Grandbridge
Limited

Appendix 4D - Half-year report

Results for announcement to the market

Name of Entity	Grandbridge Limited
ABN	64 089 311 026
Financial Half-Year Ended	31 December 2017
Previous Corresponding Reporting Period	31 December 2016

				$A000
Revenue from ordinary activities	down	14%	To	165
Net (loss) from ordinary activities after tax attributable to members. Corresponding period profit of $162,241.	N/A			(481)
Net (loss) for the period attributable to members. Corresponding period profit of $162,241.	N/A			(481)

No dividends were proposed and no dividends were declared or paid during the current or prior period.

NTA Backing	**Current period**	**Previous corresponding Period**
Net tangible asset backing per ordinary security (cents per share)	1.91	19.76

Commentary on Results

The consolidated loss of the economic entity after providing for income tax was to $481,198 (2016: profit of $162,241). During the period the Company recorded an impairment charge of $293,750 (2016: $Nil) against its investment in Advent Energy Limited and $Nil provision against loans receivable (2016: write-back of $373,195).

The company's listed investments were revalued to market at 31 December 2017 resulting in a non-cash loss of $25,654 (2016: loss of $59,512).

During the year the main focus of the company has been preparing and executing strategic initiatives and investment activities in the resources sector and corporate advisory work principally involving the company's investments into BPH Energy Ltd, Cortical Dynamics Ltd, MEC Resources Ltd and Advent Energy Ltd.

The net assets of the economic entity have decreased by 45% from 30 June 2017 to $586,060 at 31 December 2017.

Developments in the Company's investments include:

BPH Energy Limited ("BPH")

Capital Raising

On 23 November 2017 BPH announced a one for one non-renounceable entitlement issue at an issue price of $0.002 per share to raise up to approximately $1,177,404. The issue closed in January 2018 with 366,485,400 shares being issued for $566,940 in cash and $166,030 of debt extinguishment.

Cortical Dynamics Ltd ("Cortical")

BPH investee Cortical announced a number of developments during the period which included:-

• On 14 November 2017 BPH advised of the appointment of Reno Wright Smith & Partners ("RWS") to undertake marketing activities to assist Cortical to enter the European market with the Brain Anaesthesia Response ("BAR") monitor technology. RWS, based in Chicago, Illinois, are specialists in commercialisation for early stage medical technologies. The RWS President, David Smith, has a background in medical device marketing & general management for 25+ years including with Coopervision, Carl Zeiss, Biocompatibles International plc, Cohesion Technologies, Tenaxis Medical Inc & Device Technologies Australia

• On 20 November 2017 BPH advised of the appointment of Dr Bruce Whan as Corporate Development Director to assist to further the development of Cortical. Bruce Whan has a background in industry covering a range of research, operations and management positions, including the management of innovation and commercialisation of R&D, in particular from the public research sector. He was Director of Swinburne University of Technology's commercialisation unit for 12 years and a member of the Commercialisation Australia board.

• On 18 October 2017 BPH confirmed a European trial with Hôpital Foch in Paris, France. The arrangement with Hôpital Foch was the second installation of the BAR Monitor technology internationally (after New Zealand) and the first for Cortical in Europe.

• On 22 December 2017 BPH advised that investee Cortical was to be further evaluated in a Sydney hospital in 2018. These trials introduce the BAR Monitor to a number of anaesthetists to assess its function, which in turns assists Cortical to better understand how best to address the needs of the market, underpinning its marketing campaign.

• On 20 December 2017 BPH advised that Cortical was negotiating an agreement for distribution of the BAR monitor in the Benelux countries.

• On 14 December 2017 BPH advised that the Cortical BAR Monitor was being used in evaluation trials in a further major hospital in Melbourne. This is the second installation of the BAR Monitor technology in Melbourne, with further units being evaluated in Queensland, and internationally in New Zealand and Europe.

• On 13 December 2017 BPH confirmed the European Patent Office has granted a further patent titled, 'EEG Analysis System'.

• During the period BPH announced the appointed of Mr Tony Huston and Mr Charles Mailing to its board following the resignations of Mr Bruce Whan and Tom Fontaine.

MEC Resources Limited (“MEC”) / Advent Energy Ltd (“Advent”)

• The 2017 MEC annual report confirmed that “MEC subsidiary Advent Energy had (spending) commitments”…“for its exploration permits of $20,522,500 over the next 12 months” including $2.5m of required permit compliance expenditures to retain EP386.

• On 5 December MEC announced a conditional Farmin with RL Energy Ltd a company controlled by Greg Channon, who until just prior to the announcement was a director of Advent Energy.

• BPH received a writ from MEC Resources Ltd for an amount of $270,000 plus interest and costs and also received an application for summary judgement in relation to this claim. BPH has previously advised the market on 4 July 2017 that BPH is entitled to payment on demand of $388,050 from MMR. (This application was dismissed by the court). BPH disputes the basis of the claim by MEC and its interest claims. BPH asserts that there has not been an Event of Default and that the loan is not due and owing.

• On 8 January 2018 MEC announced the grant of an extension of the PEP11 permit until 2021. The new permit terms require the drilling of a well in PEP11 prior to a 3D seismic survey of 500 sq km. MEC has previously estimated the cost of this 500 sq km of 3D at least up to $8m.

• On 19 Feb 2018 MEC announced that the 3D farmin transaction with RL Energy, a company controlled by previous Advent Director Greg Channon’s family company, would need MEC shareholder approval under ASX Listing Rule 10. Mr Channon’s company would, under the proposed agreement, earn an unspecified percentage interest in the PEP11 permit by funding the 3D project only up to a maximum of $4m.

• On 10 January 2018 MEC announced the acceptance by NOPSEMA of the Baleen 2D High Resolution Seismic Plan. This approval process took approximately 12 months

• On 23 February 2018 MEC announced that the 2D seismic survey in PEP11, at the Baleen drill prospect, was now planned for April 2018.

The Company’s half year financial report for the six months ending 31 December 2017 is set out on the following pages.

Contents
Grandbridge Limited and its controlled entities

Company Information

Directors
D L Breeze – Executive Chairman
C Maling – Non-Executive Director
M Peterson – Non-Executive Director

Company Secretary
D L Breeze

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NORTH PERTH WA 6006

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HLB Mann Judd
Level 4
130 Stirling Street
PERTH WA 6000

Share Registry
Advanced Share Registry Limited
110 Stirling Highway
NEDLANDS WA 6009

Australian Stock Exchange Listing
Australian Stock Exchange Limited
(Home Exchange: Perth, Western Australia)
ASX Code: GBA

Australian Business Number
64 089 311 026

Directors' Report
Grandbridge Limited and its controlled entities

The directors of Grandbridge Limited ("Grandbridge" or "the Company") submit herewith the financial report for the Company and its controlled entities ("consolidated entity" or "group") for the half-year ended 31 December 2017.

Directors

The names of the directors of the company during or since the end of the period are:

D L Breeze
C Maling
M Peterson

Review of Operations

The consolidated entity has reported a net loss before income tax for the half-year of $477,933 (2016: profit $230,692). During the period the Company recorded an impairment charge of $293,750 (2016: $Nil) against its investment in Advent Energy Limited and $Nil provision against loans receivable (2016: write-back of $373,195).

As previously announced to the ASX on 13 September 2017, Grandbridge has served a writ for a total of $340,692 against MEC Resources Ltd ("MEC") and Advent Energy Ltd ("Advent"). At or around 24 November 2016, MEC and Advent terminated the MEC Services Agreement and Advent Services Agreement. Pursuant to the MEC Services Agreement and the Advent Services Agreement, payment for termination became due and payable by MEC and Advent at that time. Grandbridge has previously made demand for payment of the termination payments and no payment was made or settlement offer made. The Grandbridge writ claims $212,052 against MEC and $128,640 against Advent. On 22 January 2018 Grandbridge lodged a Statement of Claim in respect of these amounts plus interest and costs with the District Court of Western Australia.

On 26 September 2017 Grandbridge issued a Notice of Demand for outstanding loans, as detailed, to the following debtors:

- Asset Energy Pty Ltd for the amount of $114,223
- MEC Resources Limited for the amount of $42,203
- Onshore Energy Pty Ltd for the amount of $21,445
- Advent Energy Limited for the amount of $274,005

Each of Asset Energy Pty Ltd, Onshore Energy Pty Ltd and Advent Energy Limited are controlled by MEC. All loans were due and payable as at 30 June 2017 and were not paid.

Other Activities

The Directors are continuing with the investment strategy outlined in the annual report for the year ended 30 June 2017.

Operating Results

The consolidated loss after income tax from continuing operations for the consolidated entity for the period was $481,198 (2016: profit $162,241).

Changes in State Of Affairs

During the period there were no other significant changes in the state of affairs of the consolidated entity other than that referred to in the financial statements or notes thereto.

Subsequent Events

In January 2018 $83,556 of debt receivable from BPH Energy Limited ("BPH") was extinguished by applying 41,778,200 shares at an issue price of $0.002 per share issued to the group from BPH's one for one non-renounceable entitlement issue.

Apart from the above there have not been any matters or circumstance that have arisen since the end of the period, that have significantly affected, or may significantly affect, the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years.

Dividends

The Directors recommend that no dividend be paid in respect of the current period. No dividends have been paid or declared since the commencement of the period.

Auditor's Independence

The directors received a declaration of independence from the auditor as set on page 4.

Signed in accordance with a resolution of the directors made pursuant to s306(3) of the Corporations Act 2001.

On behalf of the Directors

D Breeze.

D L Breeze
Executive Chairman
Perth, 28 February 2018

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the consolidated financial report of Grandbridge Limited for the half-year ended 31 December 2017, 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
28 February 2018

B G McVeigh
Partner

HLB Mann Judd (WA Partnership) ABN 22 193 232 714

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Consolidated Statement of Profit or Loss and Other Comprehensive Income for the half-year ended 31 December 2017
Grandbridge Limited and its controlled entities

	Note	Consolidated 31 December 2017 $	31 December 2016 $
Revenue from ordinary activities	3	164,527	191,773
Interest income		480	481
Writeback of provision against loans		-	373,195
Impairment charge	9	(293,750)	-
Administration		(134,852)	(86,992)
Interest expense		(792)	(1,394)
Loss on revaluation of investments		(25,654)	(59,512)
Consulting		(97,973)	(30,347)
Depreciation		-	(417)
Employee benefits		(57,200)	(117,280)
Insurance		(9,530)	(12,660)
Occupancy		(17,585)	(22,616)
Share based payments		(2,148)	-
Other		(3,456)	(3,539)
(Loss) / profit before income tax		(477,933)	230,692
Income tax (expense)		(3,265)	(68,451)
(Loss) / profit from continuing operations		(481,198)	162,241
(Loss) / profit attributable to members of the parent entity		(481,198)	162,241
Other comprehensive income		-	-
Total comprehensive (loss) / income for the period		(481,198)	162,241
(Loss) / earnings Per Share -			
Basic (cents per share)		(1.57)	0.53
Diluted (cents per share)		(1.57)	0.53

The accompanying notes form part of and should be read in conjunction with these financial statements.

Consolidated Statement of Financial Position
as at 31 December 2017
Grandbridge Limited and its controlled entities

	Note	Consolidated 31 December 2017 $	Consolidated 30 June 2017 $
Current Assets			
Cash and cash equivalents	4	6,385	56,869
Trade and other receivables		-	15,602
Financial assets	9	805,642	888,642
Other current assets		22,277	18,290
Total Current Assets		834,304	979,403
Non-Current Assets			
Financial assets	9	984,930	1,304,334
Total Non-Current Assets		984,930	1,304,334
Total Assets		1,819,234	2,283,737
Current Liabilities			
Trade and other payables		1,130,807	1,122,510
Short–term provisions		78,802	72,316
Total Current Liabilities		1,209,609	1,194,826
Non-Current Liabilities			
Long-term provisions		23,565	23,801
Total Non-Current Liabilities		23,565	23,801
Total Liabilities		1,233,174	1,218,627
Net Assets		586,060	1,065,110
Equity			
Issued capital	6	3,609,420	3,609,420
Reserves		325,714	323,566
Accumulated losses		(3,349,074)	(2,867,876)
Total Equity		586,060	1,065,110

The accompanying notes form part of and should be read in conjunction with these financial statements.

Consolidated Statement of Changes in Equity
for the half-year ending 31 December 2017
Grandbridge Limited and its controlled entities

	Issued Capital	(Accumulated losses)	Option Reserve	Asset Revaluation Reserve	Total
	$	$	$	$	$
Balance at 1 July 2016	3,609,420	(2,428,099)	323,566	3,589,600	5,094,487
Net profit for the period	-	162,241	-	-	162,241
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the period	-	162,241	-	-	162,241
Balance at 31 December 2016	3,609,420	(2,265,858)	323,566	3,589,600	5,256,728
Balance at 1 July 2017	3,609,420	(2,867,876)	323,566	-	1,065,110
Net loss for the period	-	(481,198)	-	-	(481,198)
Other comprehensive income	-	-	-	-	-
Total comprehensive loss for the period	-	(481,198)	-	-	(481,198)
Transactions with owners in their capacity as owners					
Share based payments	-	-	2,148	-	2,148
Balance at 31 December 2017	3,609,420	(3,349,074)	325,714	-	586,060

The accompanying notes form part of and should be in conjunction with these financial statements.

Consolidated Statement of Cash Flows
for the half-year ended 31 December 2017
Grandbridge Limited and its controlled entities

	Note	Consolidated	
		31 December 2017 $	31 December 2016 $
Cash flows from operating activities			
Cash receipts from customers		196,582	210,951
Cash payments to suppliers and employees		(328,866)	(268,137)
Interest received		480	481
Interest paid		(792)	(1,394)
Income tax payments		(888)	-
Net cash (used in) operating activities		(133,484)	(58,099)
Cash flows from financing activities			
Loans repaid by other entities		83,000	50,000
Net cash provided by financing activities		83,000	50,000
Net (decrease) in cash and cash equivalents held		(50,484)	(8,099)
Cash and cash equivalents at the beginning of the period		56,869	49,798
Cash and cash equivalents at the end of the period	4	6,385	41,699

The accompanying notes form part of and should be read in conjunction with these financial statements.

1. CORPORATE INFORMATION

The financial report of Grandbridge Limited (the company) and its controlled entities for the half-year ended 31 December 2017 was authorised for issue in accordance with a resolution of the directors on 28 February 2018.

Grandbridge Limited is a company incorporated in Australia and limited by shares which are publicly traded on the Australian Securities Exchange.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

The half-year financial report is a general purpose financial report prepared in accordance with the requirements of the Corporations Act 2001 and Australian Accounting Standard AASB 134: Interim Financial Reporting. Compliance with AASB 134 ensures compliance with International Financial Reporting Standards IAS 34 Interim Financial Reporting.

The half-year financial report does not include all of the notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report.

The half-year financial report should be read in conjunction with the Annual Financial Report of Grandbridge Limited as at 30 June 2017.

For the purpose of preparing the half-year financial report, the half-year has been treated as a discrete reporting period.

It is also recommended that the half-year financial report be considered together with any public announcements made by Grandbridge Limited and its controlled entities during the half-year ended 31 December 2017 in accordance with the continuous disclosure obligations arising under the Corporations Act 2001.

(a) Basis of Preparation

Reporting Basis and Conventions

The half-year report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Significant Accounting Policies

The half-year condensed consolidated financial statements have been prepared using the same accounting policies as used in the annual financial statements for the year ended 30 June 2017.

Standards and Interpretations applicable to 31 December 2017

In the half-year ended 31 December 2017, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Company and effective for the half-year reporting periods beginning on or after 1 July 2017 . 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 Company and, therefore, no material change is necessary to Group accounting policies.

Standards and Interpretations in issue not yet adopted

The Directors have also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the half-year reporting periods beginning on or after 1 January 2018. 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 Group and, therefore, no change is necessary to Group accounting policies.

(c) Financial Position

The consolidated entity had a net loss after tax for the period ended 31 December 2017 of $481,198 (2016: profit $162,241).

The consolidated entity has a working capital deficit of $375,305 as at 31 December 2017 (30 June 2017: $215,423) including cash assets of $6,385 (30 June 2017: $56,869) along with trade and other payables of $1,130,807 (30 June 2017: $1,122.510). Included in other payables are current director fee and salary accruals of $520,818 (30 June 2017: $455,818). The directors have reviewed their expenditure and commitments for the consolidated entity and have implemented methods of costs reduction. The directors as a part of their cash monitoring, have voluntarily suspended cash payments for their director's fees to conserve cash resources until such time as the consolidated entity has sufficient cash resources.

The consolidated entity has investments in listed entities totalling $355,442 as at 31 December 2017 which are classified as non-current assets in the statement of financial position. These assets are liquid and if required, a portion of these investments can be sold to obtain cash reserves for the consolidated entity.

The directors have prepared cash flow forecasts that indicate that the consolidated entity should have sufficient cash flows for a period of at least 12 months from the date of this report. Based on the cash flow forecasts and the ability to sell investments in listed entities if necessary, the directors are satisfied that, the going concern basis of preparation is appropriate. The financial report has therefore been prepared on a going concern basis, which assumes continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Financial Position

The consolidated entity is involved in a legal dispute with MEC.

Should the consolidated entity not be successful in raising additional funds through the issue of new equity, borrowings or sale of investments, should the need arise or should there be an unfavourable outcome in the legal dispute with MEC, this may cast doubt as to whether or not the consolidated entity will be able to continue as a going concern and therefore, whether it will realise its assets and discharge its liabilities as and when they fall due and in the normal course of business and at the amounts stated in the financial report.

The financial statements do not include any adjustments relative to the recoverability and classification of recorded asset amounts or, to the amounts and classification of liabilities that might be necessary should the entity not continue as a going concern.

3. REVENUE

	Consolidated	
	31 December 2017 $	**31 December 2016 $**
Revenue		
Management fees	149,718	187,523
Administration recharges	14,809	-
Corporate advice/ brokerage	-	4,250
Total revenue	164,527	191,773

4. CASH AND CASH EQUIVALENTS

	Consolidated	
	31 December 2017 $	**30 June 2017 $**
For the purpose of the half-year consolidated statement of cash flows, cash and cash equivalents comprise the following:		
Cash at bank and in hand	6,385	56,869
	6,385	56,869

5. SEGMENT INFORMATION

Identification of reportable segments

The group has identified its operating segments based on the internal reports that are reviewed and used by the managing director and his management team (the chief operating decision makers) in assessing performance and in determining the allocation of resources. The operating segments are identified by management based on the industry in which the entity makes its investments or provides services. Discrete financial information about each of these operating segments is reported to the managing director and his management team on at least a monthly basis.

The group holds investments in two principal industries and these are biotechnology, and oil and gas exploration and development. The group also provides consultancy and management services to a number of different entities and receives a monthly fee for these services.

Segment Revenue and Results

The following is an analysis of the Group's revenue and results from continuing operations by reportable segment:

	Segment Revenue		Segment Profit / (Loss)	
	2017	**2016**	**2017**	**2016**
	$	**$**	**$**	**$**
Consulting Services	164,527	564,968	92,518	376,480
Investing	-	-	(319,404)	(59,512)
Unallocated	480	481	480	481
Total for continuing operations	165,007	565,449	(226,406)	317,449
Administration expenses			(134,852)	(86,992)
Depreciation			-	(417)
Other			(116,675)	652
(Loss) / profit before tax			(477,933)	230,692

Revenue reported above represents revenue generated from external customers. There were no intersegment sales in the half-year (2016: $Nil).

	Consolidated	
	31 December	**30 June**
Segment Assets and Liabilities	**2017**	**2017**
	$	**$**
Segment Assets		
Investing	983,276	1,302,679
Corporate	835,958	981,058
Total Assets	1,819,234	2,283,737
Segment Liabilities		
Corporate	1,233,174	1,218,627
Total Liabilities	1,233,174	1,218,627

6. ISSUED CAPITAL

	Consolidated	
	31 December 2017 $	**30 June 2017 $**
Ordinary shares, fully paid, carrying one vote per share and carrying the right to dividends	3,609,420	3,609,420
	3,609,420	3,609,420

31 December 2017	**Number**	**$**
Movement in ordinary shares on issue during the period:		
At 1 July 2017	30,633,364	3,609,420
At 31 December 2017	30,633,364	3,609,420

31 December 2016	**Number**	**$**
Movement in ordinary shares on issue during the period:		
At 1 July 2016	30,633,364	3,609,420
At 31 December 2016	30,633,364	3,609,420

7. COMMITMENTS AND CONTINGENT LIABILITIES

The Company had appealed a decision of the Fair Work Commission (“FWC”) in respect of a jurisdictional matter in relation to coverage of the FWC for a dismissed employee who had made an unparticularised compensation claim. The company had denied liability. The Company has been advised that its appeal has been upheld, the original decision quashed, and the question of whether the Company complied with the Small Business Fair Dismissal Code referred to a Deputy President of the FWC.

There have been no other changes to commitments and contingencies that were disclosed in the 30 June 2017 Annual Financial Report.

8. EVENTS SUBSEQUENT TO BALANCE DATE

In January 2018 $83,556 of debt receivable from BPH Energy Limited (“BPH”) was extinguished by applying 41,778,200 shares at an issue price of $0.002 per share issued to the group from BPH’s one for one non-renounceable entitlement issue.

Apart from the above, there have not been any matters or circumstances that have arisen since the end of the half-year that have significantly affected, or may significantly affect, the operations of the company, the results of those operations, or the state of affairs of the company in future financial years, other than as disclosed elsewhere in the financial report.

9. FINANCIAL ASSETS

	Consolidated 31 December 2017 $	Consolidated 30 June 2017 $
Current		
Loans receivable (b)	805,642	888,642
	805,642	888,642
Non-Current		
Security deposit (a)	20,000	20,000
Loans receivable (b)	1,655	1,655
Investments in listed entities (c)	355,441	381,095
Investments in unlisted entities (d)	607,834	901,584
	984,930	1,304,334

Fair Value of Financial Assets

The methods and valuation techniques used for the purpose of measuring fair value of the company's financial assets are unchanged compared to the previous reporting period.

For financial instruments that are measured at fair value on a non-recurring basis, the directors consider that the carrying amounts of financial assets and financial liabilities recognised in the consolidated financial statements approximate their fair value.

(a) The security deposit is for a performance bond provided by the Company's bank to the Australian Securities and Investment Commission.

(b) Loans Receivable:

	Consolidated 31 December 2017 $	Consolidated 30 June 2017 $
Unsecured loans due from other entities	1,823,783	1,906,783
Provision against unsecured loans	(1,016,486)	(1,016,486)
	807,297	890,297

9. FINANCIAL ASSETS (continued)

(c) Financial Assets carried at Fair Value through the profit and loss (Level 1):	Consolidated	
	31 December 2017 $	**30 June 2017 $**
BPH Energy Limited	125,335	83,556
MEC Resources Ltd	224,186	292,419
Strategic Elements Limited	5,920	5,120
	355,441	381,095

(d) Available for sale financial Assets - at fair value:		
Molecular Discovery Systems Limited (Level 3)	20,334	20,334
*Advent Energy Limited (Level 2)	587,500	881,250
	607,834	901,584

* During the period Advent completed a capital raising at 5 cents a share and the Company's investment in Advent has been impaired by $293,750 to reflect this.

In the 2017 MEC annual report it was reported Advent and its subsidiaries had current commitments for its exploration permits of $20,522,500 over the next 12 months. MEC have stated they are, to assist in meeting these commitments, continually seeking and reviewing potential sources of both equity and debt funding. Advent had stated it was in negotiations with a number of parties on the terms of investment and its management had confidence that a suitable outcome would be achieved, however there is no certainty that those discussions will result in further funding being made available.

In relation to Advent's exploration commitments (which include Asset Energy Pty Ltd completing 200km of 2D seismic and geotechnical studies within the PEP 11 area), Advent's wholly owned subsidiary, Asset Energy Pty Ltd, lodged an application in respect of Petroleum Exploration Permit 11 ("PEP11") with the National Offshore Petroleum Titles Administrator ("NOPTA") to vary a condition of PEP11, suspend the years 2 and 3 work commitments and request a subsequent extension of the PEP11 permit term. MEC subsequently announced that the application was approved.

Asset Energy Pty Ltd has invested over $25 million in the PEP11 title in recent history and, along with its JV partner Bounty Oil and Gas NL, is committed to continuing to explore for and ultimately exploit any petroleum accumulations which may be identified in this title area.

In addition to the 2D seismic commitment, Advent is committed to drill an exploration well and perform a seismic survey by the end of March 2018 for EP 386. It had advised that these 2 commitments comprise the significant balance of $2,500,000.

9. FINANCIAL ASSETS (continued)

If MEC is unable to source further funding for each of PEP11, RL1 and EP 386 each of these permits are immediately at risk. The work program "commitments to drill an exploration well and perform a seismic survey by the end of March 2018 for EP386" are not practically possible to achieve. There have been no announcements on the approvals for these activities and it is not reasonably possible to undertake these activities before the end of the current northern Australia wet season. No application to renew the EP386 permit has been notified on the WA Government DMIRS website. The plug and abandonment liabilities for Advent for EP386 remain unfunded and are a significant residual risk.

The above conditions indicate an uncertainty that may affect the ability of Advent to realise the carrying value of the exploration assets in the ordinary course of business and may affect the ability of the Company to realise the carrying value of its investment in Advent in the ordinary course of business.

Director's Declaration
for the half-year ended 31 December 2017
Grandbridge Limited and its controlled entities

In the opinion of the directors the Company:

(a) the financial statements and notes as set out on pages 5 to 16 are in accordance with the *Corporations Act 2001* including:

(i) giving a true and fair view of the financial position of the consolidated entity as at 31 December 2017 and of its performance for the half-year ended on that date; and

(ii) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory reporting requirements; and

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

D. Breeze.

D L Breeze
Executive Chairman
Perth, 28 February 2018

HLB Mann Judd

Accountants | Business and Financial Advisers

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Grandbridge Limited

Report on the Condensed Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of Grandbridge Limited ("the company") which comprises the consolidated statement of financial position as at 31 December 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 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 Grandbridge 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 2017 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 2 (c) in the half-year financial report, which indicates that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Material uncertainty related to carrying value of investment in Advent Energy Limited

We draw attention to Note 9 in the financial report, which indicates the existence of a material uncertainty that may cast significant doubt on the Group's ability to realise the carrying value of its investment in Advent Energy Limited in the ordinary course of business. 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 2017 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.

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

HLB Mann Judd
Chartered Accountants

B G McVeigh
Partner

Perth, Western Australia
28 February 2018