$573,157. The shares are issued at 80% of 5-day VWAP prior to each drawdown. The balance of the facility amounts to \$426,843.

As at 31 December 2018 the Company had shareholder approval for full capacity under the ASX Listing rules amounting to 26,933,668 shares being approximately \$215,000.

Given the nature of the funding facilities the Directors have put in place, the Directors consider it is appropriate to prepare the financial statements on a going concern basis and hence no adjustments have been made in relation to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary if the entity is unable to continue as a going concern. However, should the Group be unable to obtain sufficient funding as outlined above, there is a material uncertainty that may cast significant doubt on the group's ability to continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business, and at the amounts stated in the financial report. The financial statements do not include any adjustments that might be necessary should it not continue as a going concern.

4. PAYABLES

	Consolidated	
	31 Dec 2018	30 June 2018
	\$	\$
Trade creditors	8,228	10,256
Accrued interest – Jun Moon Limited	134,129	93,803
Other creditors and accruals	30,297	60,149
	172,654	164,208

The accrued interest owing to related party will not be called upon for payment until the Company has available funds

The terms and conditions of the transactions with directors and related parties are no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non-Director related entities on an arm's length basis.

5. BORROWINGS – CURRENT

	Consolidated 31 Dec 2018 \$	Consolidated 30 June 2018 \$
Equity funding from unrelated party	<u>25,000</u>	<u>50,000</u>

Prior to 31 December 2018 the Company received funds from a draw down against the Standby Subscription Agreement with GTI Holdings Limited. The associated 3,125,000 shares have since been issued per the Subscription Agreement. At 30 June 2018 an advance had been received from GTI which required shareholder approval, such approval being received at the AGM on 30 November 2018. These funds were converted to capital under the Subscription Agreement in December 2018.

6. COMMITMENTS

There is no material change to the commitments disclosed by the Group in its 30 June 2018 annual report.

7. CONTINGENCIES

There are no contingencies identified by the Board as at 31 December 2018.

8. SEGMENT REPORTING

The Group has identified its operating segments based on internal reports that are reviewed by the Board and management.

The Group operated in one business segment during the half year, being mining and in two geographical area, being Australia and Indonesia.

Reportable segment's assets reconciled to total assets as follows:

ADAVALE RESOURCES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
for the half year ended 31 December 2018

a) The segment information provided for 31 December 2018 is as follows:

Primary Reporting – Business Segments Half year ended 31 December 2018	Mining and exploration	Unallocated	Total
	\$	\$	\$
	Australia		
Segment Result			
Profit/(loss) from ordinary activities before income tax	(7,397)	(279,083)	(286,480)
Income tax expense	-	-	-
Net Profit/(loss)	(7,397)	(279,083)	(286,480)

Primary Reporting – Business Segments Half year ended 31 December 2018	Mining and exploration	Unallocated	Total
	\$	\$	\$
	Australia		
Total segment assets			
Receivables	3,084,576	12,501	3,097,077
Cash	-	9,293	9,293
	3,084,576	21,794	3,106,370
Total segment liabilities			
Creditors and accruals	-	172,654	172,654
Borrowings	3,084,576	969,812	4,054,388
	3,084,576	1,142,466	4,227,042

b) Segment assets:

Reportable segments' assets reconciled to total assets as follows:

	Consolidated 31 Dec 2018 \$
Segment Assets	3,106,370
Intersegment Eliminations	(3,084,576)
Total assets as per Statement of financial position	21,794

c) Segment liabilities:

Reportable segments' liabilities reconciled to total liabilities as follows:

Segment Liabilities	4,227,042
Intersegment Eliminations	(3,084,576)
Total liabilities Statement of financial position	1,142,466

d) The segment information provided for 31 December 2017 is as follows:

Primary Reporting – Business Segments Half year ended 31 December 2017	Mining and exploration \$ Australia	Mining and exploration \$ Indonesia	Unallocated \$	Total \$
Segment Result				
Profit/(loss) from ordinary activities before income tax	(11,431)	669,370	(291,592)	366,347
Income tax expense	-	-	-	-
Net Profit/(loss)	(11,431)	669,370	(291,592)	366,347

Primary Reporting – Business Segments Year ended 30 June 2018	Mining and exploration \$ Australia	Mining and exploration \$ Indonesia	Unallocated \$	Total \$
Total segment assets				
Receivables	3,076,245	-	40,454	3,116,699
Others	-	-	-	-
	3,076,245	-	40,454	3,116,699
Total segment liabilities				
Loans	3,076,245	-	900,438	3,976,683
Borrowings	-	-	164,208	164,208
	3,076,245	-	1,064,646	4,140,891

e) Segment assets:

Reportable segments' assets reconciled to total assets as follow:

	Consolidated 30 June 2018 \$
Segment Assets	3,116,699
Intersegment Eliminations	(3,076,245)
Total assets as per Statement of financial position	40,454

f) Segment liabilities:

Reportable segments' liabilities reconciled to total liabilities as follow:

	Consolidated 30 June 2018 \$
Segment Liabilities	4,140,891
Intersegment Eliminations	(3,076,245)
Total liabilities Statement of financial position	1,064,646

ADAVALE RESOURCES LIMITED
NOTES TO THE FINANCIAL STATEMENTS

for the half year ended 31 December 2018

9. SHARE CAPITAL

	Consolidated 31 Dec 2018		Consolidated 30 June 2018	
	Number	\$	Number	\$
Fully paid ordinary shares	101,484,676	2,178,159	80,443,008	1,988,159
Ordinary Shares				
Opening Balance	80,443,008	1,988,159	76,596,855	1,948,159
Shares issued	21,041,668	190,000	3,846,153	40,000
Closing Balance 31 December 2018	101,484,676	2,178,159	80,443,008	1,988,159

10. OPTION RESERVE

There has been no further issue of options since 30 June 2018.

	Consolidated 31 Dec 2018		Consolidated 30 June 2018	
Options Reconciliation	Number	\$	Number	\$
Opening Balance	4,000,000	28,000	4,000,000	28,000
Options issued	-	-	-	-
Options expired	-	-	-	-
Closing Balance at the end of the period	4,000,000	28,000	4,000,000	28,000

Refer to the 30 June 2018 annual report for further details on these options.

11. DISPOSAL OF ASSET GROUP HELD FOR SALE

During the previous comparative half year period it was reported the Company entered into an agreement with its Chairman Mr Haryono Eddyarto to sell the TAPAN project to Mr Eddyarto and as consideration Mr Eddyarto would extinguish all debt between the Company and Mr Eddyarto and associated companies'. The mechanism by which this agreement was transacted was for Adavale Resources Limited to sell its equity interest in PT Prima Perkasi Abadi (PPA), the owner and title holder of the TAPAN project.

The consideration for the sale was essentially as follows;

- \$24,706 cash (being the cash balance in PPA at date of sale)
- \$198,869 being accrued interest owing to Mr Eddyarto
- \$445,795 being net liabilities included in PPA at date of sale considered extinguished.

ADAVALE RESOURCES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
for the half year ended 31 December 2018

11. DISPOSAL OF ASSET GROUP HELD FOR SALE (CONT.)

At the date of disposal the carrying amounts of the net assets **included in the disposal are as follows;**

	31 December 2017
	\$
Cash and cash equivalents	24,706
Trade and other payables	(17,689)
Owing to related party	(499,805)
Accrued interest owing to Mr Eddyarto	(198,869)
Foreign exchange variation at date of sale	46,993
Consideration	(24,706)
Profit on sale of discontinued operation	<u>\$669,370</u>

12. NON-CURRENT LIABILITIES – BORROWINGS

	Note	Consolidated 31 Dec 2018	Consolidated 30 June 2018
		\$	\$
Borrowings	12(a)	1,000,000	1,000,000
Less: Equity component instrument		(299,409)	(299,409)
Add: Unwinding of interest		244,221	149,847
		<u>944,812</u>	<u>850,438</u>

- (a) In 2017, the Company announced it had entered into a Convertible Loan Agreement with Jun Moon Limited.
(b) The full terms of the convertible loan are disclosed in the 30 June 2018 annual report.
(c) The convertible loan has been considered a compound financial instrument, that is, an instrument that has both a debt and an equity component. A review of the convertible loan for accounting purposes determined that applicable market interest rate for this convertible loan would be 30% pa., consequently the drawn down amount has been split between debt and equity using that rate as a basis for the split.

13. SUBSEQUENT EVENTS

No matters or circumstances have arisen since the end of the half year which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in subsequent financial years.

14. FINANCIAL INSTRUMENTS

The Directors consider that the carrying values of the financial assets and financial liabilities recognized in the condensed statement of financial position approximate their fair values.

ADAVALE RESOURCES LIMITED

DIRECTORS DECLARATION

for the half year ended 31 December 2018

The Directors of the Company declare that:

- (a) the attached financial statements and notes thereto comply with AASB 134 Interim Reporting;
- (b) the attached financial statements and notes thereto give a true and fair view of the consolidated financial position as at 31 December 2018 and of its performance for the half year ended on that date;

In the Directors' opinion:

- (a) the attached financial statements and the notes thereto are in accordance with the Corporations Act 2001;
and
- (b) there are reasonable grounds to believe that the consolidated entity will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors made pursuant to s.303(5) of the Corporations Act 2001.

On behalf of the Directors.



A Ritchie
Director

13 March 2019

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Adavale Resources Limited

Report on the Condensed Half-Year Financial Report*Conclusion*

We have reviewed the accompanying half-year financial report of Adavale Resources Limited ("the company") which comprises the condensed consolidated statement of financial position as at 31 December 2018, the consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory notes, and the directors' declaration, for the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Adavale Resources Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2018 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Material uncertainty related to going concern

We draw attention to Note 3 in the financial report, which indicates that a material uncertainty exists that may cast significant doubt on the entity's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Directors' responsibility for the half-year financial report

The directors of the company are responsible for the preparation of the half-year 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 half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2018 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the company, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.



HLB Mann Judd
Chartered Accountants

Perth, Western Australia
13 March 2019



B G McVeigh
Partner