AVENIRA LIMITED

ABN 48 116 296 541

INTERIM FINANCIAL REPORT

FOR THE HALF YEAR ENDED
31 DECEMBER 2018

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the Annual Report for the year ended 30 June 2018 and any public announcements made by Avenira Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

Directors' Report

Your Directors submit their report on the consolidated entity consisting of Avenira Limited and the entities it controlled (Avenira or the Group) at the end of, or during, the half-year ended 31 December 2018.

DIRECTORS

The names of the directors who held office during or since the end of the half-year are:

Dr Christopher Pointon (Independent Non-Executive Director – resigned 31 December 2018)
Louis Calvarin (Managing Director and CEO)
Ian McCubbing (Independent Non-Executive Director – resigned 31 January 2019)
Timothy Cotton (Non-Executive Director)
Farouk Chaouni (Non-Executive Director)
David Mimran (Non-Executive Director)
Brett Clark (Independent Non-Executive Chairman)

The Directors held their position throughout the entire half year period and up to the date of this report unless stated otherwise.

REVIEW OF OPERATIONS

The Review of operations should be read in conjunction with the half-year statements, the consolidated annual financial report of the Group as at 30 June 2018 and considered together with any public announcements made by the Group during the half-year ended 31 December 2018 in accordance with continuous disclosure requirements of the Corporations Act 2001.

Baobab Phosphate Project

1 Mtpa High-Grade Phosphate Rock Concentrate Project

During the period, the Company continued to progress its Baobab Feasibility Study with lead engineering consultant Wood PLC (Wood) advancing key areas in Processing Plant, Tailings Storage Facility, Site Infrastructure and Mine design, and additional test work being carried out to support and validate the project design.

New comminution, magnetic separation, settling, filtration and drying test work has been completed, and the results of this work support and validate the design of the projected Processing Plant crushing and milling, magnetic separation, dewatering and drying circuits. A draft of the Feasibility Study (Class 4 estimate), that was expected to conclude in the December 2018 quarter, was made available to Avenira for review in January 2019. The final results from the Feasibility Study will be announced to the market once finalised. The Company intends to initiate the "Bankable" Feasibility Study phase (Class 3 estimate) once a final project configuration has been selected at the conclusion of the Feasibility Study report review and a planned value-engineering study, with a targeted December 2019 quarter completion.

On 22 October 2018, the Company announced that Baobab Mining and Chemicals Corporation S.A. ('BMCC'), an 80%-owned subsidiary of the Company, had received a Senegalese Government Exploitation Permit ('Permit') for the Gadde Bissik area within its Baobab Phosphate Project in the Republic of Senegal. The Permit was granted by Presidential Decree.

The Permit covers an area of 75 km^2 around the former Gadde Bissik Small Mine Permit (see Figures 1 and 2 below) and is valid for an initial renewable period of 20 years.

Following the restructure, still in progress, triggered by this Permit grant in line with the Mining Convention between the Company and the Senegalese Government, the Government will hold a 10% free-carried interest in the legal entity owning the Permit, and the new structure will be exempt from paying certain taxes. The new Permit covers the area identified by Avenira as offering the best economic potential for commercial phosphate rock mining. It surrounds the Small Mine operation launched by Avenira through BMCC in 2016.

Mining and Processing

There was minimal crushing and processing of mined ore from the Run Of Mine material onsite during the period as the Company has been monitoring commissioning and evaluation tests of a modified contracted crushing and screening operation.

Bargny-Sendou Port

During the half year construction of warehouses destined to be dedicated to phosphate rock exports was underway.

Directors' Report

Geology and exploration

Gadde Bissik Area

The project location is shown in Figure 1.

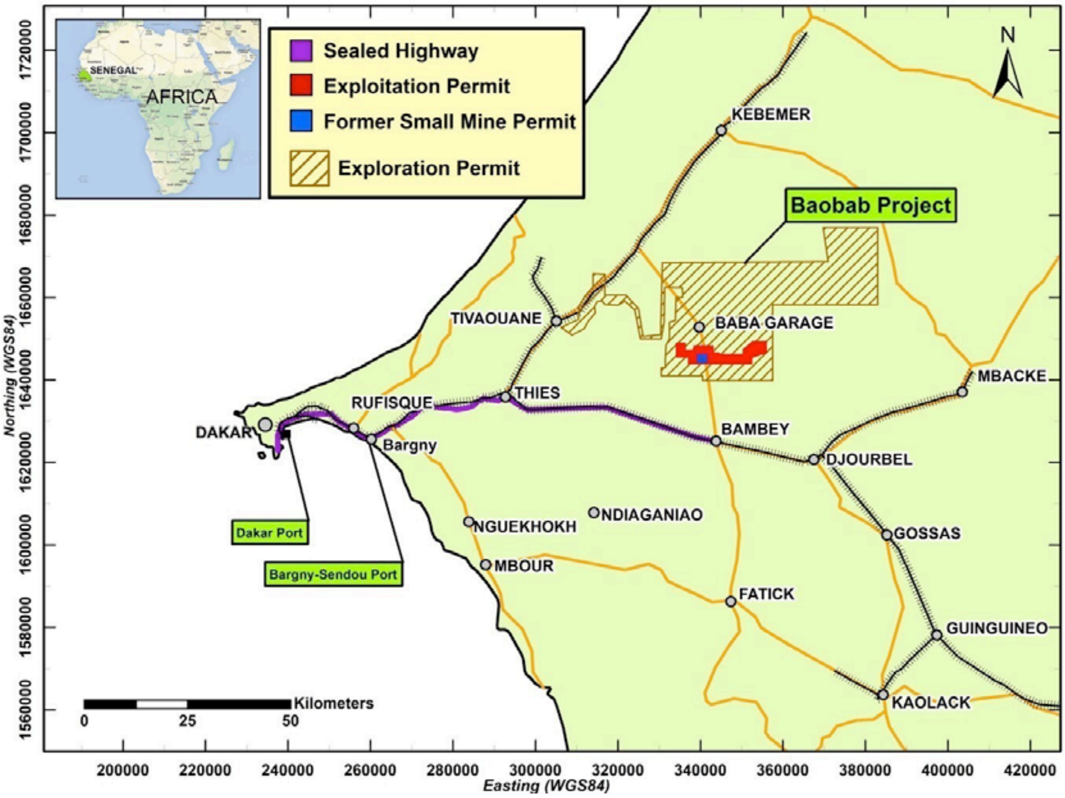

Figure 1: Project location map

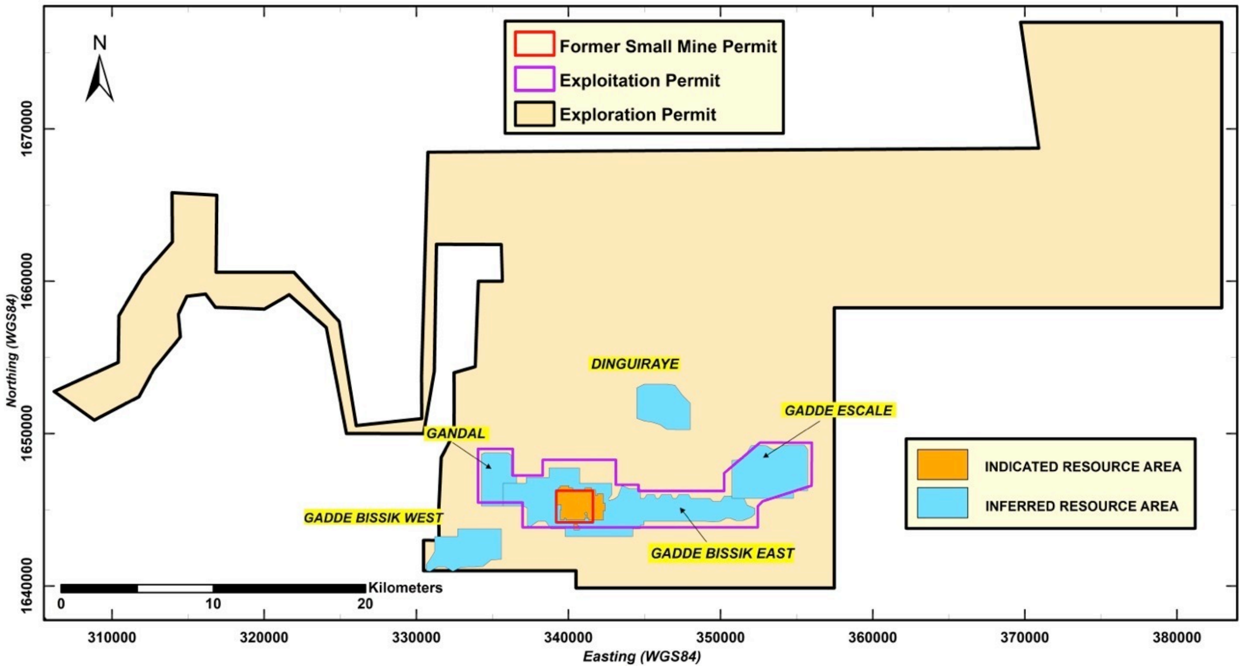

Figure 2 - Exploitation permit area, exploration permit area and resource outlines

Safety and community

No lost time injuries or significant incidents were reported during the half-year.

The Company continued to collaborate closely with the local communities through the half-year.

Marketing

Since June 2018, the Company has been shipping small quantities of phosphate rock product to a local Senegalese major fertiliser producer.

Wonarah Phospate Project

During the half-year the Company has monitored the improving phosphate market conditions with respect to progressing the Wonarah project and intends to commence a Scoping Study during the June or September quarters.

JDC Phosphate Inc.

Avenira owns approximately 7.0% of JDC Phosphate, Inc. (JDCP) and has an exclusive licence to utilise the Improved Hard Process (IHP) technology in Australia and Senegal for an extended period of time.

As detailed in the Company's announcements of 13 June 2018 and 8 August 2018, JDC has informed Avenira that its new demonstration plant has been commissioned as its Fort Meade, Florida facility. The plant has operated and successfully produced phosphoric acid using the IHP process, a key IHP process development milestone.

Trial and demonstration runs are expected to take place during the March 2019 quarter.

INVESTMENTS AND CORPORATE INFORMATION

Board and Executive Changes

In December 2018, the Company announced several Board and Executive changes. Mr Charles Graham was appointed as Project Director to manage Avenira's Baobab 1Mtpa High-Grade Phosphate Rock Concentrate project, and to lead the Baobab Feasibility Study.

Former company chairman and Non-Executive Director Dr Christopher Pointon retired from the Board on 31 December 2018 and Non-Executive Director Mr Ian McCubbing retired from the Board on 31 January 2019.

Financing

On 7 August 2018, the Company announced a share placement to raise A$2.8 million via the issue of 139,999,999 fully paid ordinary shares at a price of $0.02 per share ('Placement'). The Placement was completed in the two tranches as follows:

(i) 40,000,000 shares were issued following the receipt of A$800,000 on 16 August 2018 under the Company's existing 15% capacity under ASX Listing Rule 7.1 (Tranche 1 Shares); and

(ii) 99,999,999 shares were issued following receipt of A$2 million on 8 October 2018 and shareholder approval obtained at a general meeting of shareholders held on 20 September 2018 (Tranche 2 Shares).

On 15 March 2019 the Company entered into convertible loans (the 'Bridge Loans') with its three major shareholders Agrifos Partners LLC, Tablo Corporation and Agrifields DMCC (each a 'Lender').

The combined funding amount made available to Avenira by these three Bridge Loans is A$1.25M (US$0.9M), with the funds to be drawn down immediately.

The Bridge Loans have a 12-month maturity and accrue interest at 10%. Subject to Avenira obtaining shareholder approval, each Bridge Loan may be converted into fully-paid ordinary shares of Avenira (Shares) (a) at any time at the Lender's election at the 15 trading days volume weighted average ASX Share price ('15-day VWAP'), subject to a $0.008 floor and a $0.024 ceiling, or (b) at any time at Avenira's election with prior Lender's consent, or under certain conditions at Avenira's request during the final month before the Bridge Loan maturity date, at the 15-day VWAP, subject to a $0.001 floor and $0.024 ceiling.

Furthermore, the Company announced that it is targeting Final Investment Decision (FID) during the first half of 2020. The Company estimates its funding needs up to FID and before full Project Finance at approximately A$11M (US$8M) to A$14M (US$10M).

Following the FS announcement, planned to be released on Monday 18 March 2019, Avenira will be seeking additional funding to enable the Company to complete the value-engineering study and the BFS, move to FID, repay the unconverted Bridge Loans and have sufficient runway to raise a combination of debt and equity funds to build and commission the Project. Total required funding is estimated at A$11M (US$8M) to A$14M (US$10M), to be raised in two or more stages starting April 2019. A number of Private Equity funds, other project financing groups and Avenira's shareholders are potential funding sources. Discussions with financing partners are expected to gain momentum following the announcement of the final FS results.

The Group will be seeking full Project Finance funding following BFS completion and FID, via a combination of debt and equity supported by off-take agreements, to finance and implement the 1 Mtpa High-Grade Phosphate Rock Concentrate project.

Private Equity funds, off-takers and other strategic investors, including the Company's existing shareholders, will be targeted to cornerstone the equity component. The Company has had multiple meetings and discussions with local and international banks and with development finance institutions regarding the debt component.

The total required full Project Finance funding amount will include Project capital expenditure as well as operational capability ramp-up costs and working capital. The FS-estimated capital expenditure, before revision during the value-engineering study and confirmation during the BFS, will be detailed in the announcement of the final FS results.

FINANCIAL REVIEW

During the half year ended 31 December 2018 the Group reported an operating loss after tax of $5,859,779 (half-year to 31 December 2017: loss of $342,414).

As at 31 December 2018 the total cash balance was $2,258,962 (30 June 2018: $3,679,173).

DIVIDENDS

No dividends were paid or declared during the six months ended 31 December 2018. No recommendation for payment of dividends has been made.

SUBSEQUENT EVENTS

On 15 March 2019 the Company entered into Bridge Loans with its three major shareholders Agrifos Partners LLC, Tablo Corporation and Agrifields DMCC (each a 'Lender').

The combined funding amount made available to Avenira by these three Bridge Loans is A$1.25M (US$0.9M), with the funds to be drawn down immediately.

The Bridge Loans have a 12-month maturity and accrue interest at 10%. Subject to Avenira obtaining shareholder approval, each Bridge Loan may be converted into fully-paid ordinary shares of Avenira (Shares) (a) at any time at the Lender's election at the 15 trading days volume weighted average ASX Share price ('15-day VWAP'), subject to a $0.008 floor and a $0.024 ceiling, or (b) at any time at Avenira's election with prior Lender's consent, or under certain conditions at Avenira's request during the final month before the Bridge Loan maturity date, at the 15-day VWAP, subject to a $0.001 floor and $0.024 ceiling.

Other than stated above, since 31 December 2018 the Directors are not aware of any other matter or circumstance not otherwise dealt with in this report, that has significantly or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent periods.

AUDITORS' INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 6.

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

Louis Calvarin
CEO

Perth, 17 March 2019

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Auditor's Independence Declaration to the Directors of Avenira Limited

As lead auditor for the review of the half-year financial report of Avenira Limited for the half-year ended 31 December 2018, I declare to the best of my knowledge and belief, there have been:

a) no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review; and

b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Avenira Limited and the entities it controlled during the financial period.

Ernst & Young

Ernst & Young

Gavin Buckingham

Gavin Buckingham
Partner
17 March 2019

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Consolidated Statement of Profit or Loss and Other Comprehensive Income

FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

		Consolidated	
	Notes	31 December 2018 $	31 December 2017 $
REVENUE			
Other income		**41,233**	23,580
EXPENDITURE			
Depreciation and amortisation expense	5,8	**(194,349)**	(166,861)
Salaries and employee benefits expense		**(889,456)**	(948,571)
Exploration expenditure		**-**	(112,369)
Impairment of exploration and evaluation expenditure	6	**(25,640)**	(78,430)
Impairment of mine development expenditure	7	**(4,319,383)**	(540,000)
Reversal of provision for doubtful debts / (doubtful debts)		**(197,674)**	3,393,933
Interest expense		**-**	(188,358)
Share based payment expense		**(20,584)**	(40,669)
Net foreign currency gain/(loss)		**101,552**	(279,078)
Administrative and other expenses		**(1,435,324)**	(1,567,591)
LOSS BEFORE INCOME TAX		**(6,939,625)**	(504,414)
INCOME TAX BENEFIT		**1,079,846**	162,000
LOSS FOR THE PERIOD		**(5,859,779)**	(342,414)
OTHER COMPREHENSIVE INCOME/ (LOSS)			
Items that may be reclassified subsequently to Profit or Loss			
Exchange differences on translation of foreign operations			
Exchange differences arising during the period		**1,225,183**	1,544,810
		1,225,183	1,544,810
Investment in equity instruments			
Net fair value loss on investment in equity instruments		**(15,610)**	-
		(15,610)	-
Other comprehensive income / (loss) for the period, net of tax		**1,209,573**	1,544,810
TOTAL COMPREHENSIVE INCOME / (LOSS) FOR THE PERIOD		**(4,650,206)**	1,202,396
Income / (Loss) for the period is attributable to:			
Owners of Avenira Limited		**(4,723,095)**	(601,125)
Non-controlling interest		**(1,136,684)**	258,711
		(5,859,779)	(342,414)
Total comprehensive income / (loss) for the period is attributable to:			
Owners of Avenira Limited		**(3,739,079)**	748,557
Non-controlling interest		**(911,127)**	453,839
		(4,650,206)	1,202,396
LOSS PER SHARE			
From continuing operations			
Basic loss per share (cents)		**(0.48)**	(0.10)
Diluted loss per share (cents)		**(0.48)**	(0.10)

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Notes to the Consolidated Financial Statements.

Consolidated Statement of Financial Position

AS AT 31 DECEMBER 2018

	Notes	Consolidated 31 December 2018 $	Consolidated 30 June 2018 $
CURRENT ASSETS			
Cash and cash equivalents		**2,258,962**	3,679,173
Trade and other receivables	3	**1,192,648**	969,294
Inventories	4	**1,365,275**	2,286,116
TOTAL CURRENT ASSETS		**4,816,885**	6,934,583
NON-CURRENT ASSETS			
Trade and other receivables		**1,481,600**	1,481,600
Investment in equity instruments		**15,620**	31,239
Plant and equipment	5	**1,213,355**	1,334,802
Capitalised exploration and evaluation expenditure	6	**10,468,404**	10,018,672
Capitalised mine development expenditure	7	**50,237,759**	51,407,026
Intangible assets	8	**136,151**	141,682
Other assets	9	**688,767**	683,958
TOTAL NON-CURRENT ASSETS		**64,241,656**	65,098,979
TOTAL ASSETS		**69,058,541**	72,033,562
CURRENT LIABILITIES			
Trade and other payables		**1,541,922**	1,959,721
Provisions		**209,178**	210,958
Loans and borrowings	10	**1,623,803**	804,442
TOTAL CURRENT LIABILITIES		**3,374,903**	2,975,121
NON-CURRENT LIABILITIES			
Provisions		**2,522,046**	2,483,047
Loans and borrowings	10	**6,681,257**	7,215,150
Deferred tax liabilities		**2,231,428**	3,221,045
TOTAL NON-CURRENT LIABILITIES		**11,434,731**	12,919,242
TOTAL LIABILITIES		**14,809,634**	15,894,363
NET ASSETS		**54,248,907**	56,139,199
EQUITY			
Issued capital	11	**142,270,348**	139,480,390
Reserves		**27,188,874**	26,234,899
Accumulated losses		**(118,715,784)**	(113,992,689)
Capital and reserves attributable to members of Avenira Limited		**50,743,438**	51,722,600
Non-controlling interest		**3,505,469**	4,416,599
TOTAL EQUITY		**54,248,907**	56,139,199

The above Consolidated Statement of Financial Position should be read in conjunction with the Notes to the Consolidated Financial Statements.

Consolidated Statement of Changes in Equity

FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

		Attributable to Owners of Avenira Limited					
Consolidated	Notes	Issued Capital $	Reserves $	Accumulated Losses $	Total $	Non-Controlling Interest $	Total $
BALANCE AT 30 JUNE 2017		125,037,889	25,147,663	(108,657,005)	41,528,547	5,057,338	46,585,885
Profit/(loss) for the period		-	-	(601,125)	(601,125)	258,711	(342,414)
Other comprehensive income for the period		-	1,349,682	-	1,349,682	195,128	1,544,810
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD		-	1,349,682	(601,125)	748,557	453,839	1,202,396
TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS							
Shares issued during the period		10,902,303	-	-	10,902,303	-	10,902,303
Unissued shares		500,000	-	-	500,000	-	500,000
Share issue transaction costs		(577,500)	-	-	(577,500)	-	(577,500)
Share based payments		-	(1,120,426)	-	(1,120,426)	(290,275)	(1,410,701)
BALANCE AT 31 DECEMBER 2017		135,862,692	25,376,919	(109,258,130)	51,981,481	5,220,902	57,202,383
BALANCE AT 30 JUNE 2018		**139,480,390**	**26,234,899**	**(113,992,689)**	**51,722,600**	**4,416,599**	**56,139,199**
Profit/ (loss) for the period		**-**	**-**	**(4,723,095)**	**(4,723,095)**	**(1,136,684)**	**(5,859,779)**
Other comprehensive income for the period		**-**	**984,016**	**-**	**984,016**	**225,557**	**1,209,573**
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD		**-**	**984,016**	**(4,723,095)**	**(3,739,079)**	**(911,127)**	**(4,650,206)**
TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS							
Shares issued during the period	11	**2,850,625**	**-**	**-**	**2,850,625**	**-**	**2,850,625**
Share issue transaction costs	11	**(60,670)**	**-**	**-**	**(60,670)**	**-**	**(60,670)**
Share based payments		**-**	**(30,041)**	**-**	**(30,041)**	**-**	**(30,041)**
BALANCE AT 31 DECEMBER 2018		**142,270,348**	**27,188,874**	**(118,715,784)**	**50,743,438**	**3,505,472**	**54,248,907**

The above Consolidated Statement of Changes in Equity should be read in conjunction with the Notes to the Consolidated Financial Statements.

Consolidated Statement of Cash Flows

FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

	Notes	Consolidated 31 December 2018 $	31 December 2017 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers and employees		**(1,631,010)**	(1,473,644)
Payments for exploration expenditure		**-**	(112,369)
Payments of interest		**-**	(171,402)
Interest received		**41,132**	23,580
NET CASH OUTFLOW FROM OPERATING ACTIVITIES		**(1,589,878)**	(1,733,835)
CASH FLOWS FROM INVESTING ACTIVITIES			
Expenditure on mining interests		**(364,766)**	(837,703)
Payments for mine development		**(3,424,520)**	(8,150,943)
Receipts for sales capitalised to mine development		**1,280,946**	975,058
Payments for plant and equipment		**(11,893)**	(254,904)
Payments for intangibles		**(5,208)**	(78,890)
Loans to other entities		**(137,024)**	-
NET CASH OUTFLOW FROM INVESTING ACTIVITIES		**(2,662,465)**	(8,347,382)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		**2,800,000**	11,382,303
Transaction costs on issue of shares		**(60,667)**	(577,500)
Repayments of loans		**-**	(6,454,188)
Proceeds from loans and borrowings		**-**	5,163,484
NET CASH INFLOW FROM FINANCING ACTIVITIES		**2,739,333**	9,514,099
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(1,513,010)**	(567,118)
Cash and cash equivalents at the beginning of the period		**3,679,173**	2,946,100
Effects of exchange rate changes on cash and cash equivalents		**92,799**	8,853
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		**2,258,962**	2,387,835

The above Consolidated Statement of Cash Flows should be read in conjunction with the Notes to the Consolidated Financial Statements.

Notes to the Consolidated Financial Statements

HALF-YEAR ENDED 31 DECEMBER 2018

1. BASIS OF PREPARATION

(a) Reporting Entity

The financial report of Avenira Limited and its subsidiaries (collectively, Avenira or the Group) for the six months ended 31 December 2018 were authorised for issue in accordance with a resolution of the directors on 15 March 2019.

Avenira Limited (the Company) is a for profit company limited by shares, domiciled and incorporated in Australia, whose shares are publicly traded. The company's principal place of business is Suite 19, 100 Hay Street, Subiaco WA 6008.

The Group's principal activities are the exploration, development and production of valuable phosphate and other nutrient projects.

(b) Basis of preparation

The interim financial report for the half-year reporting period ended 31 December 2018 is a general purpose condensed financial report prepared in accordance with the *Corporations Act 2001* and AASB 134: Interim Financial Reporting.

The interim financial report does not include all 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 Avenira Limited and its controlled entities (Avenira or the Group) as the annual financial report. It is recommended that the interim financial report be read in conjunction with the annual report of the Group for the year ended 30 June 2018 and considered together with any public announcements made by Avenira during the half-year ended 31 December 2018 in accordance with the continuous disclosure obligations of the ASX listing rules.

The interim financial report has been prepared in accordance with the accounting policies adopted in the Group's last annual financial statements for the year ended 30 June 2018 and any new accounting policies outlined at 1(d).

(c) Going concern

At 31 December 2018, the Group had cash on hand of A$2,258,962 (30 June 2018: A$3,679,173). The Group made an operating loss before tax of $6,939,625 for the period ended 31 December 2018 (31 December 2017: loss of $504,414) and had a cash outflow from operating and investing activities of $4,252,343 (31 December 2017: $10,081,217).

In addition, the Group's cashflow forecast for the period ending 31 March 2020 which has been prepared based on cost estimates currently available to the Group reflects that the group will be required to raise additional working capital, during the 12-month period.

The ability of the Group to be able to continue as a going concern is thus dependent upon the Group being able to secure additional working capital as and when required, until the Baobab project materially achieves its operational and financial projections.

The Group is in the process of finalising a Feasibility Study (FS) for a 1Mtpa High-Grade Phosphate Rock Concentrate operation at its Gadde Bissik mine. Upcoming activities includes a value engineering study followed by a "bankable" feasibility study (BFS), approvals and financing. Furthermore, operational activities onsite have been cut back with cash flow forecasts reflecting no phosphate rock concentrate product sold.

The Directors are satisfied that additional working capital can be secured as required and that it is appropriate to prepare the financial statements on a going concern basis, based on the following:

The Group has developed a funding strategy that results in undertaking a staged funding process detailed as follows:

i. Pre-Project finance funding

The Group has entered into unsecured bridge loans with its three major shareholders Agrifos Partners LLC, Tablo Corporation, an affiliate of Groupe Mimran and Agrifields DMCC for a total amount of A$1.25 million (US$900,000) (Bridge Loans). The Bridge Loans have a 12-month maturity and accrue interest at 10%. Subject to shareholder approval and meeting certain conditions the Bridge Loans may be converted into fully paid ordinary shares of Avenira. The funds will be drawn down immediately.

The funds from the Bridge Loans will allow the Company sufficient runway to finalise and approve the FS, announce the key FS results and engage on that basis in further funding discussions with parties already identified as potential project financing partners.

The total required pre-project finance funding will be approximately A$11 million (US$8 million) to A$14 million (US$10 million), to be raised in two or more stages commencing in April 2019, and to that effect, the Group continues to have active discussions with a number of Private Equity funds focussed on mining and Africa as well as with other project

Notes to the Consolidated Financial Statements (cont.)

HALF-YEAR ENDED 31 DECEMBER 2018

1. BASIS OF PREPARATION (Cont…)

financing groups and with Avenira shareholders. These total pre-project finance funds will enable the Group to complete the value-engineering studies, complete the BFS, progress to a Final Investment Decision (FID) and to raise full Project Finance as well as repay the unconverted Bridge Loans. The pre-project finance discussions are expected to gain momentum following the release of the FS results, planned for Monday 18 March 2019.

ii. Project finance funding

The Group will be seeking full Project Finance funding following BFS completion and FID, targeted in the first half of 2020, via a combination of debt and equity supported by off-take agreements, to finance and implement the 1Mtpa High-Grade Phosphate Rock Concentrate project.

Private Equity funds, off-takers and other strategic investors (including the Company's existing shareholders) will be targeted to cornerstone the equity component. Discussions continue with a number of parties around the equity component. For the debt, the Company has had multiple meetings and discussions with local and international banks and development finance institutions. The Group has also held mining and other mobile equipment leasing discussions with a commercial bank and several major equipment suppliers. The Group has also identified potential off-take partners.

The total required full Project finance funding amount will include project capital expenditure as well as operational capability ramp-up costs and working capital. The FS estimated capital expenditure, before revision during the value-engineering study and confirmation during the BFS, will be detailed in the Feasibility Study announcement to be released to the market.

A key factor in Avenira's view that it has reasonable grounds to believe that its funding process will be successful is the strong support extended by the Company's existing and new shareholders and by the Company's major shareholders in particular, as evidenced by:

a. In October 2018 the Group successfully raised A$2.8 million via a Placement, including A$2 million from its major shareholders Agrifos Partners LLC, Tablo Corporation and Agrifields DMCC.
b. In November and December 2017, the Group successfully raised A$15 million via a A$13 million Entitlement Offer to existing shareholders, including A$11.8 million from its three major shareholders, and a A$2 million Placement to new shareholders.
c. In June 2017 the Group raised A$2.5 million via a Share Purchase Plan ("SPP") to existing shareholders, including A$1.9 million from its major shareholder Agrifields DMCC.
d. Major shareholders providing Bridge Loans in 2017 and in 2019.

The financial statements have been prepared on a going concern basis which contemplates continuity of normal business activities and realisation of assets and settlement of liabilities in the normal course of business. In the event the Group is unable to raise additional working capital, when required, there is significant uncertainty as to whether the Group will be able to meet its debts as and when they fall due and thus continue as a going concern. The financial statements do not include any adjustments relating to the recoverability and classification of the recorded asset amounts, nor to the amounts or classification of liabilities that might be necessary should the Group not be able to continue as a going concern.

(d) New standards, interpretations and amendments adopted by the Group

The accounting policies adopted in the preparation of the interim financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 30 June 2018, except for the adoption of new standards and interpretations effective as of 1 July 2018. Although these amendments apply for the first time in the 2018 financial year, they do not have a material impact on the interim financial statements of the Group.

The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The Group applied all new and amended Accounting Standards and Interpretations that were effective as at 1 July 2018, including:

AASB 9 *Financial Instruments* (AASB 9)

The Group has adopted AASB 9 as issued in July 2014 with the date of initial application being 1 July 2018. In accordance with the transitional provisions in AASB 9, comparative figures have not been restated. AASB 9 replaces AASB *39 Financial Instruments: Recognition and Measurement* ("AASB 39"), bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting. The accounting policies have been updated to reflect the application of AASB 9 for the period from 1 July 2018.

Measurement and classification
Under AASB 9, debt instruments are subsequently measured at fair value through profit or loss (**FVPL**), amortised cost, or fair value through other comprehensive income (**FVOCI**). The classification is based on two criteria: the Group's business

Notes to the Consolidated Financial Statements (cont.)

HALF-YEAR ENDED 31 DECEMBER 2018

1. BASIS OF PREPARATION (Cont...)

model for managing the assets; and whether the instruments' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding (the 'SPPI criterion'). The SPPI test is applied to the entire financial asset, even if it contains an embedded derivative. Consequently, a derivative embedded in a debt instrument is not accounted for separately.

At the date of initial application, existing financial assets and liabilities of the Group were assessed in terms of the requirements of AASB 9. The assessment was conducted on instruments that had not been derecognised as at 1 July 2018. In this regard, the Group has determined that the adoption of AASB 9 has impacted the classification of financial instruments at 1 July 2018 as follows:

Class of financial instrument presented in the statement of financial position	Original measurement category under AASB139 (prior to 1 July 2018)	New measurement category under AASB 9 (from 1 July 2018)
Cash and cash equivalents	Loans and receivables	Financial assets at amortised cost
Trade and other receivables	Loans and receivables	Financial assets at amortised cost
Investments in equity instruments	Available for sale assets	Fair value through other comprehensive income
Trade and other payables	Financial liability at amortised cost	Financial liabilities at amortised cost

The change in classification of financial instruments has not resulted in any re-measurement adjustments at 1 July 2018.

Impairment of financial assets
In relation to the financial assets carried at amortised cost, AASB 9 requires an expected credit loss model to be applied as opposed to an incurred credit loss model under AASB 39. The expected credit loss model requires the Group to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial asset. In particular, AASB 9 requires the Group to measure the loss allowance at an amount equal to lifetime expected credit loss ("ECL") if the credit risk on the instrument has increased significantly since initial recognition. On the other hand, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group is required to measure the loss allowance for that financial instrument at an amount equal to the ECL within the next 12 months.

As at 1 July 2018, the directors of the Company reviewed and assessed the Group's existing financial assets for impairment using reasonable and supportable information. The result of the assessment is as follows:

Items existing as at 1 July 2018 that are subject to the impairment provisions of AASB 9	Credit risk attributes	Cumulative additional loss allowance recognised on 1 July 2018 $'000:
Cash and cash equivalents and deposits	All bank balances are assessed to have low credit risk as they are held with a reputable financial institutions with a Moody's Credit Rating of AA3.	-
Receivables at amortised cost	The Group applied the simplified approach and concluded that the lifetime ECL for these assets would be negligible and therefore no additional loss allowance was required at 1 July 2018.	-
Investments in equity instruments	The investments in equity instruments have been assessed as having a low credit risk as the investments relate to reputable listed entities, and the Group has concluded any loss on the equity instruments would be negligible.	-

Hedge accounting
The Group has not applied hedge accounting.

AASB 15 *Revenue from Contracts with Customers* (AASB 15)

The Group has adopted AASB 15 as issued in May 2014 with the date of initial application being 1 July 2018. In accordance with the transitional provisions in AASB 15 the standard has been applied using the full retrospective approach.

AASB 15 supersedes AASB 18 *Revenue*, AASB 111 *Construction Contracts* and related Interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. The new standard establishes a five-step model to account for revenue arising from contracts with customers. Under AASB 15, revenue is

Notes to the Consolidated Financial Statements (cont.)

HALF-YEAR ENDED 31 DECEMBER 2018

1. BASIS OF PREPARATION (Cont...)

recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

At 1 July 2017 and at 1 July 2018 it was determined that the adoption of AASB 15 had no impact on the Group.

AASB 2016-5 Amendments to Australian Accounting Standards – Classification and Measurement of Share-based Payment Transactions

The Group has adopted AASB 2016-5 as issued in December 2016 with the date of initial application being 1 July 2018.

This standard amends AASB 2 Share-based Payment, clarifying how to account for certain types of share-based payment transactions. The amendments provide requirements on the accounting for:

- The effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments
- Share-based payment transactions with a net settlement feature for withholding tax obligations
- A modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled

At 1 July 2017 and at 1 July 2018 it was determined that the adoption of AASB 2016-5 had no impact on the Group as the Group had no share-based payment transactions with features described in the amendment.

AASB Interpretation 22 Foreign Currency Transactions and Advance Consideration

The Group has adopted Interpretation 22 as issued in December 2016 with the date of initial application being 1 July 2018.

The Interpretation clarifies that in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine a date of the transaction for each payment or receipt of advance consideration.

At 1 July 2017 and at 1 July 2018 it was determined that the adoption of Interpretation 22 had no impact on the Group.

Notes to the Consolidated Financial Statements (cont.)

HALF-YEAR ENDED 31 DECEMBER 2018

2. SEGMENT INFORMATION

The following tables present revenue and profit information for the Group's operating segments for the six months ended 31 December 2018 and 2017, respectively.

Six months ended 31 December 2018	Wonarah $	Baobab $	Unallocated – Other Segments $	Total Consolidated $
Revenue				
Other income	**19,520**	**-**	**21,713**	**41,233**
Total segment revenue	**19,520**	**-**	**21,713**	**41,233**
Segment net loss	**(25,950)**	**(6,363,667)** [1]	**529,838**	**(5,859,779)**

[1]Includes mine development impairment expense of $4,319,383

Six months ended 31 December 2017				
Revenue				
Other income	18,265	-	5,315	23,580
Total segment revenue	18,265	-	5,315	23,580
Segment net loss	(81,610)	1,217,042 [2]	(1,477,846)	(342,414)

[2] Includes mine development impairment expense of $540,000 and reversal of bad debt provision of $3,393,933.

The following table presents assets and liabilities information for the Group's operating segments as at 31 December 2018 and 30 June 2018, respectively.

	Wonarah	Baobab	Unallocated – Other Segments	Total Consolidated
Assets				
31 December 2018	**7,483,750**	**59,063,651**	**2,511,140**	**69,058,541**
30 June 2018	7,491,766	60,698,283	3,843,513	72,033,562
Liabilities				
31 December 2018	**1,289,937**	**12,781,080**	**738,617**	**14,809,634**
30 June 2018	1,289,864	13,716,137	888,362	15,894,363

3. TRADE AND OTHER RECEIVABLES

	31 December 2018 $	30 June 2018 $
Trade Receivables	**215,421**	45,605
Government taxes receivable (i)	**1,167,473**	922,509
Provision for impairment (i)	**(361,563)**	(292,687)
Prepayments	**85,220**	126,414
Sundry receivables	**21,549**	99,811
Sundry deposits	**64,548**	67,642
	1,192,648	969,294

(i) Government taxes relate to VAT receivable in Senegal of $1,138,266 and GST receivable in Australia of $29,207. Based on historical VAT recovery outcomes the Company has determined that 30% of the outstanding VAT receivable still subject to approval in Senegal should be provided for resulting in an impairment of $361,563.

Notes to the Consolidated Financial Statements (cont.)

HALF-YEAR ENDED 31 DECEMBER 2018

4. INVENTORIES

	31 December 2018 $	30 June 2018 $
Inventories valued at net realisable value	**1,316,368**	2,214,758
Inventories valued at cost	**48,907**	71,358
	1,365,275	2,286,116

At 31 December 2018 Ore inventory cost was $3,368,783 while the inventory net realisable value was $1,316,368. The total difference has been transferred to capitalised mine development expenditure pending the commencement of commercial production.

5. NON-CURRENT ASSETS – PLANT AND EQUIPMENT

	31 December 2018 $	30 June 2018 $
Cost	**2,232,555**	2,162,344
Accumulated depreciation	**(1,019,200)**	(827,542)
Net carrying amount	**1,213,355**	1,334,802
Movements in carrying amounts		
Opening net carrying amount	**1,334,802**	1,339,077
Additions	**11,893**	249,353
Disposals	**-**	-
Depreciation	**(167,258)**	(327,447)
Foreign currency exchange differences	**33,918**	73,819
Closing net carrying amount	**1,213,355**	1,334,802

6. NON-CURRENT ASSETS – CAPITALISED EXPLORATION AND EVALUATION EXPENDITURE

	31 December 2018 $	30 June 2018 $
Reconciliation of movements of exploration and evaluation costs in respect of areas of interest		
Opening net carrying amount	**10,018,672**	8,722,989
Capitalised exploration and evaluation costs	**364,766**	1,235,032
Impairment of exploration and evaluation expenditure	**(25,640)**	(109,630)
Foreign currency exchange differences	**110,606**	170,281
Closing net carrying amount	**10,468,404**	10,018,672

The Group assesses impairment at each reporting date by evaluating conditions specific to the Group that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined.

A valuation review conducted by Optiro in December 2018 revealed that the fair market value of the Wonarah Project lies within a range of $6,100,000 and $10,700,000, based on a range of resource multiples derived from recent transactions and enterprise values of market participants with defined phosphate mineral resources (level 3 in the fair value hierarchy).

Considering that no exploration expenditure, other than rental and incidental land costs, has been budgeted for the financial period since 30 June 2018 and that there has been a delay in the commercialisation of the IHP technology, the directors consider that the low end of the independent expert's range is most representative of the fair value less costs of disposal of the Wonarah Project, consistent with the position taken by the Group at 30 June 2018.

As a result, during the reporting period an amount of $25,640 (30 June 2018: $109,630) was impaired and recognised in the Statement of Profit or Loss and Other Comprehensive Income. The recoverable amount is calculated as $5,978,000 after allowing for estimated costs of disposal.

Impairment of the Baobab Phosphate Project capitalised exploration expenditure has been assessed as part of the impairment assessment of the Baobab CGU, refer to Note 7 for further details.

There was no impairment of the Baobab Phosphate Project capitalised exploration expenditure at 31 December 2018. Any impairment recognised that relates to the Baobab Phosphate Project CGU was allocated to mine development.

The ultimate recoupment of costs carried forward for exploration and evaluation is dependent on the successful development and commercial exploitation or sale of the respective mining areas.

Notes to the Consolidated Financial Statements (cont.)

HALF-YEAR ENDED 31 DECEMBER 2018

7. NON-CURRENT ASSETS – CAPITALISED MINE DEVELOPMENT EXPENDITURE

	31 December 2018 $	30 June 2018 $
Reconciliation of movements during the period		
Opening net carrying amount	**51,407,026**	47,579,578
Capitalised mine development	**1,416,615**	6,310,401
Capitalised interest	**272,950**	618,736
Capitalised provision for rehabilitation	**-**	(22,755)
Impairment of mine development expenditure	**(4,319,383)**	(5,863,171)
Foreign currency transaction movement	**1,460,551**	2,784,237
Closing net carrying amount	**50,237,759**	51,407,026

The capitalised mine development represents the costs incurred in preparing the mine for production and includes plant and equipment under construction, stripping and waste removal costs incurred before commercial production commences at the Baobab Phosphate Project. These costs are capitalised to the extent that they are expected to be recouped through the successful exploitation of the related mining leases.

Development expenditure assets are assessed for impairment if an impairment trigger is identified. For the purposes of impairment testing capitalised mine development assets are allocated to the cash generating unit ("CGU") to which the development activity relates.

In considering the asset for impairment, the Group needs to determine the recoverable amount of each cash generating unit. Prior to any impairment losses, the Baobab CGU for impairment testing purposes, totals $57,629,537 at 31 December 2018 (30 June 2018: $58,812,506).

The Group conducted an impairment test in relation to the Baobab CGU at 30 June 2018, on the basis of fair value less costs of disposal (level 3 in the fair value hierarchy). The recoverable amount of the CGU was determined by an independent valuer, Optiro. The valuation review conducted by Optiro in June 2018 revealed that the fair market value of the Baobab Phosphate Project lies within a range of $35,800,000 and $78,900,000, with a preferred value of $55,500,000. The Optiro valuation was based on a range of resource multiples derived from recent transactions and enterprise values of market participants with defined phosphate mineral resources. The directors considered that the independent expert's preferred value of $55,500,000 was most representative of the fair value of the Baobab Phosphate Project, therefore at 30 June 2018, the recoverable amount was calculated as $54,390,000 after allowing for estimated costs of disposal.

An updated valuation was conducted by Optiro at 31 December 2018 on the same basis as at 30 June 2018. The valuation review revealed that the fair market value of the Baobab Phosphate Project remained unchanged and lies within a range of $35,800,000 and $78,900,000 with a preferred value of $55,500,000. The directors considered that the independent expert's preferred value of $55,500,000 was most representative of the fair value of the Baobab Phosphate Project, therefore at 31 December 2018, the recoverable amount was calculated as $54,390,000 after allowing for estimated costs of disposal.

As a result, during the period an amount of $4,319,383 (30 June 2018: $5,863,171) was impaired and recognised in the Statement of Profit or Loss and Other Comprehensive Income. The 31 December 2018 impairment loss was allocated to the capitalised mine development expenditure.

The Group has determined at 31 December 2018 the Baobab Phosphate Project remains in the development/construction phase.

Notes to the Consolidated Financial Statements (cont.)

HALF-YEAR ENDED 31 DECEMBER 2018

8. NON-CURRENT ASSETS – INTANGIBLES

	31 December 2018 $	30 June 2018 $
Intangibles		
Licence rights at cost	**183,279**	175,191
Accumulated amortisation and impairment losses	**(47,128)**	(33,509)
Net carrying amount	**136,151**	141,682
Movements in carrying amounts		
Opening net carrying amount	**141,682**	84,152
Additions	**5,208**	80,425
Amortisation	**(12,998)**	(23,578)
Foreign exchange revaluation	**2,259**	683
Closing net carrying amount at year end	**136,151**	141,682

9. OTHER ASSETS

During the 2018 financial year the Company entered into a lease agreement with Senegal Minergy Port to secure a parcel of land in the Industrial Free Zone of this new bulk solids and liquids port development east of Dakar, from which exports will be shipped in the future. An upfront payment of $716,155 (XOF290 million) was required under the agreement. This amount will be amortised on a pro rata basis over the term of the lease, being 25 years. As a result, during the period an amount of $14,081 (30 June 2018: $13,307) was amortised and recognised in the Statement of Profit or Loss and Other Comprehensive Income.

10. LOANS AND BORROWINGS

Current	Interest rate %	31 December 2018 $	30 June 2018 $
Finance facility – secured (i)	**6.75**	**1,623,803**	804,442
Total current loans and borrowings		**1,623,803**	804,442

Non-current	Interest rate %	31 December 2018 $	30 June 2018 $
Finance facility – secured (i)	**6.75**	**3,662,869**	4,368,066
Other loan – unsecured (ii)	**6.75**	**3,018,388**	2,847,084
Total non-current loans and borrowings		**6,681,257**	7,215,150

(i) Gadde Bissik Phosphate Operations Suarl ("GBO"), Avenira's 80%-owned subsidiary, successfully secured a XOF 4 billion (A$9.9 million equivalent) finance facility through CBAO Groupe Attijariwafa Bank to assist with the final stages of commissioning and ramp-up of the Baobab Phosphate Project. The facility consists of a working capital facility of XOF 2 billion (A$4.9 million equivalent) and access to an additional XOF 2 billion (A$4.9 million equivalent) for the financing of export receivables, which is not available at the date of this report.

The key terms of the working capital facility are:

- Amount: XOF 2 billion (A$4.9 million);
- Interest rate: 6.75%;
- Term: 5 years;
- Repayment Terms: No principal or interest repayments for 12 months, followed by 48 equal principal and interest payments; and
- Standard security arrangements over all GBO assets.

The working capital facility of XOF 2 billion (A$4.4 million equivalent) was fully drawn down on 31 December 2016. In March 2018 an agreement was finalised with CBAO to extend the deferral of the principal repayments of the existing working capital facility by a further 12 months to December 2018. All other terms and conditions remain.

(ii) In March 2017 Mimran Group (Mimran), the 20% shareholder in BMCC, contributed its pro rata share of loan funds of XOF 1.1 billion (A$2.7 million equivalent, and A$0.3 million in capitalised interest at 31 December 2018) to BMCC through a loan from its related party Mimran Natural Resources.

The loan has no set date of repayment. BMCC shall only be required to repay the loan to Mimran with the approval of all BMCC shareholders and BMCC, with repayment terms agreed by all BMCC shareholders and BMCC. As neither Mimran or Avenira can demand repayment, the repayment of the loan can be deferred. Repayment is dependent on BMCC generating sufficient free cash flows to repay the loan.

The loan is limited in recourse to the assets of BMCC. Loan repayments by BMCC will be paid on a pro rata basis against the outstanding balances, i.e. 80% to Avenira and 20% to Mimran.

Notes to the Consolidated Financial Statements (cont.)

HALF-YEAR ENDED 31 DECEMBER 2018

11. ISSUED CAPITAL

	Notes	31 December 2018 Number of shares	31 December 2018 $	30 June 2018 Number of shares	30 June 2018 $
(a) Share capital					
Ordinary shares fully paid		**1,057,928,242**	**142,270,348**	915,903,243	139,480,390
Total share capital		**1,057,928,242**	**142,270,348**	915,903,243	139,480,390
(b) Movements in ordinary share capital					
Beginning of the financial period		**915,903,243**	**139,480,390**	579,100,867	125,037,889
Transactions during the period:					
– Issue of shares		**40,000,000**	**800,000**	-	-
– Issue of shares		**99,999,999**	**2,000,000**	-	-
– Issue of shares		**2,025,000**	**50,625**	-	-
– Issue of shares		**-**	**-**	22,512,506	-
– Issue of shares		**-**	**-**	270,833,345	13,000,001
– Issue of shares		**-**	**-**	377,358	20,000
– Issue of shares		**-**	**-**	41,666,667	2,000,000
– Issue of shares		**-**	**-**	1,412,500	-
Less: transaction costs		**-**	**(60,667)**	-	(577,500)
End of the financial period		**1,057,928,242**	**142,270,348**	915,903,243	139,480,390

	Number of options 31 December 2018	Number of options 30 June 2018
(c) Movements in unlisted options on issue		
Beginning of the financial period	**80,000,000**	88,075,000
Expired/cancelled during the period		
– 10 cents, 30 June 2018	**-**	(2,075,000)
– 15 cents, 30 June 2018	**-**	(3,000,000)
– 25 cents, 30 June 2018	**-**	(3,000,000)
End of the financial period	**80,000,000**	80,000,000

	Number of share rights 31 December 2018	Number of share rights 30 June 2018
(d) Movements in share rights		
Beginning of the financial period	**5,000,000**	2,512,500
Issued during the period:		
– Issued performance rights, expiring 30 June 2022	**-**	5,000,000
Exercised during the period:		
– Tranche 3 performance rights vested on 21 September 2017	**-**	(1,412,500)
Lapsed during the period:		
– Tranche 3 performance rights lapsed on 10 December 2017	**-**	(1,100,000)
End of the financial period	**5,000,000**	5,000,000

12. COMMITMENTS AND CONTINGENCIES

Since 30 June 2018 the Directors are not aware of any other matter or circumstance that has significantly or may significantly affect the commitments and contingencies disclosed in the 30 June 2018 annual report.

Notes to the Consolidated Financial Statements (cont.)

HALF-YEAR ENDED 31 DECEMBER 2018

13. EVENTS AFTER THE REPORTING PERIOD

On 15 March 2019 the Company entered into Bridge Loans with its three major shareholders Agrifos Partners LLC, Tablo Corporation and Agrifields DMCC (each a 'Lender').

The combined funding amount made available to Avenira by these three Bridge Loans is A$1.25M (US$0.9M), with the funds to be drawn down immediately.

The Bridge Loans have a 12-month maturity and accrue interest at 10%. Subject to Avenira obtaining shareholder approval, each Bridge Loan may be converted into fully-paid ordinary shares of Avenira (Shares) (a) at any time at the Lender's election at the 15 trading days volume weighted average ASX Share price ('15-day VWAP'), subject to a $0.008 floor and a $0.024 ceiling, or (b) at any time at Avenira's election with prior Lender's consent, or under certain conditions at Avenira's request during the final month before the Bridge Loan maturity date, at the 15-day VWAP, subject to a $0.001 floor and $0.024 ceiling.

Other than stated above, since 31 December 2018 the Directors are not aware of any other matter or circumstance not otherwise dealt with in this report, that has significantly or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent periods

14. DIVIDENDS

No dividends were paid or declared during the six months ended 31 December 2018. No recommendation for payment of dividends has been made.

Notes to the Consolidated Financial Statements (cont.)

HALF-YEAR ENDED 31 DECEMBER 2018

DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Avenira Limited, I state that:

In the opinion of the directors:

a) the financial statements and notes of Avenira Limited for the half-year ended 31 December 2018 are in accordance with the *Corporations Act 2001*, including:

   i. complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*; and

   ii. 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;

b) subject to the matters set out in Note 1(c), there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the board.

Louis Calvarin
CEO

Perth, 17 March 2019

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Independent auditor's review report to the Members of Avenira Limited

Report on the half-year financial report

Conclusion

We have reviewed the accompanying half-year financial report of Avenira Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 31 December 2018, 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, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half-year financial report of the Group is not in accordance with the Corporations Act 2001, including:

a) giving a true and fair view of the consolidated financial position of the Group as at 31 December 2018 and of its consolidated financial 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.

Emphasis of matter – material uncertainty related to going concern

We draw attention to Note 1(c) of the financial report, which describes the principal conditions that raise doubt about the Group's ability to continue as a going concern. These events or conditions indicate 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.

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 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, anything has come to our attention that causes us to 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 Group's consolidated financial position as at 31 December 2018 and its consolidated financial 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 Group, 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.

Ernst & Young

Ernst & Young

Gavin Buckingham

Gavin Buckingham
Partner
Perth
17 March 2019