



AVIRA RESOURCES LIMITED

HALF-YEAR FINANCIAL REPORT

31 DECEMBER 2019

ACN 131 715 645

Table of Contents

	PAGE NO.
Directors' Report	3-9
Auditor's Independence Declaration	10
Directors' Declaration	11
Condensed Consolidated Statement of Profit and Loss and Other Comprehensive Income	12
Condensed Consolidated Statement of Financial Position	13
Condensed Consolidated Statement of Changes in Equity	14
Condensed Consolidated Statement of Cash Flows	15
Notes to the Half-Year Financial Statements	16-22

Directors' Report

Your directors submit their report for the half-year ended 31 December 2019.

Directors

The directors of Avira Resources Limited and its controlled entities (the "Group") in office during the half year, and until the date of this Report are set out below. Directors were in office for this entire period unless otherwise stated.

<u>Name</u>	<u>Particulars</u>
David Wheeler	Non-Executive Chairman
Maciej Rosiewicz	Non-Executive Director
David Ross De Loub	Executive Director
Sonu Cheema	Company Secretary

Principal activities

The principal activities of the consolidated entity during the financial year included exploration and evaluation activities.

Operating and financial review

(a) Review of operations

In addition to progressing both the existing exploration program within the Pyramid project in Northern Queensland and its Throssell Range project in the Paterson Range province of the Pilbara in Western Australia, the Company entered into a conditional Sale Agreement with Mount Macpherson Pty Ltd (**Mount Macpherson**), under which it agreed to acquire the Company and the Mount Macpherson Project (being, E45/5572) (the **Tenement**) (and all mining information and licences associated with the Tenement) (together, the **Assets**) located within the Paterson Province of Western Australia (refer ASX announcement dated 18/11/19).

The Company's Annual General Meeting was held on the 22nd November 2019 will all Resolutions tabled successfully passed including, the Adoption of the Remuneration Report, Re-election of David Deloub as a Director, Refreshment of the 10% Placement Capacity and Replacement of the Company Constitution (refer ASX announcement dated 22/11/19). The Company also adopted a new Share Trading Policy within its Corporate Governance Plan (refer ASX announcement dated 30/12/19) with in the fourth quarter of 2019.

(b) Significant changes in state of affairs

Share Sale Agreement – Mount Macpherson Pty Ltd

On 29 November 2019, Avira Resources Limited completed the issue of 125,000,000 fully paid ordinary shares in the capital of the Company (Shares) and 25,000,000 unlisted options exercisable at \$0.01 each on or before 15 November 2021. The issue of Shares and options was made in accordance with the share sale agreement entered into between the Company, Mount Macpherson Pty Ltd (Mount Macpherson) and the shareholders of Mount Macpherson (Shareholders), under which AVW agreed to acquire all of the issued capital of Mount Macpherson from the Shareholders. Mount Macpherson is the owner of the Mt Macpherson Project (comprised of tenement application E45/5572) (the Tenement) (and all mining information and licences associated with the Tenement) located within the Paterson Province of Western Australia.

Directors' Report

Financial update

The consolidated net loss for the half-year after providing for income tax was \$342,737 (2018: loss of \$444,597).

(c) Exploration and evaluation activities

The Company has invested significant time and resources into reviewing and planning for an exploration program. Additional detail on the parameters of the planned exploration program are provided in the Exploration Program section below.

Throssell Range & Mount Macpherson (Paterson Range Project) Western Australia – The company completed the acquisition of both projects over the course of the fourth quarter. *The addition of the Mount Macpherson project will complement the Company's existing Throssell Range project located in the Paterson province and will enhance what the company believes to be a significant opportunity to explore and develop these projects located in one of the most highly prospective and underexplored mineral provinces in Australia.*

Both Projects are located in the Paterson Orogen, in the East Pilbara district of Western Australia. The tenements cover rocks of the Paterson Orogen, a Neoproterozoic metamorphosed and deformed sedimentary basin which hosts significant deposits of gold, copper, tungsten, cobalt and manganese.

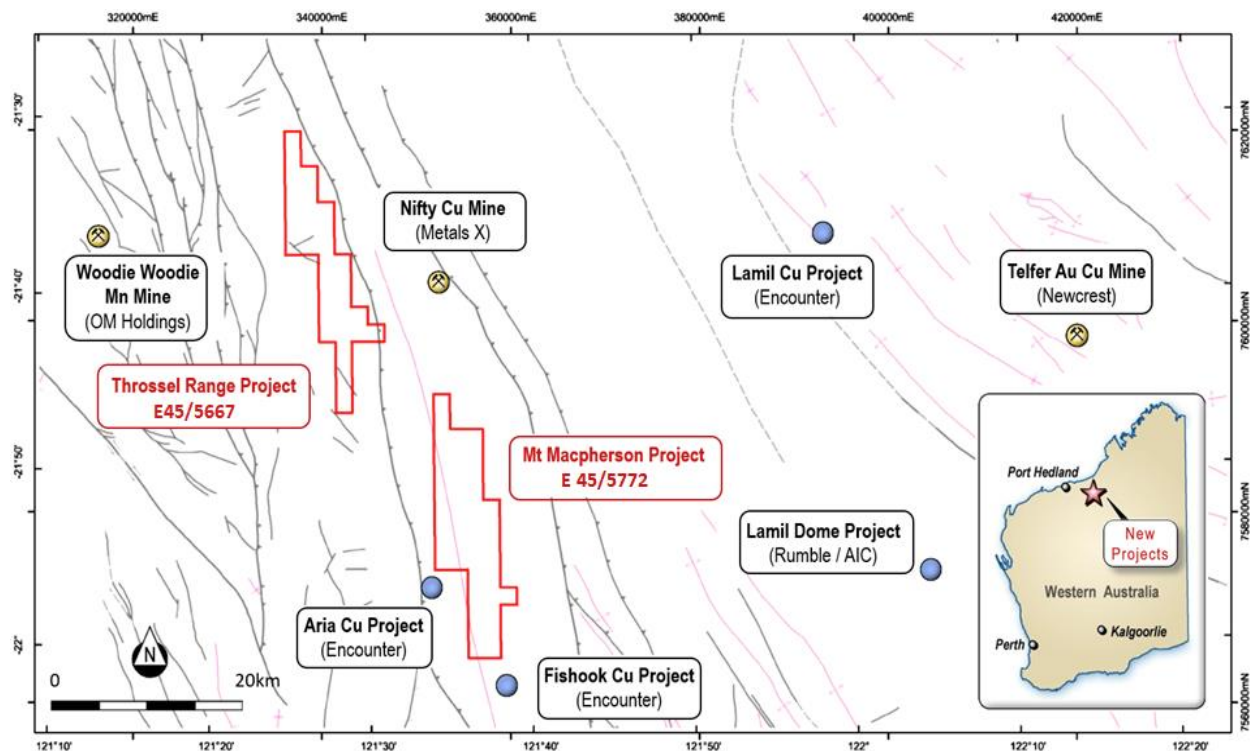


Figure 1. Location of the Mount Macpherson and Throssell Range Projects

Directors' Report

The Company's geological consultants Gneiss Results Pty Ltd were engaged to review the prospectively of the tenements in relation to the known metallogeny and geology of the tenement, and to propose an exploration program for the tenements in the first two years of grant.

The tenements are considered prospective for copper-cobalt mineralization of a style similar to Nifty or Maroochydore, or similar styles of mineralization focused along basin margin faults or transcurrent faults, and/or potentially other styles identified within the region.

This area has been the focus of a lot of new exploration and corporate activity recently, led by tier one mining companies Rio Tinto (RIO), Fortescue Metals Group (FMG), Independence Group (IGO), Newmont Goldcorp (Newmont) and Newcrest Mining Limited (Newcrest). Exploration by junior explorers Encounter Resources (Encounter), Rumble Resources (Rumble) and Antipa Minerals (Antipa) also continues to generate targets that attract investment into the area.

Avira has engaged geophysical and geological consultants to plan early stage exploration and review the very limited past exploration work on and adjacent to the tenure. Further detailed budgets and logistical planning and timetabling are currently being developed in anticipation of grant of the exploration licenses in the first quarter of 2020.

Airborne EM Survey

The primary method of exploration for the area is suggested to be a 200m line spacing AEM survey. A modern AEM survey will map conductive stratigraphy, provide some structural information, identify prospective conductors and map conductive regolith (eg; Permian channels), and provide areas of interest for ground truthing and drilling.

Regional Geochemistry

Regional scale geochemistry will also be considered for the tenement area. As previously mentioned, the size fraction and method of analysis would need to be investigated via a limited orientation survey, preferably over a site of known, deeply buried mineralization, prior to engaging in a more substantial regional scale geochemical program.

Drilling

Based on the results, drilling of geochemically anomalous areas with conductive targets are expected to be identified.

Directors' Report

Pyramid Gold Project, Queensland - The Company has now completed a follow-up geochemical exploration program on its exploration assets located in the East Pyramid Range in North Eastern Queensland.



Figure 2. Location of the Pyramid Project in North East Queensland.

The lag geochemical sampling and analysis undertaken in previous exploration program in the March 2019 quarter identified a multi-element anomaly in the south east corner of the survey area, where high As, Fe, Pb, S suggest a mineralised potential structure noting that this anomaly was only present in the -80 mesh data and confirming the value of coarse fraction lag sampling.

On this basis, follow up exploration activity was planned for the second and third quarters of 2019. Planning for exploration field work commenced May 2019 with the field work completed in early July 2019.

The program consisted of extension of the previous soil survey to infill missing lines and extend lines in south east anomaly area including;

1. Ground follow up of high gold zones and points located by soil and lag sampling.
2. Ground follow up of the high As, Fe, Pb, S lag anomaly suggesting a potentially mineralised structure in the south east corner of the survey area.
3. Use of a combination of existing geological mapping, remote sensing and Principal Component Analysis (PCA) to better delineate geological boundaries and potentially mineralising structures.
4. Expansion of the area of coverage with a further soil sampling program.

The soil and rock chip multi-element geochemistry sampling program that Terra Search completed for Avira Resources/MGT has confirmed that large scale intrusive related gold

Directors' Report

systems are developed along the East Pyramid Range. These systems have similar surface expressions, mineralisation and alteration settings to the large scale, bulk tonnage gold systems of north Queensland, for example Mt Leyshon, Mt Wright, Kidston.

Gaps in coverage and anomalous zones in the 2018 survey were respectively infilled and extended in 2019. Soil coverage was extended to the SE over breccia, porphyry intrusions and identified surface gold zones from Tandoori to Sugarloaf.

Closer sample spacing is present around the highlighted resulting in 261 sites and 512 -80 mesh and coarse fraction -2mm, +80 mesh soil samples. Geological prospecting followed up targets with 13 additional rock chip samples with standards.

This most recent exploration program presents a good case to interpret the results as a strongly altered and leached system which supports the likelihood of gold and/or base metal (eg copper) zones at depth.

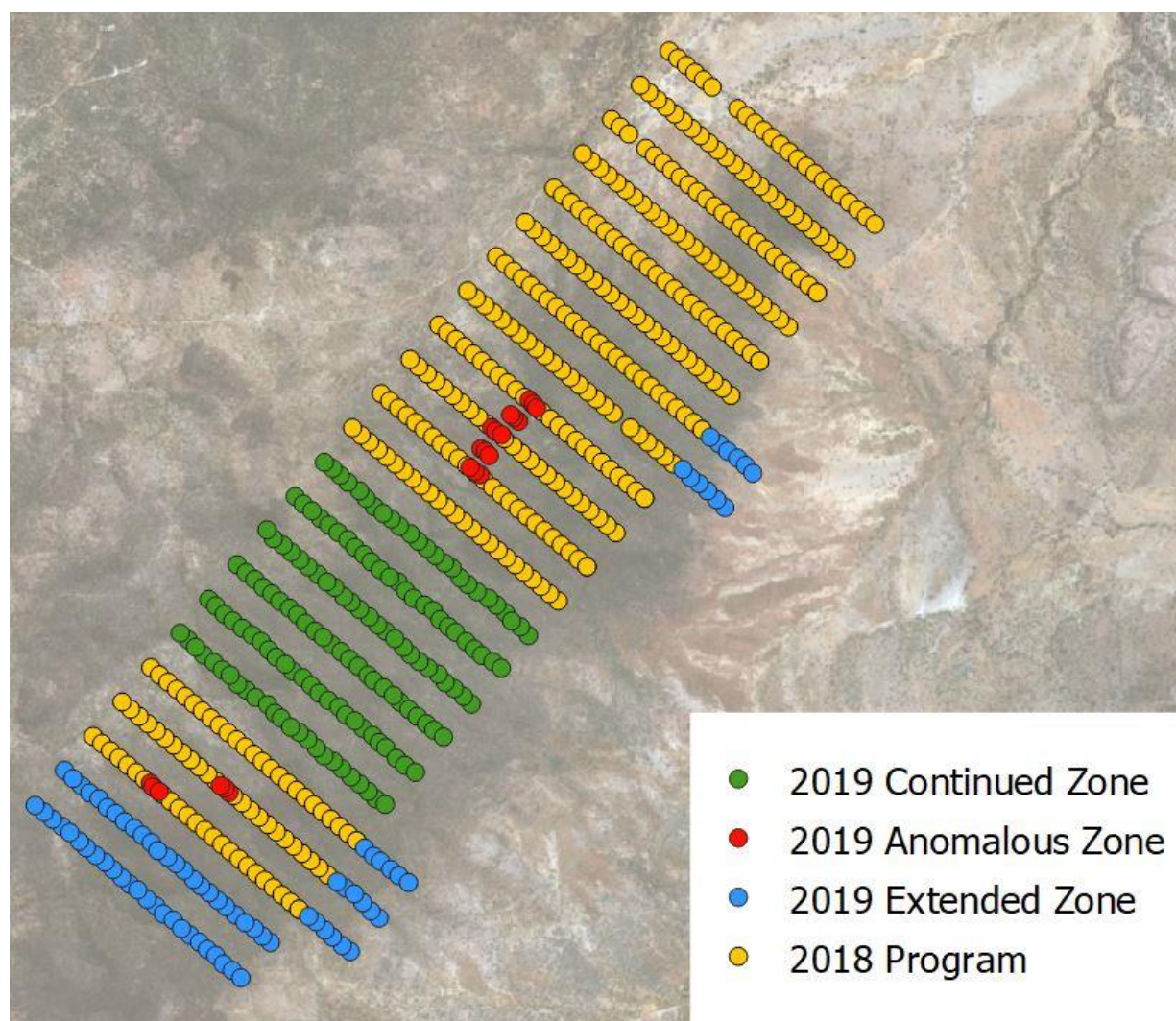


Figure 3. Soil sampling completed in the East Pyramid Range

This most recent exploration program presents a good case to interpret the results as a strongly altered and leached system which we know contains gold. That is, there is a good possibility of Au and/or base metal (eg copper) zone at depth.

Directors' Report

The logical next step before drilling would be to optimize the potential drill targets with some ground penetrating geophysics which would identify structures, sulphidic alterations and accumulations.

A possible work program would ultimately involve drill testing of the untested intrusive and hydrothermal centres. Ground geophysics surveys including ground magnetics and IP/EM, as well as some follow up geological prospecting and anomaly evaluation would ensure that drill targeting is optimized.

Initial drill testing would be in the order of around 1,800m to 2,200m, mostly Reverse Circulation Percussion but including some diamond core tails.

Preliminary targets and possible hole depths:

- 2 x 250m-300m holes into Sugarloaf,
- 2 x 250m-300m holes into Breccia Hill South,
- 2 x 250m-300m holes into Tandoori area;
- 1 x 150-200m into undrilled gold zone in N-S dyke.
- 1 x 150-200m into undrilled gold zone in E-W structure drilled by Newcrest 1995.

Indicative estimated costings of these follow-on exploration programs are currently being worked up and will be presented and considered in due course as AVW continues to identify and assess the value of additional exploration expenditure in the East Pyramid Range against other opportunities consistent with the Company's focus on creating value for its shareholders in the resource exploration space.

Southern Queensland Projects

No significant exploration work was undertaken on the Southern Queensland Project during the half year to December 2019.

Tenement Status

LEASE	NAME	AREA	AREA UNITS	RENEW	GRANT DATE	EXPIRY DATE	HOLDER	EA
Mount Garnet								
ML 20066	Valetta - Sugarbag	1.5	Hectares		30-Jan-92	30-Jun-21	AVIRA	EPSL00266113
Pyramid								
EPM 12887	Pyramid	16	Sub-Blocks		5-Aug-04	4-Aug-20	MGTM	EPSX00705113
EPM 19554	Pyramid 3	14	Sub-Blocks		16-Dec-14	15-Dec-22	MGTM	EPSX00705113
EPM 25154	Pyramid 2	49	Sub-Blocks		23-Feb-15	22-Feb-20*	AVIRA	EPSX00899513
Southern Queensland								
EPM 12834	Mount Steadman	4	Sub-Blocks		17-Dec-99	16-Dec-20	MGTM	EPSX00600613
EPM 8402V	Yarrol	2	Sub-Blocks		13-Nov-91	12-Nov-20	MGTM	EPSX00600713

*Renewal application lodged.

Table 1. Pyramid Tenement Register.

Directors' Report

Subsequent events

There has not been any other matter or circumstance occurring subsequent to the end of the financial period that has significantly affected, or may significantly affect, the operations of the consolidated entity, the results of those operations, or the state of affairs of the Group in future financial years.

Competent Persons Statement

The information in this announcement that relates to Exploration Results is based on and fairly represents information and supporting documentation prepared by Mr Ian Prentice. Mr Prentice is a consultant geologist for AVW and a member of the Australian Institute of Mining and Metallurgy. Mr Prentice has sufficient experience relevant to the styles of mineralisation and types of deposits which are covered in this announcement and to the activity which they are undertaking to qualify as a Competent Person as defined in the 2012 edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' ("JORC Code"). Mr Prentice consents to the inclusion in this announcement of the matters based on his information in the form and context in which it appears.

Auditor's independence declaration

The auditor's independence declaration is included on page 10 of the financial report.

This directors' report has been made and signed in accordance with a resolution of the directors made pursuant to s.306(3) of the Corporations Act 2001.

On behalf of the Director



David De Loub
Executive Director
Dated: 12 March 2020

AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF AVIRA RESOURCES LIMITED AND ITS CONTROLLED ENTITY

I declare that, to the best of my knowledge and belief during the year ended 31 December 2019, there have been:

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

MAZARS RISK & ASSURANCE PTY LIMITED



Rose Megale
Director

Sydney, 12th March 2020

Directors' Declaration

The directors of Avira Resources Limited and its controlled entities declare that:

- (a) The financial statements and notes of Avira Resources Limited and its controlled entities for the half-year ended 31 December 2019 are 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 2019 and of its performance for the half-year ended on that date; and
 - (ii) complying with Accounting Standard AASB 134 Interim Financial Reporting.
- (b) There are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

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

On behalf of the Directors



David De Loub
Director
Dated: 12 March 2020

**Condensed Consolidated Statement of Comprehensive Income
As at 31 December 2019**

	Notes	Consolidated Half-year ended	
		31/12/2019	31/12/2018
		\$	\$
Revenues			
Other revenue		370	1,429
Expenses			
Other losses			-
Employee benefits expense		(79,018)	(75,893)
Depreciation and amortisation expense		-	-
Interest expense		-	(15,189)
Impairment loss		-	-
Administration expense		(114,359)	(250,325)
Other expense		(75,558)	(89,166)
Exploration and evaluation expenditure		(73,558)	(17,694)
Loss before tax		(342,737)	(446,838)
Income tax (expense) benefit		-	-
Loss after tax		(342,737)	(446,838)
Loss for the year is attributable to:			
Owners of the parent		(342,737)	(446,838)
Non-controlling interest		-	2,241
Loss for the period		(342,737)	(444,597)
Other comprehensive loss			
<i>Items that may be reclassified to profit and loss</i>			
Changes in the fair value of available-for-sale financial assets		-	-
Total comprehensive loss for the period		(342,737)	(444,597)
Total comprehensive loss attributable to:			
Owners of the parent		(342,737)	(446,838)
Non-controlling interest		-	2,241
		(342,737)	(444,597)
Loss per share (cents per share)			
Basic EPS for the half-year	9	(0.033)	(0.059)
Diluted EPS for the half-year	9	(0.033)	(0.059)

The above condensed consolidated statement of comprehensive income should be read in conjunction with the accompanying notes

**Condensed Consolidated Statement of Financial Position
As at 31 December 2019**

		Consolidated	
		31/12/19	30/06/19
	Notes	\$	\$
ASSETS			
Current assets			
Cash and cash equivalents	6	610,047	866,565
Other receivables		9,877	9,878
Other financial assets		-	-
Total current assets		619,925	876,443
Non-current assets			
Exploration and evaluation expenditure	4	704,762	442,962
Other financial asset		2,870	2,869
Total non-current assets		707,632	445,831
TOTAL ASSETS		1,322,114	1,322,274
LIABILITIES			
Current liabilities			
Trade and other payables		186,226	100,006
Unsecured borrowings	11	3,645	3,645
Total current liabilities		189,871	103,651
TOTAL LIABILITIES		189,871	103,651
NET ASSETS/(LIABILITIES)		1,137,686	1,218,623
EQUITY			
Issued capital	7	30,714,114	30,464,114
Reserves	8	2,201,383	2,189,583
Retained earnings		(30,756,010)	(30,413,273)
Equity attributable to owners of the parent		2,159,487	2,240,424
Non-controlling interest		(1,021,801)	(1,021,801)
TOTAL EQUITY		1,137,686	1,218,623

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

Condensed Consolidated Statement of Changes in Equity
As at 31 December 2019

CONSOLIDATED	Attributable to equity holders of the parent				
	Fully paid ordinary shares	Retained Earnings	Reserves	Non- controlling interests	Total equity
	\$	\$	\$	\$	\$
At 1 July 2019	30,464,114	(30,413,273)	2,189,583	(1,021,801)	1,218,623
(Loss) for the period	-	(342,737)	-	-	(342,737)
Options issued	-	-	11,800	-	11,800
Issue of ordinary shares	250,000	-	-	-	250,000
At 31 December 2019	30,714,114	(30,756,010)	2,201,383	(1,021,801)	1,137,686
At 1 July 2018	28,710,553	(29,366,068)	2,189,583	(885,587)	648,481
(Loss) for the period	-	(444,597)	-	-	(446,597)
Issue of ordinary shares	1,753,561	-	-	-	1,753,561
At 31 December 2018	30,464,114	(29,810,665)	2,189,583	(885,587)	1,957,445

THE ABOVE CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY SHOULD BE READ IN CONJUNCTION WITH THE ACCOMPANYING NOTES

**Condensed Consolidated Statement of Cash Flow
For The Half-Year Ended 31 December 2019**

	Consolidated	
	31/12/2019	31/12/2018
	\$	\$
Cash flows from operating activities		
Payments to suppliers and employees	(256,888)	(579,066)
Interest received	370	695
Net cash flows from (used in) operating activities	(256,518)	(578,371)
Cash flows from investing activities		
Payments for exploration costs	-	(22,976)
Net cash flow from (used in) investing activities	-	(22,976)
Cash flows from financing activities		
Proceeds from issues of equity securities	-	1,753,561
Proceeds from secured and unsecured borrowings	-	3,645
Repayment of borrowings	-	(430,017)
Net cash flow from (used in) financing activities	-	1,327,189
Net (decrease)/increase in cash and cash equivalents	(256,518)	725,843
Cash and cash equivalents at beginning of period	866,565	401,311
Cash and cash equivalents at end of period	610,047	1,127,154

Non-cash transaction for the period pertains to the acquisition of 100% equity interest in Mount MacPherson Pty Ltd through the issuance of the Company's shares and stock options valued at \$250,000 and \$11,800, respectively for a total consideration of \$261,800 (see Note 10).

The above condensed consolidated statement of cash flow should be read in conjunction with the accompanying notes

Notes to the Financial Statements

FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

(a) Basis of preparation

This condensed financial report for the half-year ended 31 December 2018 has been prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*. Compliance with AASB 134 *Interim Financial Reporting* ensures compliance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*.

The half-year 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 the consolidated entity as the full financial report.

It is recommended that the half-year financial report be read in conjunction with the annual report for the year ended 30 June 2019 and considered together with any public announcements made by Avira Resources Limited during the half-year ended 31 December 2018 in accordance with the continuous disclosure obligations of the ASX listing rules.

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements.

(b) Changes in accounting policies

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to their operations and effective for the current reporting period.

New Standards and Interpretations applicable for the half year ended 31 December 2019

In the period ended 31 December 2019, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Group and effective for the current reporting period. As a result of this review, the Directors have determined that there is no material impact of the new and revised Standards and Interpretations on the Group and, therefore, no material change is necessary to Group accounting policies.

Standards and Interpretations in issue not yet adopted

The Directors have also reviewed all of the new and revised Standards and Interpretations in issue not yet adopted for the period ended 31 December 2019. As a result of this review the Directors have determined that there is no material impact of the Standards and Interpretations in issue not yet adopted on the Group and, therefore, no change is necessary to Group accounting policies.

Notes to the Financial Statements

For The Half-Year Ended 31 December 2019

(c) Critical accounting estimates and judgments

The preparation of condensed financial statements in conformity with AIFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements, are:

Impairment of capitalised exploration expenditure

The Group continues to monitor the capitalised exploration expenditure for indicators of impairment by comparing the assets' carrying value to their estimated fair values. The fair values are determined by independent professional valuers using recognised valuation techniques, including the yield method and the discounted cash flow method. The determination of the fair values require the use of estimates such as future cash flows from the assets and discount rates applicable to those assets. The estimates are based on local market conditions existing as at the reporting date.

Business combinations

Management determines whether a transaction or other events is a business combination, which requires that the assets acquired and liabilities assumed constitute a business. If the assets acquired are not a business, management accounts for the transaction as an asset acquisition.

2. GOING CONCERN

The half-year financial statements are prepared on a going concern basis, which contemplates the continuation of normal business activity and the realisation of assets and liabilities in the normal course of business.

As at 31 December 2019 the consolidated entity incurred a net loss after tax of \$338,966, cash outflows from operating and investing activities of \$261,960 and net assets of \$1,141,457. The ability of the Group to continue as a going concern and to pay their debts as and when they fall due is dependent in the Group's ability to raise additional funds through either debt financing, capital raising arrangements, refinancing options or asset sale.

Having regard to the above, the Directors have a reasonable expectation that the entity will have adequate resources to continue operating for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparation of the accounts.

3. DIVIDENDS PAID OR PROPOSED

No dividends have been provided for or paid at the reporting date (30 June 2019: Nil).

Notes to the Financial Statements

For The Half-Year Ended 31 December 2019

4. EXPLORATION AND EVALUATION ASSETS

	31/12/2019	30/06/2019
	\$	\$
Balances at the beginning of the period	442,962	883,053
Tenement impairments	-	(445,373)
Expenditure incurred during the period	261,800	5,282
Balances at the end of the period	<u>704,762</u>	<u>442,962</u>

Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. The ultimate recoverability of exploration and evaluation expenditure is dependent upon the successful development and exploitation of the area of interest, or alternatively, by its sale.

5. SEGMENT INFORMATION

Avira Resources Limited (the "Group") operates predominantly in one business segment and one geographical segment being the mining industry in Australia. The Group has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (the chief operating decision makers) in assessing performance and in determining the allocation of resources.

No revenue from this activity was earned in the six months to 31 December 2019 or the prior period.

6. CASH AND CASH EQUIVALENTS

For the purposes of the Condensed Cash Flow Statement, cash and cash equivalents comprise the following at 31 December 2019:

	31/12/2019	30/06/2019
	\$	\$
Cash and cash equivalents	610,047	866,565
	<u>610,047</u>	<u>866,565</u>

Notes to the Financial Statements

For The Half-Year Ended 31 December 2019

7. ISSUED SHARE CAPITAL

	31/12/2019	30/06/2019
	\$	\$
1,125,000,000 paid ordinary shares (30 June 2019: 1,000,000)	30,714,114	30,464,114
Share capital as at the end of period	30,714,114	30,464,114

7.1 Fully paid ordinary shares

	No of shares	Share capital
		\$
As at beginning of period	1,000,000,000	30,464,114
December 2019 issue of ordinary shares	125,000,000	250,000
Capital raising costs	-	-
As at the end of period	1,125,000,000	30,714,114

8. OPTION RESERVE

(a) Movements in share options during the year

The following reconciles the share options outstanding at the beginning and end of the year:

	31/12/2019		30/06/2019	
	No. of options	Weighted average exercise price \$	No. of options	Weighted average exercise price \$
Balance at beginning of period	57,727,728	0.010	57,727,728	0.010
Granted during the year	25,000,000	0.010	-	-
Exercised during the year	-	-	-	-
Balance at end of the period	82,727,728	0.01	57,727,728	0.010
Exercisable at end of year	82,727,728		57,727,728	

Notes to the Financial Statements

For The Half-Year Ended 31 December 2019

9. LOSS PER SHARE

	Half-year ended 31/12/2019 Cents per share	Half-year ended 31/12/2018 Cents per share
Basis earning per share	(0.033)	(0.059)
Diluted earnings per share	(0.033)	(0.059)

Basis earning per share

\$

\$

The earning and weighted average number of ordinary share used in the calculation of basis earning per share are as follows:

Net loss	(342,737)	(444,597)
----------	-----------	-----------

Earning used in the calculation of basic EPS from continuing operations

No.

No.

Weighted average number of ordinary shares for the purpose of basic earnings per share	1,021,739,130
--	---------------

751,994,681

Diluted earnings per share

\$

\$

The earning and weighted average number of ordinary shares used in the calculation of diluted earnings per share are as follows:

Net loss	(342,737)	(444,597)
----------	-----------	-----------

Earning used in the calculation of diluted EPS from continuing operations

(342,737)

(444,597)

No.

No.

Weighted average number of ordinary shares for the purpose of diluted earnings per share	1,021,739,130
--	---------------

751,944,681

Notes to the Financial Statements

For The Half-Year Ended 31 December 2019

10. RELATED PARTY TRANSACTIONS

The following table provides the total amount of transactions which have been entered into with related parties during the six month period ending 31 December 2018 and 31 December 2017 as well as balances with related parties as of 31 December 2018 and 30 June 2018:

(a) Subsidiaries

Name of subsidiary	Country of incorporation	Ownership interest 31/12/2019 %	Ownership interest 30/6/2019 %
MGT Mining Limited	Australia	89.48%	89.48%
Garimpos Pty Limited (i)	Australia	100.00%	100.00%
Avira Australia Pty Ltd (ii)	Australia	100.00%	100.00%
Mount Macpherson Pty Ltd (iii)	Australia	100.00%	-

- i) Garimpos Pty Limited is 100% owned by MGT Mining Limited.
- ii) Avira Australia Pty Ltd was registered as a wholly owned subsidiary of Avira Resources Limited on 2 September 2016.
- iii) 100% owned by Avira Resources Limited pursuant to the acquisition of Mount Macpherson Pty Ltd as announced with ASX on 29 November 2019 for a total consideration of \$261,800 settled through the issuance of 125,000,000 ordinary shares of Avira Resources Limited (see Note 7) and 25,000,000 stock options granted (see Note 8).

(b) Transactions with related parties

- (i) Avira Resources Limited provided key management personnel services to MGT Mining Limited, the 89.48% subsidiary of Avira Resources Limited for a total value of \$19,120 during the period to 31 December 2019.

11. UNSECURED BORROWINGS

		31/12/2019 \$	30/6/2019 \$
<u>Current</u>			
Unsecured loan	(i)	3,645	3,645
		<u>3,645</u>	<u>3,645</u>

- (i) In June 2018, Avira Resources Limited has issued convertible notes aggregating \$519,000 to several lenders. The salient terms of the convertible loans follow:
 - Nominal interest rate is 12%;
 - The loans mature on 31 August 2019;
 - The loans are convertible to ordinary shares of Avira Resources Limited at a conversion price of the shares issued pursuant to the company's Capital Raising;

Notes to the Financial Statements

For The Half-Year Ended 31 December 2019

On 13 September 2018, the amount of \$519,000 was converted to equity through the issuance of 173,000,000 shares at \$0.003 per share. The remaining balance represents amount owing to MGT Mining Minerals Pty Ltd.

12. SUBSEQUENT EVENTS

There has not been any other matter or circumstance apart from the above, occurring subsequent to the end of the financial period that has significantly affected, or may significantly affect, the operations of the consolidated entity, the results of those operations, or the state of affairs of the Group in future financial years.

Independent Auditor's Review Report to the members of Avira Resources Limited

Conclusion

We have reviewed the accompanying half-year financial report of Avira Resources Limited and its controlled entities (the "Group"), which comprise the statement of financial position as at 31 December 2019, statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies, other selected explanatory notes and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Avira Resources Limited and its controlled entities 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 2019 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*.

Material Uncertainty in respect of Going Concern - Emphasis of matter

Without qualification to the conclusion expressed above, we draw attention to Note 2 to the financial statements which contemplates the continuation of the Group as a going concern. The Group has incurred recurring losses from operations. The ability of the Group to continue as a going concern is dependent upon the Group's ability to raise additional funds through either debt financing or capital raising arrangements. Should the group fail to raise sufficient funds a material uncertainty exists which may cast significant doubt as to the Group's ability to continue as a going concern and therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business, and at the amounts stated in the financial report.

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 presentation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements *ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the 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 2019 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 Avira Resources Limited and its controlled entities during the half-year ended 31 December 2019, 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 independence requirements of the *Corporations Act 2001*.

MAZARS RISK & ASSURANCE PTY LIMITED

Rose Megale
Director

Sydney, 12th March 2020.