

Hawkley Oil and Gas Limited

Consolidated Interim Financial Report

A.B.N. 68 115 712 162

For the Half-Year Ended 31 December 2018

Hawkley Oil and Gas Limited

Contents

For the Half-Year Ended 31 December 2018

	Page
Consolidated Financial Statements	
Directors' Report	1
Directors' Declaration	3
Auditor's Independence Declaration	4
Consolidated Statement of Comprehensive Income	5
Consolidated Statement of Financial Position	6
Consolidated Statement of Changes in Equity	7
Consolidated Statement of Cash Flows	8
Notes to the Financial Statements	9
Independent Auditor's Review Report	14

Directors' Report

31 December 2018

Your directors submit their report, together with the interim financial statements of the Group, being Hawkley Oil and Gas Limited (the Company) and its controlled entities (the Group) for the half year ended 31 December 2018.

Directors

The names of the directors in office at any time during, or since the end of, the half year are:

Names	Position
Mr. David Lloyd	Non-Executive Chairman
Mr. Bill Foster	Non-Executive Director
Mr. Murray Wylie	Non-Executive Director (appointed 29 November 2018)
Mr. Edmund Babington	Non-Executive Director (resigned 28 November 2018)

Company Secretary

Mr. Murray Wylie

Operating results

The consolidated loss of the Group for the half year ended 31 December 2018 amounted to \$127,666 (31 December 2017: \$94,473).

Review of operations

After the halt in production of gas and gas condensate from the Company's Sorochynska 201 well in Ukraine in December 2014 and given the ongoing political tensions and conflict between Ukraine and Russia, the Company was unable to attract any investment monies for the Ukraine oil and gas assets so it proceeded to sell them. The sale was eventually completed in November 2016.

Following the disposal of its Ukraine assets on 11 November 2016, the Company was not able to satisfy the ASX that it had a sufficient level of operations to justify continued quotation of its securities in accordance with Chapter 12 of the Listing Rules, and was suspended from trading on 11 May 2017. The Company's securities will remain suspended until such time as the Company completes a transaction and undertakes recompliance with Chapters 1 and 2 of the Listing Rules. The Company may be automatically removed from the Official List on 11 May 2020 if trading in its securities has been suspended for three years. The ASX has proposed to introduce a number of changes to the Listing Rules on 1 July 2019, including reducing the period for automatic removal from three years to two years. If the proposed changes are implemented in their present form, the Company may be removed from the Official List on 2 July 2019.

During the reporting period, the Company has continued to pursue investment opportunities in the oil and gas sector as well as considering potential corporate transactions in other sectors that would support recapitalisation of the Company and satisfy ASX requirements for a resumption of share trading. Whilst a number of potential transactions have been considered, none have so far met these criteria. A number of opportunities are currently being studied, although none are at an advanced stage.

Directors' Report

31 December 2018

EVENTS SUBSEQUENT TO BALANCE DATE


There has not arisen in the interval between the end of the financial period and the date of this report any item, transaction or event of a material or unusual nature likely, in the opinion of the Directors of the Company, to effect:

- i. the Consolidated Entity's operations in future financial years; or
- ii. the results of those operations in future financial years; or
- iii. the Consolidated Entity's state of affairs in future financial years.

Auditor's independence declaration

The auditor's independence declaration in accordance with section 307C of the *Corporations Act 2001* for the half year ended 31 December 2018 has been received and can be found on page 4 of the financial report.

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

Director: .....
Mr. David Lloyd

Dated 15 March 2019

Hawkley Oil and Gas Limited

Directors' Declaration

The directors of the Company declare that:

1. The financial statements and notes, as set out on pages 5 to 13 are in accordance with the *Corporations Act 2001*, including:
 - (a) complying with Accounting Standard AASB 134: Interim Financial Reporting; and
 - (b) give a true and fair view of the consolidated Group's financial position as at 31 December 2018 and of its performance for the half-year ended on that date.
2. Subject to the matters outlined in Note 1, in the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

Director:



Mr. David Lloyd

Dated 15 March 2019

Auditor's Independence Declaration to the Directors of Hawkley Oil and Gas Limited

As lead auditor for the review of the financial report of Hawkley Oil and Gas 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 Hawkley Oil and Gas Limited and the entities it controlled during the financial period.



Ernst & Young



Mark P Cunningham
Partner
Perth
15 March 2019

Hawkley Oil and Gas Limited

Consolidated Statement of Comprehensive Income For the Half Year Ended 31 December 2018

	31 December 2018 \$	31 December 2017 \$
Other income	254	200
Administrative expenses	(124,933)	(94,652)
Interest expense	(17,381)	-
Gain on modification of financial liability	14,385	-
Gains/(loss) on foreign currency	9	(21)
Loss before income tax	(127,666)	(94,473)
Income tax benefit/(expense)	-	-
Loss after tax for the half year	(127,666)	(94,473)
Total comprehensive loss for the half year	(127,666)	(94,473)
Loss attributable to:		
Members of the parent entity	(127,666)	(94,473)
Total comprehensive loss attributable to:		
Members of the parent entity	(127,666)	(94,473)
Loss per share		
Basic loss per share (cents)	(0.03)	(0.02)
Diluted loss per share (cents)	(0.03)	(0.02)

The accompanying notes form part of these financial statements.

Hawkley Oil and Gas Limited

Consolidated Statement of Financial Position

As at 31 December 2018

	31 December 2018	30 June 2018
Note	\$	\$
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	77,844	181,941
Trade and other receivables	93	1,957
Other assets	19,594	7,755
TOTAL CURRENT ASSETS	<u>97,531</u>	<u>191,653</u>
TOTAL ASSETS	<u>97,531</u>	<u>191,653</u>
LIABILITIES		
CURRENT LIABILITIES		
Trade and other payables	175,266	144,718
Financial liabilities	4 188,227	185,231
TOTAL CURRENT LIABILITIES	<u>363,493</u>	<u>329,949</u>
TOTAL LIABILITIES	<u>363,493</u>	<u>329,949</u>
NET LIABILITIES	<u>(265,962)</u>	<u>(138,296)</u>
EQUITY		
Issued capital	5 38,974,788	38,974,788
Reserves	4,058,055	4,058,055
Accumulated losses	<u>(43,298,805)</u>	<u>(43,171,139)</u>
TOTAL SHAREHOLDERS' DEFICIT	<u>(265,962)</u>	<u>(138,296)</u>

The accompanying notes form part of these financial statements.

Hawkley Oil and Gas Limited

Consolidated Statement of Changes in Equity

For the Half-Year Ended 31 December 2018

31 December 2018

	Ordinary Shares	Accumulated losses	Convertible Note Equity Reserve	Share Based Payment Reserve	Total
	\$	\$	\$	\$	\$
Balance at 1 July 2018	38,974,788	(43,171,139)	(672,919)	4,730,974	(138,296)
Loss attributable to members of the entity	-	(127,666)	-	-	(127,666)
Other comprehensive income	-	-	-	-	-
Balance at 31 December 2018	38,974,788	(43,298,805)	(672,919)	4,730,974	(265,962)

31 December 2017

	Ordinary Shares	Accumulated losses	Convertible Note Equity Reserve	Share Based Payment Reserve	Total
	\$	\$	\$	\$	\$
Balance at 1 July 2017	38,974,788	(42,949,645)	(687,907)	4,730,974	68,210
Loss attributable to members of the entity	-	(94,473)	-	-	(94,473)
Other comprehensive income	-	-	-	-	-
Balance at 31 December 2017	38,974,788	(43,044,118)	(687,907)	4,730,974	(26,263)

The accompanying notes form part of these financial statements.

Hawkley Oil and Gas Limited

Consolidated Statement of Cash Flows For the Half-Year Ended 31 December 2018

	31 December 2018 \$	31 December 2017 \$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Payments to suppliers and employees	(104,365)	(84,979)
Interest received	254	200
Net cash used in operating activities	<u>(104,111)</u>	<u>(84,779)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Net cash provided by investing activities	<u>-</u>	<u>-</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net cash provided by financing activities	<u>-</u>	<u>-</u>
Net decrease in cash and cash equivalents held	(104,111)	(84,779)
Cash and cash equivalents at beginning of year	181,941	124,881
Effects of exchange rate changes on cash and cash equivalents	14	(18)
Cash and cash equivalents at end of the half year	<u>77,844</u>	<u>40,084</u>

The accompanying notes form part of these financial statements.

Notes to the Financial Statements

For the Half-Year Ended 31 December 2018

1 Basis of preparation

This consolidated interim financial report for the half year ending 31 December 2018 is a general purpose condensed financial report prepared in accordance with the requirements of the *Corporations Act 2001* and Australian Accounting Standard AASB 134: Interim Financial Reporting. Compliance with AASB 134 ensures compliance with International Financial Reporting Standards IAS 34 'Interim Financial Reporting'.

The comparative period presented in the Consolidated Statement of Comprehensive Income, Consolidated Statement of Financial Position, Consolidated Statement of Changes in Equity, Consolidated Statement of Cash flows and Notes to the Financial Statements is presented on a consolidated based and includes Hawkley Oil and Gas Limited and its controlled entities during the period from 1 July 2017 until its controlled entities were deregistered on 2 April 2018.

The current period presented in in the Consolidated Statement of Comprehensive Income, Consolidated Statement of Financial Position, Consolidated Statement of Changes in Equity, Consolidated Statement of Cash flows and Notes to the Financial Statements is presented on a consolidated based and includes Hawkley Oil and Gas Limited as a stand-alone entity only.

The interim consolidated financial report is intended to provide users with an update on the latest annual financial statements of Hawkley Oil and Gas Limited and controlled entities (the Group). As such it does not contain information that represents relatively insignificant changes occurring during the half year within the Group. This interim consolidated financial report does not include all the notes normally included in an annual financial report. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Group for the year ended 30 June 2018, together with any public announcements made during the half year.

Except as noted below, 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.

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

All other new standards and interpretations effective from 1 July 2018 were adopted with the main impact being disclosure changes as disclosed in note 2.

Going concern

The financial report has been prepared on the going concern basis, which contemplates the continuity of normal business activity and realisation of assets and the settlement of liabilities in the normal course of business.

For the half year ended 31 December 2018, the Group generated a loss of \$127,666. As at 31 December 2018, the Group has cash and cash equivalents of \$77,844 and net liabilities of \$265,962. Current liabilities of \$363,493 at 31 December 2018, includes \$148,573 in outstanding fees owed to current and former directors and \$188,227 for a loan from Emco Capital (Emco), an entity associated with a director, with the option of converting the principal amount into shares at the Company's election (subject to shareholder approval).

Notwithstanding the above the directors consider they have a reasonable basis to prepare the financial statements on a going concern basis after having regard to the following:

- i) The existing and former directors having resolved not to seek repayment of monies owed or forecasted to be owed to them totalling \$201,073 over the next twelve months from the date of this report, should such repayments place the Group in a position where it would be unable to pay its debts as and when they fall due.
- ii) The directors are actively investigating opportunities for acquisitions or corporate transactions that would enable the Company to be recapitalised and satisfy ASX requirements in order to resume trading on the ASX.
- iii) The Company may elect, subject to obtaining shareholder approval, to convert the initial \$200,000 drawdown from the Emco related party loan facility (note 4) into equity should it not be in a position to repay it in cash or negotiate an extension when the loan becomes due on 30 June 2019.

Notes to the Financial Statements

For the Half-Year Ended 31 December 2018

- iv) The Company has the capacity to draw down up to \$100,000 additional funds under its loan agreement with Emco to provide additional funding. This amount if drawn down would also be due for repayment on 30 June 2019 unless an extension is negotiated.

The Company is exploring a number of options available to raise additional funds if required, including equity placements to sophisticated investors, share purchase plans, rights issues, debt to equity conversion and convertible loan facilities and will pursue these further as and when appropriate. Should the Directors not be able to achieve the matters set out above, there is significant uncertainty as to whether the Group will be able to continue as a going concern.

The consolidated financial statements do not include any adjustment relating to the recoverability or classification of recorded asset amounts or to the amounts or classification of liabilities that might be necessary should the Consolidated Entity not be able to continue as a going concern.

2 New and amended accounting standards and interpretations

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to its operations and effective 1 July 2018, including:

AASB 9 Financial Instruments (AASB 9)

AASB 9 *Financial Instruments (AASB 9)* replaces AASB 139 *Financial Instruments: Recognition and Measurement (AASB 139)* for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

The Group has applied AASB 9 retrospectively, with the initial application date of 1 July 2018.

AASB 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. The Group has adopted AASB 9 retrospectively in accordance with the standard; changes in accounting policies resulting from the adoption of AASB 9 did not have a material impact on the consolidated financial statements.

AASB 9 largely retains the existing requirements of AASB 139 for the classification and measurement of financial liabilities, however, it eliminates the previous AASB 139 categories for financial assets held to maturity, receivables and available for sale. Under AASB 9, on initial recognition a financial asset is classified as measured at:

- a. Amortised cost;
- b. Fair Value through Other Comprehensive Income (**FVOCI**) – debt investment;
- c. FVOCI – equity investment; or
- d. Fair Value through Profit or Loss (**FVTPL**)

The classification of financial assets under AASB 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. A financial asset (unless it is a trade receivable without a significant financing component that is initially measured at the transaction price) is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition. For financial assets measured at amortised cost, these assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses.

Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on de-recognition is recognised in profit or loss.

As of 30 June 2018, and 31 December 2018, the Group's financial instruments consist of cash and cash equivalents, trade and other receivables, trade and other payables and Borrowings (convertible notes). Cash and cash equivalents and trade and other receivables previously designated as receivables under AASB 139 are now classified as amortised cost under AASB 9. The trade and other payables are designated as other financial liabilities, which are measured at amortised cost. Cash and cash equivalents, trade and other receivables and trade and other payables approximate their fair value due to their short-term nature.

Other financial liabilities (as reported in the balance sheet) are reported as financial liabilities and measured at fair value through the profit and loss.

Notes to the Financial Statements

For the Half-Year Ended 31 December 2018

Convertible notes are separated into liability and equity components based on the terms of the contract. On issuance of the convertible note, the fair value of the liability component is determined by using a market rate for an equivalent non-convertible instrument. This amount is classified as a financial liability measured at amortised cost until it is extinguished on conversion or redemption. The remainder of the proceeds is allocated to the conversion option that is recognised and included in equity. The carrying amount of the conversion option is not re-measured in subsequent years.

The Group classified the fair value of the financial instruments according to the following fair value hierarchy based on the amount of observable inputs used to value the instruments:

The three levels of the fair value hierarchy are:

- Level 1 – Values based on unadjusted quoted prices available in active markets for identical assets or liabilities as of the reporting date.
- Level 2 – Values based on inputs, including quoted prices, time value and volatility factors, which can be substantially observed or corroborated in the marketplace. Prices in Level 2 are either directly or indirectly observable as of the reporting date.
- Level 3 – Values based on prices or valuation techniques that are not based on observable market data.

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 139. 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. In accordance with AASB 9, where the directors concluded that it would require undue cost and effort to determine the credit risk of a financial asset on initial recognition, the Group recognises lifetime ECL. This assessment did not result in any identification of impairment.

Impact on measurement category

Class of financial instrument presented in the statement of financial position	Original measurement category under AASB 139	New measurement category under AASB 9
Cash and cash equivalents	Loans and receivables	Financial assets at amortised cost
Trade and other receivables	Loans and receivables	Financial assets at amortised cost
Trade and other payables	Financial Liability at amortised cost	Financial liability at amortised cost
Borrowings (convertible notes)	Financial Liability at amortised cost	Financial Liability at amortised cost

The change in classification has not resulted in any re-measurement adjustment at 1 July 2018.

AASB 15 Revenue from Contracts with Customers (AASB 15)

The Group has adopted AASB 15 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 118 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 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 2018 it was determined that the adoption of AASB 15 had no impact on the group.

New accounting standards and interpretations issued but not yet effective

The Group has not elected to early adopt any new standards or amendments that are issued but not yet effective.

Notes to the Financial Statements

For the Half-Year Ended 31 December 2018

3 Operating segments

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (chief operating decision makers) in assessing performance and determining the allocation of resources.

The Group is managed primarily on the basis of product category, operating segments are therefore determined on the same basis. The Group's sole reporting segment is the oil and gas business located wholly within Australia.

The accounting policies applied for internal purposes are consistent with those applied in the preparation of these interim financial statements.

4 Financial liabilities

	31 December 2018 \$	30 June 2018 \$
CURRENT		
Debt component of convertible notes at amortised costs	188,227	185,231
	188,227	185,231

Convertible notes

The terms of the original convertible loan agreement issued on 28 June 2018 were varied by agreement dated 31 October 2018. The material terms and conditions are:

- Subject to shareholder approval, Hawley may elect to convert the initial drawdown amount of A\$200,000, received on 28 June 2018, into fully paid ordinary shares in Hawley at a conversion price of 0.2 cents per share (subject to adjustment in the event of a reorganisation of capital).
- Two further drawdowns of \$50,000 each are available if required which will become payable at the time of conversion.
- The loan incurs interest of 3% p.a., payable at settlement of the loan. Additional drawdowns and interest are to be repaid in cash at settlement.
- The loan is to be converted and/or repaid on or before 30 June 2019.

The Company considers that the convertible note is a compound instrument and in this regard a portion of the convertible note was recognised in equity upon initial recognition.

The fair value of the debt component of the original convertible notes on initial recognition was determined to be \$185,012 using a discounted cash flow methodology over the six months to maturity.

Inputs utilised in assessing the fair value of the convertible note:

	30 June 2018
Interest rate	3%
Face value	200,000
Market interest rate	20%
Fair value at initial recognition, 28 June 2018	185,012
Equity component	14,988

Reconciliation of debt component of convertible notes at amortised cost:

	31 Dec 2018	30 June 2018
Opening balance at amortised cost	185,231	-
Fair value upon initial recognition	-	185,012
Fair value adjustment upon modification	(14,385)	-
Accrued interest	17,381	219
Closing balance at amortised cost	188,227	185,231

The carrying amount of the Group's convertible notes approximates their fair value as at 31 December 2018. Fair value has been determined by using a discounted cash flow model, and applying a market interest rate of 20%. The fair value methodology is categorised as level 3 in the fair value hierarchy.

Notes to the Financial Statements

For the Half-Year Ended 31 December 2018

4 Financial liabilities (continued)

AASB 13 Fair Value Measurement requires disclosure of fair value measurements by level in the fair value measurement hierarchy as follows:

- Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - a valuation technique is used using inputs other than quoted prices within level 1 that are observable, either directly (i.e. as prices), or indirectly (i.e. derived from prices);
- Level 3 - a valuation technique is used using inputs that are not observable based on observable market data (unobservable inputs).

The fair value measurement falls into level 3 and a discounted cash flow methodology was utilised; the inputs are observable and in addition the fair value represents the fair value of a similar instrument without a conversion option being indirectly derived from existing market rate for similar borrowings and an estimate applied for the level of risk attached to the Company.

5 Issued capital

	31 December 2018	30 June 2018
	\$	\$
456,239,077 (30 June 2018: 456,239,077) Share capital - Ordinary	43,050,015	43,050,015
Share issue costs	(4,075,227)	(4,075,227)
Total	<u>38,974,788</u>	<u>38,974,788</u>

6 Contingencies

The Company did not have any contingencies at 31 December 2018 (30 June 2018: nil).

7 Events occurring after the reporting date

No matters or circumstances have arisen since the end of the half year which significantly affected or could significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

8 Fair value measurement

The carrying value of financial assets and financial liabilities approximate their fair values.

Independent auditor's review report to the members of Hawkley Oil and Gas Limited

Report on the half-year financial report

Conclusion

We have reviewed the accompanying half-year financial report of Hawkley Oil and Gas 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 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 in the financial report, which describes events or conditions to indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion 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



Mark P Cunningham
Partner
Perth
15 March 2019