RAVEN ENERGY LIMITED

Raven Energy Limited
ACN 107 708 305

Interim Financial Report

For the half year ended 31 December 2017

Corporate Directory

ACN 107 708 305

Directors

Mr Nathan Featherby Executive Chairman
Mr David Scoggin Non-Executive Director
Mr Nicholas Halliday Non-Executive Director

Company Secretary

Mr Kar Chua

Registered Office

Level 11, 52 Phillip Street
Sydney NSW 2000
Tel: +61 2 8316 3994
Fax:+61 2 8316 3999

Principal Place of Business

Level 11, 52 Phillip Street
Sydney NSW 2000
Tel: +61 2 8316 3994
Fax:+61 2 8316 3999

Auditors

Crowe Horwath Sydney
Level 15, 1 O'Connell Street
Sydney NSW 2000
Tel: +61 2 9262 2155

Share Register

Boardroom Pty Limited
Level 12, 225 George Street
Sydney NSW 2000
Tel: +61 2 9290 9600
Fax:+61 2 9279 0664

Website

www.magnumgpl.com

Securities Exchange Listing

Raven Energy Limited shares are listed on:
Australian Securities Exchange (ASX: MPE)
Botswana Stock Exchange (BSE: MAGNUM)

Corporate Directory

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DIRECTORS' REPORT

The directors of Raven Energy Limited ("the Company" or "Raven") submit herewith the financial report of Raven Energy Limited and its subsidiaries ("the Group") for the half-year ended 31 December 2017.

The names of the directors of the Company during or since the end of the half-year are:

Mr Nathan Featherby	Executive Chairman
Mr David Scoggin	Non-executive Director
Mr Nicholas Halliday	Non-executive Director
Mr Saxon Ball	Non-executive Director (resigned 30 November 2017)

Overview of Operations

Raven Energy Limited is an Australian-based energy and gas resources exploration and development company, working to develop gas exploration and production projects. The Company is currently focused on its investment in the Tulainyo Gas Project in California, which is the subject of the Company's shareholding in Gasfields LLC.

The Company's goal is to foster and develop shareholder value through expanding and developing its energy and gas interests both in Australia and internationally. Throughout the half year, the Company focussed on this goal, continuing to source and evaluate acquisition opportunities to add to the Company's portfolio of energy and exploration assets.

Tulainyo Gas Project:

On 5 June 2017, the Company announced that it had signed an agreement to invest in the Tulainyo Gas Discovery in the Sacramento Basin in California, United States of America.

The Company signed an agreement with Gas Fields LLC (**Gas Fields**), Bombora Natural Energy Pty Ltd (a subsidiary of Pancontinental Oil & Gas NL) (**Bombora**), and United Energy Royalties Pty Ltd, pursuant to which the Company has the opportunity to earn up to a 60% economic interest in Gasfields. Bombora will retain the remaining 40% economic interest. Gas Fields has the rights to farm-in to the Tulainyo Gas Discovery (**Tulainyo Project**) (*Refer to Figure 1*), to earn up to 33.33% of that project.

Gas Fields is a limited liability company incorporated in the United States of America. Gas Fields has a farm-in agreement with Cirque Resources LP and California Resources Production Corporation, the project operator and a subsidiary of a substantial, New York Stock Exchange listed oil and gas production company. According to the Tulainyo Farm-in Agreement, Gas Fields has the right to earn and acquire, subject to it meeting certain funding requirements, the following farm-in interests in the Tulainyo Project, in three separate stages, as follows:

a) (**Initial Well Farm-in Interest**): a 10% interest in gas reservoirs in the south block of the Tulainyo Project penetrated by an initial well which has now been drilled and is currently undergoing flow testing;

b) (**Second Well Farm-in Interest**): a 33.33% interest in gas reservoirs in the south block of the Tulainyo Project penetrated by the initial and second wells to be drilled; and

c) (**North Block Well Farm-in Interest**): a 33.33% interest in gas reservoirs in the north block of the Tulainyo Project penetrated by a well to be drilled in the north block.

DIRECTORS' REPORT

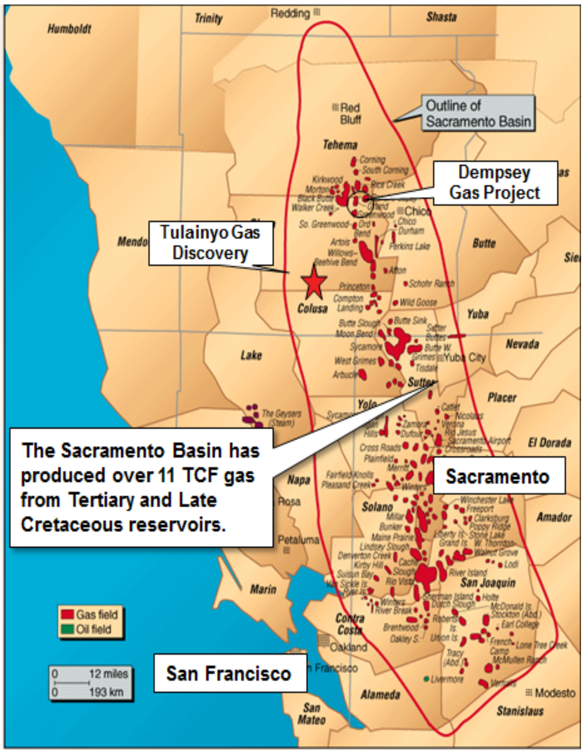

Figure 1 Location of the Tulainyo Gas Discovery

The terms of Raven's investment in Gas Fields require Raven to, by assisting Gas Fields to satisfy its funding obligations under the Tulainyo Farm-in Agreement, subscribe for a 60% shareholding in Gas Fields in return for the acquisition of:

a) a 60% economic interest in the Initial Well Farm-in Interest; and

b) the right to earn a further 60% economic interest in the Second Well Farm-in Interest and the North Block Well Farm-in Interest.

During the half-year period, the Ensign Rig 587 was mobilised to the drill site and in November, drilling of the Tulainyo 2-7 gas appraisal well commenced by the operator, and was completed in December, with drilling progressing to the planned total depth of 5,710 feet (1,737 metres).

Multiple, potential sandstone gas reservoirs were indicated based on interpretation of drill cuttings, gas shows and wireline log data. Gas Fields considers that the sands penetrated are as a good as expected pre drill. The Tulainyo Project operator ran seven inch production casing to protect the indicated gas zones for later testing.

A flow testing program has commenced with results expected by the end of March 2018

DIRECTORS' REPORT

Strata-X Farm-In Agreement and Divestment of Botswana Assets:

In December 2016, the Company entered a farm-in agreement with Strata-X Energy Limited (ASX:SXA)(**SXA**) via which SXA would have the opportunity to earn up to a 75% interest in the Company's Serowe CBM projects, namely prospecting licenses 352/2008 and 353/2008 (**Serowe Project**) (*Refer to Figure 2*).

The farm-in was to take place in three stages, over a period of three years, however, since the end of the half-year, the Company announced that it had entered and completed an agreement to sell its interest in the Serowe Project to SXA and its wholly owned subsidiaries, Strata-X Australia Pty Ltd and Sharpay Enterprises Pty Ltd.

The Company retains its interest in the Northern Botswana licences, as set out in the table below.

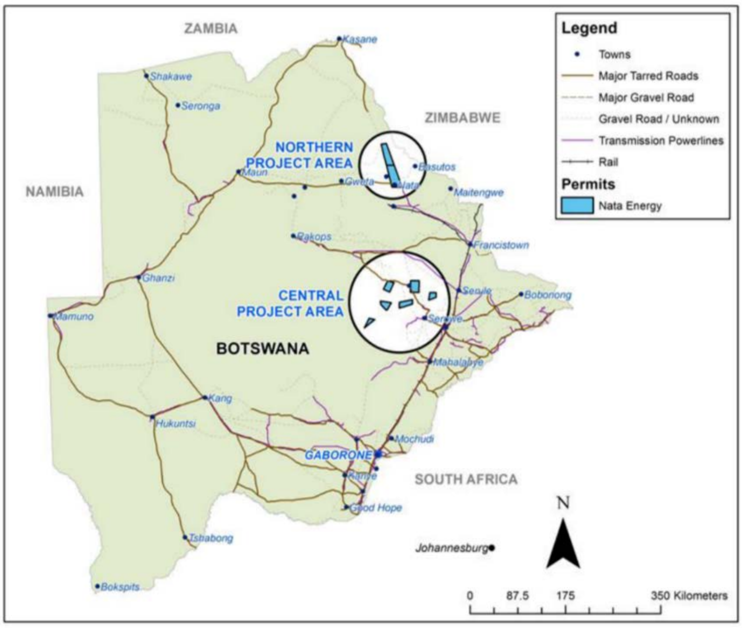

Figure 2: Botswana permits

Exploration Permits during the half-year

Prospecting Licence		Botswana Project Area	Size (km²)	Raven Interest
1	352/2008[1]	Central CBM Project	694	25%[1]
2	353/2008[1]	Central CBM Project	511	25%[1]
3	644/2009	Northern CBM Project	479	100%
4	645/2009	Northern CBM Project	653	100%

1. During the half-year, these permits were subject to a farm-in agreement with Strata-X Energy Limited. Since the end of the half-year, the Company's interest in these permits has been sold to Strata-X Energy Limited.

DIRECTORS' REPORT

Corporate

Capital Raising

As announced on 24 July 2017, the Company announced that it had executed an agreement to conduct a placement to raise A$4.0 million (before costs) (**July Placement**). The July Placement was underwritten by DJ Carmichael Pty Ltd to the value of A$2.75 million with firm commitments for a further A$1.25 million. The issue of shares under the July Placement was approved at the Company's general meeting held on 31 July 2017.

The A$4.0 million raised under the Placement was used for the purposes of meeting the Company's initial commitments for its investment in Gasfields, which related to the Gas Fields farm in to the Tulainyo Project in the Sacramento Basin in California.

On 28 September 2017, the Company announced that it had conducted a strategic placement to sophisticated and professional investors (**Strategic Placement**). 371,000,000 shares and 371,000,000 attaching options (quoted, exercisable at $0.003 and expiring 31 October 2020) were issued to sophisticated and professional investors on 24 October 2017 at $0.0015 per share, using the Company's capacity under ASX Listing Rules 7.1 and 7.1A. The funds raised under the Strategic Placement will be used for working capital purposes. The shares issued under the Strategic Placement will be issued under the Company's capacity under ASX Listing Rule 7.1A and the options will be issued under ASX Listing Rule 7.1.

The Company conducted two further placements to sophisticated and professional investors in September and November of 2017, raising A$956,500 in total via the issue of shares and attaching options.

Change of Name

Following approval at the Company's 2017 Annual General Meeting on 30 November 2017, the Company changed its name from Magnum Gas & Power Limited, to Raven Energy Limited.

Subsequent Events

Following the end of the financial year, the following events have taken place in respect of the Company:

Divestment of Botswana Assets

In January 2018, the Company announced that following receipt of an offer for the sale of the Company's interest in the Serowe Region Licences (prospecting licences 352/2008 and 353/2008), it had received notice that Strata-X Energy limited had elected to exercise its rights of pre-emption under the Farm-in Agreement applying to those licences.

The Company agreed to sell its 25% effective interest in the Serowe Region Licences for the following consideration:

- a deposit of A$25,000;
- A$125,000 in cash payable on completion of the share sale agreement (**Completion**);

DIRECTORS' REPORT

- A$200,000, payable within 60 days of Completion; and
- A$200,000, payable within 135 days of Completion.

Additionally, it was agreed that the Company would be granted a 3.5% overriding royalty interest over the Serowe Region Licences net to the Company's 25% interest.

The sale of the Serowe Region Licences was completed on 6 March 2018.

Update on Tulainyo Project

As announced to the market on 22 February 2018, the Tulainyo 2-7 well was drilled to the planned total depth of 5,710 feet (1,740 metres). This represented a significant engineering achievement by the Tulainyo Joint Venture, due to the challenging over–pressured geological conditions within the very large anticlinal structure. Post well analysis indicates multiple stacked sandstone units, varying as expected in thickness and quality, that are all gas saturated.

A two-stage test program will now be carried out with perforations into the selected reservoir intervals using Tubing Conveyed Perforating Equipment or TCPs. Testing will commence across a zone lower in the well with perforations across at least three separate sands with varying, interpreted reservoir quality. Once sufficient data has been captured from the first test, a removable bridge plug will be set to isolate the lower test zone and a second test will be conducted over a shallower, thicker sand package.

Overall the flow testing program is expected to take approximately one month to complete. Further information will be released to the market once there is clarity of the test results.

Convertible Note Issue

On 19 February 2018, the Company announced that it had undertaken to issue convertible notes to raise up to A$2.2 million convertible notes will be issued to institutional and sophisticated investors on the following terms (**Convertible Notes**):

- Conversion price: $0.00176 per share.
- One free attaching option ($0.003 exercise price, expiry 31 October 2020) for every two Convertible Note issued.
- Interest rate of 10% per annum, payable semi-annually via the issue of shares at the 5 trading day volume weighted average price prior to issue.
- Maturity: 12 months from the date of issue.
- Any conversion of the Convertible Notes will be subject to Raven shareholders first providing approval to the issue of shares.

The funds raised following the issue of the Convertible Notes (intended to be this week) will be used for further works at the Tulainyo Gas Project in the Sacramento Basin in California, where flow testing of the Tulainyo 2-7 gas appraisal well is expected to commence in the near term. Remaining funds are proposed to be used for further identification and evaluation of energy and resources related acquisitions and for working capital purposes.

As announced to the market on 26 February 2018, the Company received valid applications for gross proceeds of A$2.0 million in Convertible Notes.

DIRECTORS' REPORT

Executive Chairman, Nathan Featherby has agreed to seek shareholder approval to allow him (or his nominee) to subscribe for A$500,000 in the Convertible Notes.

The Company also expects to be in a position to confirm a further A$200,000 in Convertible Note applications by 2 March 2018, taking the total proceeds to A$2,200,000.

Consolidation of Capital

As announced to the market on 19 February 2018, the Company intends to seek shareholder approval to undertake a consolidation of capital (**Consolidation**) on the basis of 1 share for every 16 shares held on the record date.

Corporate Strategy

The Board of the Company has undertaken to initiate a review into potential M&A and technical management appointments within the oil and gas sector. Such review will be undertaken by a range of consultants and contractors who specialise in the natural resources sector globally, with a particular focus on the USA and Australia.

The Company has actively pursued a position as one of the leading natural gas focused explorers listed on the ASX. The Company will continue to pursue opportunities which it believes will add significant shareholder value; having already raised over A$8 million since October 2016 and grown the market capitalisation of the Company to more than A$20 million in that time, on the back of its conventional gas strategy in the Sacramento Basin in California, USA.

The Company remains particularly interested in the Australian gas market and continues to consider opportunities across the Offshore Otway and Gippsland Basins. Since June 2017, the Company has engaged in numerous commercial discussions with respect to potential entry into the South East Australian gas market. A number of these discussions continue to progress. The Company will make an announcement to the market regarding any such discussions should they reach the point of terms being agreed

Further to this strategy, the Company will continue to evaluate and take advantage of short-term opportunities within the natural resources sector. In the first half of the 2018 financial year, the Company was able to generate short term profit from a small investment in an emerging battery-thematic cobalt company which is listed on the ASX and in the recent quarter, increased its shareholding in an energy focussed royalty company which is listed on the ASX.

DIRECTORS' REPORT

Auditor's Independence Declaration

The auditor's independence declaration is included on the following page of the half-year report
On behalf of the Directors

Signed in accordance with a resolution of directors made pursuant to s.306(3) of the Corporations Act 2001.

On behalf of the Directors

Mr Nathan Featherby
Executive Chairman

15 March 2018

Crowe Horwath Sydney
ABN 97 895 683 573
Member Crowe Horwath International

Audit and Assurance Services

Level 15 1 O'Connell Street
Sydney NSW 2000
Australia

Tel +61 2 9262 2155
Fax +61 2 9262 2190
www.crowehorwath.com.au

The Board of Directors
Raven Energy Limited
Level 11
52 Phillips Street
Sydney NSW 2000

Dear Board Members

Raven Energy Limited

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the Directors of Raven Energy Limited.

As lead audit partner for the review of the consolidated financial statements of Raven Energy Limited for the period ended 31 December 2017, I declare that to the best of my knowledge and belief, that there have been no contraventions of:

(i) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
(ii) any applicable code of professional conduct in relation to the review.

Yours sincerely

Crowe Horwath Sydney

CROWE HORWATH SYDNEY

L Russell

LEAH RUSSELL
Senior Partner

Dated this 15th day of March 2018

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE HALF YEAR ENDED 31 DECEMBER 2017

	Note	Consolidated	
		Half-year ended 31-Dec-17 $	**Half-year ended 31-Dec-16 $**
Interest revenue		21,914	1,564
Gains on sales of assets		113,292	-
Accounting fees		(30,000)	(58,035)
Administration expenses		(155,739)	(104,571)
Audit fees		(15,210)	(20,705)
Consulting fees		(480,514)	(379,091)
Directors fees		(102,000)	(198,009)
Insurances		(12,501)	(40,029)
Interest expense		(7,527)	(92)
Impairment of financial assets		(36,991)	-
Impairment of exploration assets	3, 5	(3,414,592)	(79,466)
Marketing expenses		(228,590)	-
Travel expenses		(161,700)	(109,906)
Loss before income tax expense		**(4,510,159)**	**(988,340)**
Income tax expense		-	-
Net loss for the period		**(4,510,159)**	**(988,340)**
Other comprehensive income			
Item that may be subsequently classified to profit and loss:			
Exchange differences on translation of foreign operations		118,790	155,302
Total other comprehensive (loss) / income for the period		118,790	155,302
Total comprehensive loss for the period		**(4,391,369)**	**(833,038)**

	Cents per share	**Cents per share**
Loss per share		
Basic loss per share	(0.001)	(0.065)
Diluted loss per share	(0.001)	(0.065)

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION FOR THE HALF YEAR ENDED 31 DECEMBER 2017

	Note	Consolidated	
		31-Dec-17	30-Jun-17
		$	$
Current assets			
Cash and cash equivalents		53,893	60,814
Receivables	4	195,025	789,140
Financial assets - held for sales		209,761	313,636
Prepayments		684,500	732,501
Total current assets		**1,143,179**	**1,896,092**
Non-current assets			
Exploration and evaluation assets	5	5,765,931	4,298,662
Total non-current assets		**5,765,931**	**4,298,662**
Total assets		**6,909,110**	**6,194,754**
Current liabilities			
Payables		789,866	655,383
Borrowings	6	32,909	41,173
Total current liabilities		**822,775**	**696,556**
Total liabilities		**822,775**	**696,556**
Net assets		**6,086,335**	**5,498,198**
Equity			
Issued capital	7	40,550,910	35,571,405
Reserves		375,444	256,654
Accumulated losses		(34,840,019)	(30,329,861)
Total equity		**6,086,335**	**5,498,198**

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF YEAR ENDED 31 DECEMBER 2017

	Consolidated			
	Share capital	**Accumulated losses**	**Foreign Currency Translation Reserve**	**Total**
	$	**$**	**$**	**$**
Balance at 1 July 2016	31,000,999	(27,959,024)	(132,109)	2,909,866
Comprehensive income for period				
Loss for the period	-	(988,340)	-	(988,340)
Translation of foreign subsidiaries	-	-	155,302	155,302
Total comprehensive loss for the period	-	(988,340)	155,302	(833,038)
Transactions with owners, in their capacity as owners				
Share issue (net of costs)	2,676,886	-	-	2,676,886
Total transactions with owners, in their capacity as owners	2,676,886	-	-	2,676,886
Balance at 31 December 2016	**33,677,885**	**(28,947,364)**	**23,193**	**4,753,714**
Balance at 1 July 2017	35,571,405	(30,329,861)	256,654	5,498,198
Comprehensive income for period				
Loss for the period	-	(4,510,159)	-	(4,510,159)
Translation of foreign subsidiaries	-	-	118,790	118,790
Total comprehensive loss for the period	-	(4,510,159)	118,790	(4,391,369)
Transactions with owners, in their capacity as owners				
Share issue (net of costs)	4,979,505	-	-	4,979,505
Total transactions with owners, in their capacity as owners	4,979,505	-	-	4,979,505
Balance at 31 December 2017	**40,550,910**	**(34,840,02)**	**375,444**	**6,086,334**

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR HALF YEAR ENDED 31 DECEMBER 2017

	Consolidated	
	Half-year ended 31-Dec-17 $	Half-year ended 31-Dec-16 $
Cash flows from operating activities		
Payments to suppliers and employees	(887,782)	(839,011)
Interest received	21,914	1,564
Interest expenses	-	(89)
Net cash used in operating activities	**(865,869)**	**(837,536)**
Cash flows from investing activities		
Proceeds from sale of property, plant and equipment	-	-
Purchase of equity instruments	(386,751)	(100,000)
Exploration expenditure	(4,031,918)	(54,515)
Proceeds from sales of equity instruments	566,928	-
Net cash used in investing activities	**(3,851,742)**	**(154,515)**
Cash flows from financing activities		
Proceeds from share issue	5,170,574	2,589,488
Proceeds from exercise options	50,000	
Payments for share issue costs	(512,502)	(520,226)
Loans to related parties	2,615	(391,293)
Loans to non-related parties	-	-
Money received in advance for equity raise	-	432,245
Net cash provided by financing activities	**4,710,687**	**2,110,214**
(Decrease) / increase in cash and cash equivalents	**(6,923)**	**1,118,163**
Effects of exchange rate changes on balance sheet held in foreign currencies	-	(60,582)
Cash and cash equivalents at the beginning of the period	60,814	4,216
Cash and cash equivalents at the end of the period	**53,891**	**1,061,797**

The accompanying notes form part of these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2017

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES

These interim consolidated financial statements are general purpose financial statements prepared in accordance with the requirements of the Corporations Act 2001, applicable accounting standards including AASB 134 'Interim Financial Reporting', Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board ('AASB'). Compliance with AASB 134 ensures compliance with IAS 34 'Interim Financial Reporting'.

This consolidated interim financial (half-year) report does not include all the disclosure and 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 2017 and any public announcements made by Raven Energy Limited during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The consolidated interim financial statements were approved by the Board of Directors on 15 March 2018.

a. Basis of preparation

The half-year report has been prepared on an accruals basis and is based on historic costs unless otherwise stated. The company is domiciled in Australia and all amounts are presented in Australian dollars, unless otherwise noted. For the purpose of preparing the interim report, the half-year has been treated as a discrete reporting period.

b. Accounting policies and methods of computation

The accounting policies and methods of computation adopted are consistent with those of the previous financial year and corresponding interim reporting period. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

The financial report is intended to provide users with an update on the latest annual financial statements of Raven Energy Limited and its controlled entities.

c. Going Concern

The Directors have prepared this interim report on a going concern basis, which contemplates the continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business not withstanding the financial results.

As at 31 December 2017, the Group has $53,893 in cash and net current assets of $320,404 (June 2017 $1,199,535). For the half-year, the Group expended $865,869 of net cash from operations and $3,851,742 of net cash from investing activities.

The Directors will continue to closely monitor operations to ensure the momentum of transformation and growth can be maintained but within available resources.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2017

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Company has the capacity, if necessary, to reduce the ongoing costs and commitments significantly. In addition, non-core projects can be sold or farmed-out as required, to enable ongoing commitments to be met.

The Company enjoys the support of its Directors and major shareholders and the Directors believe that the Company will be able to raise sufficient equity funds to enable operations to continue.

The Directors have reviewed the Group's overall position and, in light of those matters mentioned above and together with the stated support of shareholders, are confident of securing funds as necessary to meet the Company's exploration and development plans and obligations as and when they fall due, and consider the adoption of the going concern basis to be appropriate in the preparation of this interim report. However, in the event that the Company is unsuccessful in raising sufficient funding, there exists a material uncertainty that may cast significant doubt that the Company or the Group will be able to continue as a going concern and be able to realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

d. Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Raven Energy Limited as at 31 December 2017 and the results of its subsidiaries for the period then ended. Raven Energy Limited and its subsidiaries together are referred to in these financial statements as the 'consolidated entity' or 'the Group'.

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entities are eliminated.

d. Exploration and evaluation expenditure

Exploration and evaluation expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of an area or where activities in the area have not yet reached a stage which permits reasonable assessment of the existence of economically recoverable reserves.

Accumulated costs in relation to an abandoned area are written off in full against profits in the year in which the decision to abandon the area is made.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2017

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Costs of site restoration are provided over the life of the facility from where exploration commences and are included in the costs of that stage. Site restoration costs include the dismantling and removal of mining plant equipment and building structures, waste removal and rehabilitation of the site in accordance with clauses of the mining permits. Such costs have been determined using estimates of future costs, current legal requirements and technology on an undiscounted basis.
Any changes in the estimates for the costs are accounted on a prospective basis. In determining the costs of site restoration, there is uncertainty regarding the nature and extent of the restoration due to community expectations and future legislation. Accordingly, the costs have been determined on the basis that the restoration will be completed within one year of abandoning the site.

Exploration and evaluation assets are tested for impairment each year. When the facts and circumstances suggest that the carrying amount exceeds the recoverable amount, the carrying amount is written down to its likely recoverable amount.

NOTE 2: CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are included in the relevant notes.

NOTE 3: OPERATING SEGMENTS

The Board has determined that the Group has two reportable segments, being mineral exploration and evaluation in Botswana and corporate activities. As the Group is focused on mineral exploration and evaluation, the Board monitors the Group based on actual versus budgeted exploration and evaluation expenditure incurred. This internal reporting framework is the most relevant to assist the Board with making decisions regarding the Group and its ongoing exploration and evaluation activities, while also taking into consideration the results of exploration and development work that has been performed to date.

31-Dec-17	Exploration Botswana	Exploration Tulainyo	Total Segments	Corporate	Consolidated
	$	$	$	$	$
Segment revenue	-	-	-	135,206	135,206
Segment result	(3,414,592)	-	(3,414,592)	(1,095,567)	(4,510,159)
Segment assets	980,000	4,785,931	5,765,931	1,143,179	6,909,110
Segment liabilities	(96,827)	(202,968)	(299,795)	(522,980)	(822,775)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2017

NOTE 3: OPERATING SEGMENTS (CONTINUED)

31-Dec-16	Exploration Botswana $	Total Segments $	Corporate $	Consolidated $
Segment revenue	-	-	1,564	1,564
Segment result	(63,548)	-	(924,792)	(988,340)
Segment assets	4,276,648	4,276,648	1,637,617	5,914,265
Segment liabilities	(178,878)	(178,878)	(981,673)	(981,673)

NOTE 4: RECEIVABLES

The receivable at 30 June 2017 related to payments for the Tulainyo project which can now be recognised as an addition to exploration and evaluation assets.

NOTE 5: EXPLORATION

Recoverability of the carrying amount of exploration assets is dependent upon the successful exploration and sale of resources.

	Six Months to 31-Dec-17 $	Year to 30-Jun-17 $
Balance at beginning of period	4,298,662	4,085,715
Expenditure incurred during the year	4,718,128	165,923
Foreign exchange movement	163,733	47,024
Less: impairment of exploration and evaluation assets	(3,414,592)	-
Balance at end of period	5,765,931	4,298,662

NOTE 6: BORROWINGS

	Six Months to 31-Dec-2017 $	Year to 30-Jun-17 $
Loans from non-related parties	29,980	37,173
Loans from related parties (N. Featherby)	2,929	4,000
	32,909	41,173

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2017

NOTE 7: ISSUED CAPITAL

	Six Months to 31-Dec-17 No.	Year to 30-Jun-17 No.	Six Months to 31-Dec-2017 $	Year to 30-Jun-17 $
Issued share capital	9,691,196,993	5,544,080,114	40,550,910	35,571,405
Share movements during the year:				
At the beginning of the year	**5,544,080,114**	**882,375,705**	**35,571,405**	**31,000,999**
Shares issued pursuant to private placement at 0.1 cent per share		1,738,751,410	-	1,738,751
Shares issued pursuant to private placement at 0.1 cent per share		100,000,000		100,000
Shares issued pursuant to private placement at 0.2 cent per share		303,812,115	-	607,624
Shares issued pursuant to private placement at 0.1 cent per share		750,734,807	-	750,735
Shares issued pursuant to private placement at 0.1 cent per share		960,265,193		960,265
Shares issued pursuant to private placement at 0.15 cent per share		85,000,000		127,500
Shares issued pursuant to private placement at 0.125 cent per share		723,140,884		903,926
Shares issued pursuant to private placement at 0.125 cent per share	3,371,259,116		4,214,074	
Shares issued pursuant to option exercised at 0.2 cent per share	25,000,000		50,000	
Shares issued pursuant to private placement at 0.15 cent per share	448,333,334		672,500	
Shares issued pursuant to private placement at 0.175 cent per share	228,571,429		400,000	
Shares issued pursuant to private placement at 0.2 cent per share	73,953,000		147,906	
Share issue costs	-	-	(504,975)	(618,395)
At the end of the year	**9,691,196,993**	**5,544,080,114**	**40,550,910**	**35,571,405**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2017

NOTE 7: ISSUED CAPITAL (CONTINUED)

Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held. At the shareholders meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

NOTE 8: COMMITMENTS

In order to maintain current rights of tenure to exploration tenements the Company is required to perform minimum exploration.

These obligations are not provided for in the financial report:

	31 Dec 2017	30 Jun 2017
Gas properties	**$**	**$**
Not longer than 1 year	1,878,274	1,355,878
Longer than 1 year and not longer than 5 years	807,187	1,145,038
Total commitments	2,685,461	2,480,916

At balance date there were no other commitments not otherwise disclosed in these accounts.

NOTE 9: RELATED PARTY TRANSACTIONS

a. Directors

The names and positions held of Company key management personnel in office at any time during the financial period are:

Key management person	Position
Nathan Featherby	Executive Chairman
David Scoggin	Non-executive Director
Saxon Ball	Non-executive Director (resigned 30 November 2017)
Nicholas Halliday	Non-executive Director
Kar Chua	Company Secretary

No loans were made to Directors of Raven Energy Limited, including their related entities. Loan and accruals payable to Mr N. Featherby is $2,929.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2017

NOTE 9: RELATED PARTY TRANSACTIONS (CONTINUED)

The directors' fee payable amount owing to David Scoggin and Nicholas Halliday is $2,000 and $29,000, respectively.

Ochre Group Holdings Limited (OGH) has common directors with the Group, being Nathan Featherby and, prior to his resignation from the Board, Saxon Ball. OGH has shares in the Group with a value of $100,000 at cost and loan receivables of $90,038 (June 2017: $99,917). Prepayments of $320,000 are related to OGH. The Group also paid advisory and rental fees of $284,418. The loan is secured, and attracts interest of 10% p.a. and repayable on demand.

NOTE 10: CONTINGENT LIABILITIES

The directors do not believe there are any contingent liabilities in existence at balance date, not otherwise disclosed in the financial statements.

NOTE 11: EVENTS SUBSEQUENT TO BALANCE DATE

There are no matters or circumstances that have arisen since the end of the half-year which significantly affect, or may significantly affect, the operations, results or state of affairs of the economic entity that have not otherwise been disclosed elsewhere in this report, except as outlined below:

<u>Divestment of Botswana Assets</u>

In January 2018, the Company announced that it received notice that SXA had elected to exercise its rights of pre-emption under its Farm-in Agreement with the Company, relating to prospecting licenses 352/2008 and 353/2008 (**Serowe Region Licences**).

The Company agreed to sell its 25% effective interest in the Serowe Region Licences for the following consideration:

- a deposit of A$25,000;
- A$125,000 in cash payable on completion of the share sale agreement (**Completion**);
- A$200,000, payable within 60 days of Completion; and
- A$200,000, payable within 135 days of Completion.

Additionally, upon Completion, which took place on 6 March 2018, the Company was granted a 3.5% overriding royalty interest over the Serowe Region Licences net to the Company's 25% interest.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2017

NOTE 11: EVENTS SUBSEQUENT TO BALANCE DATE

Update on Tulainyo Project

As announced to the market on 22 February 2018, the Tulainyo 2-7 well was drilled to the planned total depth of 5,710 feet (1,740 metres). This represented a significant engineering achievement by the Tulainyo Joint Venture, due to the challenging over–pressured geological conditions within the very large anticlinal structure. Post well analysis indicates multiple stacked sandstone units, varying as expected in thickness and quality, that are all gas saturated.

A two-stage test program will now be carried out with perforations into the selected reservoir intervals using Tubing Conveyed Perforating Equipment or TCPs. Testing will commence across a zone lower in the well with perforations across at least three separate sands with varying, interpreted reservoir quality. Once sufficient data has been captured from the first test, a removable bridge plug will be set to isolate the lower test zone and a second test will be conducted over a shallower, thicker sand package.

Overall the flow testing program is expected to take approximately one month to complete. Further information will be released to the market once there is clarity of the test results.

Convertible Note Issue

On 19 February 2018, the Company announced that it had undertaken to issue convertible notes to raise up to A$2.2 million convertible notes will be issued to institutional and sophisticated investors on the following terms (**Convertible Notes**):

- Conversion price: $0.00176 per share.
- One free attaching option ($0.003 exercise price, expiry 31 October 2020) for every two Convertible Note issued.
- Interest rate of 10% per annum, payable semi-annually via the issue of shares at the 5 trading day volume weighted average price prior to issue.
- Maturity: 12 months from the date of issue.
- Any conversion of the Convertible Notes will be subject to Raven shareholders first providing approval to the issue of shares.

The funds raised following the issue of the Convertible Notes will be used for further works at the Tulainyo Gas Project in the Sacramento Basin in California, where flow testing of the Tulainyo 2-7 gas appraisal well is expected to commence in the near term. Remaining funds are proposed to be used for further identification and evaluation of energy and resources related acquisitions and for working capital purposes.

As announced to the market on 26 February 2018, the Company received valid applications for gross proceeds of A$2.0 million in Convertible Notes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2017

NOTE 11: EVENTS SUBSEQUENT TO BALANCE DATE

Executive Chairman, Nathan Featherby has agreed to seek shareholder approval to allow him (or his nominee) to subscribe for A$500,000 in the Convertible Notes.

The Company also expects to be in a position to confirm a further A$200,000 in Convertible Note applications by 2 March 2018, taking the total proceeds to A$2,200,000.

Consolidation of Capital

As announced to the market on 19 February 2018, the Company intends to seek shareholder approval to undertake a consolidation of capital (**Consolidation**) on the basis of 1 share for every 16 shares held on the record date.

DIRECTORS' DECLARATION

In the opinion of the directors of Raven Energy Limited ("the Company")

1. The attached financial statements and notes thereto are in accordance with the Corporations Act 2001 including:

   a. complying with Australian Accounting Standard AASB 134: Interim Financial Reporting, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and

   b. giving a true and fair view of the Group's financial position as at 31 December 2016 and of its performance for the half-year then ended; and

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

On behalf of the Directors

Mr. Nathan Featherby
Executive Chairman
15th March 2018

Crowe Horwath Sydney
ABN 97 895 683 573
Member Crowe Horwath International

Audit and Assurance Services

Level 15 1 O'Connell Street
Sydney NSW 2000
Australia

Tel +61 2 9262 2155
Fax +61 2 9262 2190
www.crowehorwath.com.au

Raven Energy Limited and its Controlled Entities

Independent Auditor's Review Report to the Members of Raven Energy Limited

Report on the Half-year Financial Report

We have reviewed the accompanying half-year financial report of Raven Energy Limited (the Company), which comprises the statement of financial position as at 31 December 2017, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the half-year ended on that date, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration of 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.

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 an Interim 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 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 2016 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 Raven Energy Limited, 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 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*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Raven Energy Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

Conclusion

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 Raven EnergyLimited is not in accordance with the *Corporations Act 2001* including:

(i) 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

(ii) complying with Accounting Standard AASB 134 *Interim Financial Reporting and the Corporations Regulations 2001.*

Emphasis of Matter Regarding Going Concern

Without qualifying our opinion, we draw attention to Note 1 'Going Concern' in the financial report. As a result of the matters described in Note 1 there is material uncertainty whether the consolidated entity will continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at amounts stated in the financial report. The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts, or to the amounts and classification of liabilities that might be necessary should the consolidated entity not continue as a going concern

Crowe Horwath Sydney

CROWE HORWATH SYDNEY

L Russell

LEAH RUSSELL
Senior Partner

Dated this 15th day of March 2018