



**A-CAP ENERGY LIMITED
AND ITS CONTROLLED ENTITIES**

ACN 104 028 542

**HALF-YEAR REPORT
31 DECEMBER 2020**

	PAGE
DIRECTORS' REPORT	2
AUDITORS' INDEPENDENCE DECLARATION	5
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	6
CONSOLIDATED STATEMENT OF FINANCIAL POSITION	7
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	8
CONSOLIDATED STATEMENT OF CASH FLOWS	9
NOTES TO THE FINANCIAL STATEMENTS	10
DIRECTORS' DECLARATION	16
INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS	17

The Directors present the financial report on the Consolidated Group consisting of A-Cap Energy Limited (“A-Cap”, “the Company”) and the entities it controlled (“the Consolidated Group”) at the end of, or during the half-year ended 31 December 2020.

DIRECTORS

The following persons were Directors of A-Cap Energy Limited during or since the end of the half-year and up to the date of this report:

Jiandong He	Chairman
Paul Anthony Ingram	Deputy Chairman
Michael Muhan Liu	
Jijing Niu	
Mark Syropoulo	
Zhenwei Li	(appointed 1 October 2020)
Meng Weijun	(resigned 1 October 2020)

REVIEW OF OPERATIONS

DIVERSIFIED MINERALS STRATEGY

A-Cap has a clean energy approach towards future energy requirements, diversifying its minerals portfolio focussing on the acquisition of nickel-cobalt laterite projects. The nickel and cobalt battery materials industry is responding to an anticipated demand increase driven predominantly by the new electric vehicle (EV) battery industry. The Wilconi Project represents A-Cap’s first nickel-cobalt laterite project.

WILCONI PROJECT – JOINT VENTURE WITH WILUNA MINING LTD (FORMERLY BLACKHAM RESOURCES LTD)

- ▲ A definitive Farm-In and Joint Venture Agreement (JVA) was finalised between A-Cap and Wiluna Mining Corporation Limited (formerly Blackham Resources Limited (BLK)) on 29 January 2019 for the Company to acquire a 75 percent Farm-In Joint Venture Interest in the cobalt, nickel and associated metals of the Wiluna Cobalt Nickel Project (Wilconi Project) in Western Australia.
- ▲ Project highlights:
 - The Wilconi project has significant past drilling to enable A-Cap to value its potential
 - The deposit lies in largely granted mining tenements
 - Infrastructure associated with Blackham’s gold mining is in place
 - Environmentally safe with a long history of mining in the area
 - New and innovative geophysics and metallurgical technology will be utilised during the feasibility work
 - The Wilconi Project tenements list comprises twelve granted mining leases, eight granted exploration licences, one prospecting licence and one retention licence. The Project covers a total area of 800 square kilometres.
- ▲ The Wilconi Project will focus on cobalt and nickel materials supply to the global electric vehicle (EV) market through the establishment of key strategic and commercial relationships to take advantage of new materials processing and refinery technologies, particularly in production of cobalt and nickel sulphates products used directly in battery manufacture.
- ▲ During the half-year ended 31 December 2020, minimal activity was carried out on the project due to COVID-19 restrictions.

LETLHAKANE URANIUM PROJECT

- ▲ The Letlhakane Uranium Project, located in Botswana, is one of the world's largest undeveloped Uranium Deposits. A Mining Licence designated ML 2016/16L was granted on 12 September 2016 and is valid for 22 years. The Department of Environmental Affairs formally approved the Letlhakane Uranium Project's Environmental Impact Statement on 13 May 2016. Provisional surface rights were granted on 6 June 2016.
- ▲ The Company's Letlhakane Uranium Project remains an important project asset within the diversified minerals strategy. While the nuclear industry is confident in the long-term fundamentals of uranium and nuclear power, there is less certainty in the short term with industry expectation that the market will gradually move towards balance from calendar year 2025.
- ▲ Due to the current low price of uranium, the Botswana operations have a small team managing the administration and providing technical continuity for the project whilst waiting for market conditions to improve. The remaining team will keep the mining licence conditions in compliance and complete low-level desktop studies to further the project. An inspection of the ML boundary was completed in the December 2020 quarter.

CORPORATE

- ▲ The Company entered into an agreement with Singapore Shenke International Pte Ltd for a revolving credit facility on identical terms to the ICBC revolving credit facility. The purpose of the loan was to replace the ICBC facility which occurred in January 2021.
- ▲ The Company and Mr Angang Shen entered into a Deed of Variation to extend the repayment date of the A\$500,000 loan to 28 March 2021.
- ▲ The Company and Mr Angang Shen entered into a Deed of Variation to extend the repayment date of the A\$200,000 loan to 25 September 2021.
- ▲ Singapore Shenke International Pte Ltd advanced the Company working capital loans of A\$350,000.

EVENTS SUBSEQUENT TO REPORTING DATE

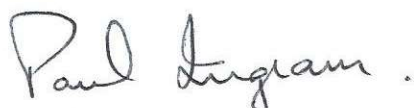
- ▲ On 13 January 2021, the Company fully repaid and closed the US\$3 million revolving credit facility with ICBC utilising funds provided via a loan from Singapore Shenke International Pte Ltd on identical terms to the ICBC loan.
- ▲ On 27 January 2021, Mr Jiandong He who is a current director of the Company was appointed to the role of Chairman.
- ▲ On 28 January 2021, the Company fully repaid and closed the US\$2 million revolving credit facility with ICBC utilising funds provided via a loan from Singapore Shenke International Pte Ltd on identical terms to the ICBC loan.
- ▲ On 29 January 2021, the Company paid A\$500,000 to Wiluna Mining Ltd as part of the second earn-in interest under the Farm-in and Joint Venture Agreement.
- ▲ No other matters or circumstances have arisen since the end of the financial period which significantly affected or may significantly affect the operations of the consolidated group, the results of those operations, or the state of affairs of the consolidated group in future financial periods.

AUDITORS' DECLARATION

The auditors' independence declaration under section 307C of the Corporations Act 2001 is included within this financial report.

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

On behalf of the Directors

A handwritten signature in black ink that reads "Paul Ingram". The signature is written in a cursive style with a period at the end.

Paul Ingram
Deputy Chairman
15 March 2021

**AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION
307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF
A-CAP ENERGY LIMITED AND ITS CONTROLLED ENTITIES**

I declare that, to the best of my knowledge and belief during the half-year ended 31 December 2020 there have been:

- no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review; and
- no contraventions of any applicable code of professional conduct in relation to the review.

William Buck

William Buck Audit (Vic) Pty Ltd
ABN: 59 116 151 136

N. S. Benbow

N. S. Benbow
Director

Melbourne, 15th day of March, 2021

ACCOUNTANTS & ADVISORS

Level 20, 181 William Street
Melbourne VIC 3000

Telephone: +61 3 9824 8555

williambuck.com

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

	Note	Dec 2020	Dec 2019
		\$	\$
Other income		13,002	8,564
Administration		(215,429)	(144,672)
Corporate		(34,369)	(222,579)
Employment		(62,633)	(228,661)
Finance cost		(168,933)	(174,351)
FX gain		789,420	19,078
Impairment of capitalised exploration and evaluation	2	(67,485)	(26,395,070)
Profit/(Loss) from ordinary activities before income tax expense		253,573	(27,137,691)
Income tax expense		-	-
Profit/(Loss) from ordinary activities after income tax expense attributable to the parent		253,573	(27,137,691)
Other Comprehensive income			
<i>Items that may be reclassified subsequently to the profit or loss</i>			
Exchange differences on translating foreign operations		(2,715,388)	68,169
Other comprehensive loss for the period		(2,715,388)	(27,069,522)
Total comprehensive loss for the half-year		(2,461,815)	(27,063,522)
Earnings per share:			
Basic / Diluted earnings/(loss) per share (cents per share)		0.03	(3.11)

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2020

	Note	Dec 2020 \$	Jun 2020 \$
Assets			
Current Assets			
Cash and cash equivalents		541,070	280,531
Security deposits		61,411	61,411
Trade and other receivables		19,119	13,296
Prepayments		125,035	98,330
Total Current Assets		746,635	453,568
Non-Current Assets			
Plant and equipment		9,295	13,066
Capitalised exploration and evaluation	2	26,684,753	28,923,966
Total Non-Current Assets		26,694,048	28,937,032
Total Assets		27,440,683	29,390,600
Current Liabilities			
Trade and other payables		481,140	106,519
Provision for employee entitlements		45,602	39,475
Interest-bearing liabilities	3	6,104,586	1,471,440
Total Current Liabilities		6,631,328	1,617,434
Non-Current Liabilities			
Interest-bearing liabilities	3	2,594,356	7,124,468
Total Non-Current Liabilities		2,594,356	7,124,468
Total Liabilities		9,225,684	8,741,902
Net Assets		18,214,999	20,648,698
Equity			
Issued capital	4	71,552,320	71,552,320
Reserves		8,201,340	10,888,612
Accumulated losses		(61,538,661)	(61,792,234)
Total Equity		18,214,999	20,648,698

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

	Ordinary shares	Share-based payments reserve	Foreign currency translation reserve	Accumulated losses	Total
	\$	\$	\$	\$	\$
At 1 July 2020	71,552,320	473,114	10,415,498	(61,792,234)	20,648,698
Profit for the period	-	-	-	253,573	253,573
Other comprehensive income	-	-	(2,715,388)	-	(2,715,388)
Total comprehensive income / (loss) for the year	-	-	(2,715,388)	253,573	(2,461,815)
Transactions with owners in their capacity as owners:					
Vesting of share-based payments	-	28,116	-	-	28,116
At 31 December 2020	71,552,320	501,230	7,700,110	(61,538,661)	18,214,999
	Ordinary shares	Share-based payments reserve	Foreign currency translation reserve	Accumulated losses	Total
	\$	\$	\$	\$	\$
At 1 July 2019	71,552,320	444,998	9,196,864	(32,739,630)	48,454,552
Loss for the period	-	-	-	(27,137,691)	(27,137,691)
Other comprehensive income	-	-	68,169	-	68,169
Total comprehensive income / (loss) for the year	-	-	68,169	(27,137,691)	(27,069,522)
At 31 December 2019	71,552,320	444,998	9,265,033	(59,877,321)	21,385,030

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE HALF- YEAR ENDED 31 DECEMBER 2020

	Dec 2020	Dec 2019
	\$	\$
Cash Flows from Operating Activities		
Payments to suppliers and employees	(335,292)	(818,355)
Exploration expenditure – expensed	(1,719)	-
Interest / other income received	43	2,915
Interest paid	(124,451)	(144,000)
Net cash flows used in operating activities	(461,419)	(959,440)
Cash Flows from Investing Activities		
Proceeds from sale of assets	10,378	8,393
Exploration expenditure – capitalised	(106,640)	(637,432)
Net cash flow used in investing activities	(96,262)	(629,039)
Cash Flows from Financing Activities		
Proceeds from loans and borrowings	4,166,062	200,000
Repayment of loans and borrowings	(3,348,414)	-
Net cash flows from financing activities	817,648	200,000
Net increase/(decrease) in cash and cash equivalents	259,967	(1,388,479)
Cash and cash equivalents at beginning of period	280,531	1,952,215
Foreign exchange gain/(loss)	572	-
Cash and cash equivalents at end of period	541,070	563,736

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 BASIS OF PREPARATION

(a) Statement of compliance

The half-year financial report is a general purpose financial report prepared in accordance with the Corporations Act 2001 and AASB 134: Interim Financial Reporting. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 Interim Financial Reporting. The half-year report does not include notes of the type normally included in an annual financial report and should be read in conjunction with the most recent annual financial report any public announcements made by the Consolidated Group during the half-year reporting period in accordance with the continuous disclosure requirement of the Corporations Act 2001.

(b) Summary of significant accounting policies

The accounting policies adopted are consistent with those of the previous financial year except as noted below and the corresponding interim reporting period. All new accounting standards and amendments applicable for the first time this financial period have been adopted and have had no material impact on the Consolidated Group.

Standards and Interpretations applicable to 31 December 2020

In the period ended 31 December 2020, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Consolidated Group and effective for the current reporting period. As a result of this review, the Directors have determined that there is no material impact of the new and revised Standards and Interpretations on the Consolidated Group and, therefore, no material change is necessary to Consolidated Group accounting policies.

Standards and Interpretations in issue not yet adopted

The Directors have also reviewed all Standards and Interpretations in issue not yet adopted for the period ended 31 December 2020. As a result of this review the Directors have determined that there is no material impact of the Standards and Interpretations in issue not yet adopted by the Consolidated Group and, therefore, no change is necessary to Consolidated Group accounting policies.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 BASIS OF PREPARATION (CONTINUED)

(d) Going concern

During the half year, the Consolidated Group generated a profit after tax of \$253,573 and incurred net cash outflows from operations of \$461,419. The profit after tax was a result of a non-cash foreign exchange gains. As at 31 December 2020, the Consolidated Group had \$541,070 in cash and net investment outflow for the half year attributable to its exploration program was \$106,640.

The Consolidated Group anticipates future expenditure on its current rights of tenure to exploration and mining tenements up until the expiry of its current prospecting licences and on tenement renewals that have been applied for but not yet granted. In the event the Consolidated Group does not meet the minimum exploration expenditure the licences may be cancelled or not renewed.

To achieve these objectives and in progressing the Consolidated Group's mineral diversification strategy, the Group's continuing viability, its ability to continue as a going concern and to meet its debts and commitments as they fall due, the Board of Directors of the Group have considered the following:

- The Consolidated Group expects to continue to keep expenditure to a minimum and has the ability to implement cost reduction measures where appropriate, and will continue to monitor any cost reductions already implemented;
- The Company's board believes it has the ability to raise additional capital, based on its previous ability to raise capital when required. The Company additionally continues to engage with institutional investors and investment funds in Europe and in Australia.
- On 19 January 2021, the Company secured a loan of A\$1,250,000 from Singapore Shenke International Investment Pty Ltd. The loan is repayable at the earlier of the completion of the next capital raising or 12 months from the drawdown date.
- In January 2021, the Company replaced the ICBC loan of US\$5 million with a loan from Singapore Shenke International Investment Pte. Ltd on identical terms. As a result, the Company no longer has any loans outstanding from non-related parties.
- The Consolidated Group is in a net asset and net working capital (excluding interest-bearing liabilities) surplus position.

Should the Consolidated Group not successfully achieve the assumptions as described above, combined with the incurred losses and operating cash outflows, there is a material uncertainty which may cast significant doubt about the Consolidated Group's ability to continue as a going concern.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 2 CAPITALISED EXPLORATION & EVALUATION

	Dec-20 \$	Jun-20 \$
At cost	26,684,752	28,923,966
<i>Movements in carrying values:</i>		
Balance at beginning of period	28,923,966	54,307,827
Expenditure during the period	524,817	1,017,746
Impairment) during the period	(67,485)	(27,626,079)
Foreign currency translation	(2,696,546)	1,224,472
Balance at end of period	26,684,752	28,923,966

Recoverability of the carrying amount of exploration assets is dependent on the successful exploration and sale of nickel, cobalt and uranium.

NOTE 3 INTEREST-BEARING LIABILITIES

	Dec-20 \$	Jun-20 \$
Current		
Revolving credit facility – ICBC	583,730	145,397
Working capital loan 1 (ii)	611,782	586,575
Working capital loan 2 (iii)	225,440	215,358
Working capital loans – Shenke (iv)	910,579	524,110
Revolving credit facility – Shenke (i)	3,773,055	-
Total current interest-bearing liabilities	6,104,586	1,471,440
Non-current		
Revolving credit facility – ICBC	2,594,356	7,124,468
Total non-current interest-bearing liabilities	2,594,356	7,124,468
Total interest-bearing liabilities	8,698,942	8,595,908

(i) During the half-year, the Company entered into an agreement with Singapore Shenke International Pte Ltd for a revolving credit facility on identical terms to the ICBC revolving credit facility. The purpose of the loan was to replace the ICBC facility which occurred in January 2021 (refer Note 9).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 3 INTEREST-BEARING LIABILITIES (CONTINUED)

(ii) On 17 July 2020, the Company and Mr Angang Shen entered into a Deed of Variation to extend the repayment date of the A\$500,000 loan to 28 March 2021.

(iii) On 20 July 2020, the Company and Mr Angang Shen entered into a Deed of Variation to extend the repayment date of the A\$200,000 loan to 25 September 2021.

(iv) During the half-year, Singapore Shenke advanced the Company working capital loans as follows:

- 22 July 2020: A\$100,000
- 26 August 2020: US\$100,000
- 25 September 2020: A\$120,000

The loans are unsecured at an interest rate of 10%, repayable at the earliest of the completion of the next round of capital raisings or 12 months from the drawdown date.

NOTE 4 ISSUED CAPITAL

i) Ordinary shares

1 July to 31 December 2020	Number of Shares	Issue Price \$	\$
Beginning of the reporting period	871,884,866		71,552,320
At the end of the reporting period	871,884,866		71,552,320

1 July to 31 December 2019	Number of Shares	Issue Price \$	\$
Beginning of the reporting period	871,884,866		71,552,320
At the end of the reporting period	871,884,866		71,552,320

NOTE 5 CONTINGENT LIABILITIES

The directors are not aware of any contingent liabilities or contingent assets existing at the date of this report (2019: Nil). The Consolidated Group is not involved in any material, legal or arbitration proceedings and, so far as directors are aware, no such proceedings are pending or threatened against the Consolidated Group.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 6 EXPLORATION COMMITMENTS

	Dec-20	Dec-19
	\$	\$
Planned exploration expenditure on prospecting licenses		
- not later than 12 months	1,193,756	1,078,000
	1,193,756	1,078,000

Estimated figures as at the reporting date includes:

- i. amounts submitted to the Department of Geological Survey in Botswana in order to maintain the Company's current rights of tenure to exploration tenements and mining licenses.
- ii. The Company's expenditure commitments under the Farm-In and Joint Venture Agreement with Blackham Resources Limited on the Wilconi Nickel-Cobalt Project.

The Company anticipates future expenditure on its current rights of tenure to exploration and mining tenements up until the expiry of its current Prospecting Licences and on tenement renewals and extensions that have been applied for but not yet granted, which are included in the above table. In the event the Group does not meet the minimum exploration expenditure the licences may be cancelled or not renewed, notwithstanding, the planned expenditure cannot be called against the Company.

Due to the nature of the Company's operations in exploring and evaluating areas of interest, it is difficult to accurately forecast the nature and amount of future expenditure beyond the next year. Expenditure may be reduced by seeking exemption from individual commitments, by relinquishing of tenure or any new joint venture agreements. Expenditure may be increased when new tenements are granted.

NOTE 7 SEGMENT INFORMATION

Identification of reportable segments

The Consolidated Group has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (Chief Operating Decision Makers) in assessing performance and determining the allocation of resources. The Consolidated Group only operates within one business segment being that of minerals exploration. The Chief Operating Decision Makers review the Monthly Directors Report on at least a monthly basis. The accounting policies adopted for internal reporting to the Chief Operating Decision Makers are consistent with those adopted in the financial statements. The reportable segment is represented by the primary statements forming this financial report.

The operations and assets of the Consolidated Group are employed in exploration activities relating to minerals in Australia and Africa. Comparatives are not disclosed as there was only one reportable geographic segment in 2019.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**NOTE 7 SEGMENT INFORMATION (CONTINUED)**

	Australia	Botswana	Eliminations	Consolidated
Revenue				
Other income	812	12,190	-	13,002
Total segment revenue	812	12,190	-	13,002
Results				
Segment result	405,971	(152,398)	-	253,573
Assets				
Segment assets	50,551,363	22,333,055	(45,443,736)	27,440,683
Liabilities				
Segment liabilities	13,174,024	41,495,397	(45,443,736)	9,225,684

NOTE 8 FAIR VALUE MEASUREMENT

The carrying amounts of all financial assets and liabilities in these financial statements approximate their fair values.

NOTE 9 EVENTS SUBSEQUENT TO THE END OF THE REPORTING PERIOD

On 13 January 2021, the Company fully repaid and closed the US\$3 million tranche of the revolving credit facility with ICBC utilising funds provided via a loan from Singapore Shenke International Pte Ltd on identical terms to the ICBC loan.

On 19 January 2021, the Company entered into a loan agreement with Singapore Shenke International Pte Ltd for \$1,250,000 at an interest rate of 10%, repayable at the earliest of the completion of the next round of capital raisings or 12 months from the drawdown date.

On 27 January 2021, Mr Jiandong He who is a current director of the Company was appointed to the role of Chairman.

On 28 January 2021, the Company fully repaid and closed the remaining US\$2 million tranche of the revolving credit facility with ICBC utilising funds provided via a loan from Singapore Shenke International Pte Ltd on identical terms to the ICBC loan.

On 29 January 2021, the Company paid A\$500,000 to Wiluna Mining Ltd as part of the second earn-in interest under the Farm-in and Joint Venture Agreement.

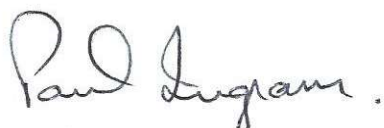
Other than the matters disclosed above, there has not arisen in the interval between the end of the half year and the date of this report, any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company to affect the operations of the Consolidated Group, the results of these operations or the state of affairs of the Consolidated Group in subsequent years.

DIRECTORS DECLARATION

In accordance with a resolution of the directors of A-Cap Energy Limited, the Directors of the Company declare that:

- 1) The accompanying interim financial statements and notes are in accordance with the *Corporations Act 2001*, including:
 - a. Complying with Accounting Standard AASB 134: *Interim Financial Reporting and Corporations Regulations 2001*; and
 - b. Giving a true and fair view of the Consolidated Group's financial position as at 31 December 2020 and of its performance for the half-year ended on that date.
- 2) Subject to the matters disclosed in note 1(d), 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

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



Paul Ingram
Deputy Chairman
15 March 2021

Independent auditor's review report

Report on the Review of the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of A-Cap Energy Limited (the Company) and the entities it controlled at the half-year's end or from time to time during the half year (the consolidated entity), which comprises the consolidated statement of financial position as at 31 December 2020, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

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 A-Cap Energy 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 2020 and of its performance for the half year ended on that date; and
- b) complying with Australian Accounting Standard 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the half-year financial report, which indicates that the consolidated entity had a working capital deficiency at 31 December 2020 of \$5,884,693 and a net cash outflow from operations of \$461,419 during the half year ended 31 December 2020. These conditions, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business. Our conclusion is not modified in respect of this matter.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

ACCOUNTANTS & ADVISORS

Level 20, 181 William Street
Melbourne VIC 3000

Telephone: +61 3 9824 8555

williambuck.com

Responsibility of Management for the 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 Responsibilities for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether 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 Company's financial position as at 31 December 2020 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*.

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.

William Buck

William Buck Audit (Vic) Pty Ltd

ABN: 59 116 151 136

A handwritten signature in black ink, appearing to read 'N.S. Benbow', written in a cursive style.

N.S Benbow

Director

Melbourne, 15th March 2021