



Helios Energy Limited

Interim Financial Report

31 December 2017

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These interim financial statements do not include all the notes of the type normally included in the annual financial statements. Accordingly, these interim financial statements are to be read in conjunction with the annual financial statements dated 30 June 2017 and any public announcements made by the Company during the period from 1 July 2017 to the date of this report in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

Corporate Directory

Directors

Hui Ye
Non-Executive Chairman

Richard He
Managing Director

Nicholas Ong
Non-Executive

Gary Steinepreis
Non-Executive

Robert Bearden
Non-Executive

Company Secretary

Gary Steinepreis

Registered Office

Australian Office

PO Box 1485 West Perth
Level 3, 18 Richardson Street
West Perth WA 6005 Australia
PO Box 1485 West Perth
WA Australia 6872
Tel +61 1300 291 195
Fax +61 8 6298 6191

USA Office

2 Riverway, 17th Floor
Suite 1710, Houston
Texas USA 77056
Tel +1 713 333 613
Fax +1 713 583 0965

Share Register

Computershare Investor Services Pty Ltd
Reserve Bank Building
Level 11, 172 St George's Terrace
Perth WA 6000
Investor enquiries: 1300 557 010
Telephone: 08 9323 2000
Facsimile: 08 9323 2033

Auditor

BDO Audit (WA) Pty Ltd
38 Station Street
Subiaco WA 6008
Telephone: 08 6382 4600
Facsimile: 08 6382 4601

Stock Exchange Listing

Helios Energy Ltd's shares are listed on the Australian Securities Exchange (ASX), home branch, Perth.
ASX Code: HE8, HE8OA

Website

www.heliosenergyltd.com

DIRECTORS' REPORT

Your directors present their report on the consolidated entity consisting of Helios Energy Ltd and the entities it controlled at the end of, or during, the financial year ended 31 December 2017 (**Helios Energy** or the **Company** or the **Group**).

DIRECTORS

The names of each person who has been a director during the interim reporting period and to the date of this report are:

Hui Ye - appointed 1 December 2017
Richard He - appointed 20 October 2017
Gary Steinepreis
Nicholas Ong – appointed 4 August 2017
Robert Bearden – appointed 14 February 2018
Anthony Brennan – resigned 31 October 2017
Carl Coward – resigned 20 October 2017

COMPANY SECRETARY

The company secretary is Gary Steinepreis.

PRINCIPAL ACTIVITIES AND REVIEW OF OPERATIONS

The Company is an oil and gas exploration company whose principal activities are the Trinity Oil Project and the Presidio Oil Project (together, the **Projects**). Both Projects are located in Texas, USA.

The Company, via a Prospectus, finalised a capital raising for a total of \$18,011,859 and the securities of the Company were reinstated to Official Quotation from the commencement of trading on 11 August 2017, following the Company's compliance with Listing Rule 11.1.3 and Chapter 1 and 2 of the ASX Listing Rules.

Presidio Oil Project

In the September quarter the Company drilled two wells, Quinn Creek 141 and Quinn Mesa 113, as part of its obligations to drill three wells in the Presidio Oil Project to earn a 70% working interest (**WI**) in the initial 6,400 acres (4,480 net acres) which comprise the Presidio Oil Project in Presidio County, Texas, USA. Helios was required to drill the third well by 31 December 2017 but has been granted an extension until 30 April 2018 to drill the third well.

Quinn Mesa 113 Well

During the December quarter, Helios began testing the Quinn Mesa 113 well. The Quinn Mesa 113 vertical well was spud by Helios, as Operator, on 16 June 2017, approximately 2 miles due east of the Quinn Creek 141 surface location. Quinn Mesa 113 was drilled to a TD of 4,000 feet.

As announced to ASX on 29 January 2018, Helios recently completed a 'squeeze job' on Quinn Mesa 113 using a water blocking polymer sealer in an attempt to isolate the primary target perforated zones in the San Carlos Sandstone Formation. Swab testing immediately after the 'squeeze job' resulted in greatly reduced water inflow and therefore it appeared that the 'squeeze job' had been successful. The well was then re-perforated to re-attempt to recover formation fluids from the San Carlos Sandstone Formation.

Post completion of the 'squeeze job' and the re-perforating, swabbing re-commenced and once again swabbing recovered low temperature and low salinity water. This strongly suggests that the water is continuing to come from a different formation at shallower depth, highly likely caused by channels in the cement behind the casing. Therefore, the 'squeeze job' was not able to prevent the inflow of this water which is preventing a valid swab test of the primary target zones within the San Carlos Sandstone interval of the Quinn Mesa 113 well from which high porosity oil and gas bearing samples and cuttings were obtained during drilling and whose oil reservoir properties were subsequently corroborated by a full suite of well logs.

The Quinn Mesa 113 well encountered oil and gas shows while drilling in an interval of over 100 feet in the San Carlos Formation. Samples analysed at the location had oil shows, subsequent samples analysed in the laboratory post drilling had oil shows and analysis of the electric logs were interpreted to indicate hydrocarbon pay.

Testing of the Quinn Mesa 113 well has been suspended so that Helios can assess the results of the testing observed so far.

Helios' Board and senior management continue to believe the San Carlos Formation has significant potential. The Company will be reviewing the future well design, the mud programme and the cementing programme for the San Carlos Formation. The current test results will also be reviewed with completion experts to assist with future well design and to consider additional completion attempts in the Quinn Mesa 113 well.

The Company tested a number of separate and distinct zones within the Quinn Mesa 113 well with the primary target interval being the San Carlos Sandstone Formation.

A secondary target interval in the Quinn Mesa 113 well was the Austin Chalk Equivalent Formation. A section of 10 feet of fractured shales and carbonates located in the Austin Chalk Equivalent Formation between 3,900 and 3,910 feet was perforated and tested by Helios. Testing resulted in oil and gas flowing to surface. This positive test is a promising indicator of a new potential shale resource play within the Presidio Oil Project.

An interval of 250 feet of the Austin Chalk Equivalent Formation is present in the Quinn Creek 141 well which is located approximately 2 miles due west of the Quinn Mesa 113 well location. The testing of the Quinn Creek 141 well will be amended therefore to provide for a more expansive and comprehensive test of this interval of 250 feet of Austin Chalk Equivalent Formation. Testing is expected to begin mid-March and is likely to take a minimum of 3 weeks.

3D and 2D Seismic Programme

Shooting of the Company's initial 3D and 2D seismic programme has been completed. The Company's 3D seismic programme was shot across a 2 square mile area which covers its Quinn Creek 141 well and its Quinn Mesa 113 well and the ground in between the 2 wells. The 2D line of seismic that was shot is approximately 4 miles in length and covers a line of east-west orientation between the Quinn Creek 141 well and the Quinn Mesa 113 well and their proximate surrounds.

The initial interpretation of both seismic data sets has been completed. The seismic indicates a possible regional high and therefore potential trap for the Buda Carbonate, Georgetown Limestone and Edwards Limestone formations to the north of the Quinn Creek 141 and the Quinn Mesa 113 wells. As a result, Helios Energy has decided to shoot an additional 13 miles of 2D seismic lines in the area which is due north (up the valley floor) of both the Quinn Creek 141 and the Quinn Mesa 113 wells. This new 2D seismic along with the testing outcomes of the Quinn Creek 141 well will determine the location of the third well in the Presidio Oil Project.

It will also assist in determining the nature, extent and timing of any additional testing of the Quinn Mesa 113 well.

Competent Person's Statement

This information in this ASX announcement is based on information compiled or reviewed by Stephen Hermeston. Mr. Hermeston is a qualified petroleum geologist with over 35 years of experience in North America, South America, Africa, Middle East, Far East, Europe and other international areas involving technical, operational and executive aspects of petroleum exploration and production, in both onshore and offshore environments. He has extensive experience in petroleum exploration, appraisal and reserve and resource estimation and well as in identifying and evaluating new oil and gas ventures. Mr. Hermeston has a Bachelors degree in Geology and is a member of the American Association of Petroleum Geologists.

After reporting period Events

Share Placement

On 27 December 2017, the Company advised that it had conducted a capital raising of \$8,500,000 by the issue of 132,812,500 shares at a price of 6.4 cents per share (**Placement**). The Placement was made to sophisticated and professional investors under the provisions of section 708 of the Corporations Act 2001 (Cth).

Cornerstone Investments by 2 Major Shareholders

The Placement has been cornerstoned by the Company's largest and fifth largest shareholders. Notable Pioneer Limited (a company associated with Helios' Chairman, Mr Ye) currently owns 394,734,485 shares in the Company which equates to a 30.75% shareholding in Helios.

Notable Pioneer Limited has agreed to subscribe for a further 81,168,828 shares at 6.4 cents per share for a further investment of \$5,194,805. Due to Notable Pioneer Limited owning more than 20% of Helios and Mr Ye being a director of Helios, this investment of \$5,194,805 is subject to and conditional upon the attainment of all necessary regulatory, shareholder and third-party approvals to issue these 81,168,828 shares (including Helios' shareholders approving the issue of these 81,168,828 shares at a shareholders meeting to held in late March 2018) for the purposes of:

- (a) section 611, item 7 of the Corporations Act;
- (b) ASX Listing Rule 10.11; and
- (c) for all other purposes.

Notable Pioneer's Limited's subscription capital is on trust account in Australia. It is expected that the Helios shareholders meeting will be held in late March 2018.

Issue and Allotment of Tranche 1

On 5 January 2018, the Company completed Tranche 1 of the Placement by the issue of 36,018,672 shares at 6.4 cents per share to raise \$2,305,195. The placement to the Company's fourth largest shareholder Mr Zhiqiang Shan of a further \$1,000,000 being 15,625,000 shares at 6.4 cents was completed on 27 February 2018.

Board Changes

On 20 October 2017, the Company announced the appointment of Richard He as the new Managing Director of the Company and on 1 December 2017, the Company announced the appointment of Hui Ye as a director and non-executive chairman of the Company. During the half-year, Tony Brennan and Carl Coward resigned as Directors of the Company.

Oil and Gas Leases Held as at 31 December 2017

The Company's lease holdings are as follows:

Project	Interest	Area of interest
Trinity Oil Project, Texas	100% working interest	3,128 acres
Presidio Oil Project, Texas	Drilling to earn a 70% working interest	26,096 acres and 34,280 acres under call option

OPERATING RESULT

The loss from operations for the half year ended 31 December 2017 after providing for income tax was \$1,715,636 (2016: Loss \$1,776,667). The total comprehensive loss for the half year ended 31 December 2017 after providing for income tax was \$1,352,336 (2016: \$113,417).

Additional information on the operations and financial position of the Group and its business strategies and prospects is set out in this directors' report and the interim financial report.

AUDITOR'S INDEPENDENCE DECLARATION

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

Signed in accordance with a resolution of the board of directors



Gary Steinepreis
Director
16 March 2018

DECLARATION OF INDEPENDENCE BY PHILIP MURDOCH TO THE DIRECTORS OF HELIOS ENERGY LIMITED

As lead auditor for the review of Helios Energy Limited for the half-year ended 31 December 2017, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Helios Energy Limited and the entity it controlled during the period.



Phillip Murdoch

Director

BDO Audit (WA) Pty Ltd

Perth, 16 March 2018

Helios Energy Ltd
Consolidated Statement of Profit or Loss and Other Comprehensive Income
Half Year Ended 31 December 2017

	Note	2017 \$	2016 \$
Revenue from operations		24,595	2,003
Administration costs		(400,076)	(63,713)
Corporate compliance costs		(141,809)	(41,245)
Corporate management fees		(183,255)	-
Personnel Cost		(995,373)	-
Audit fees		(19,718)	(10,462)
Net gain on disposal of subsidiary	3	-	1,890,084
(Loss)/Profit before income tax		(1,715,636)	1,776,667
Income tax expense		-	-
(Loss)/Profit after income tax for the half-year		(1,715,636)	1,776,667
Other Comprehensive Loss			
Items that will be reclassified to profit or loss			
Realisation of foreign currency translation reserve	3	-	(1,890,084)
Foreign currency translation difference		363,300	-
Total comprehensive loss for the period attributable to the members of Helios Energy Ltd		(1,352,336)	(113,417)
		Cents	Cents
Loss per share for comprehensive loss for the period attributable to the members of the Company:			
Basic and diluted loss per share		(0.098)	(0.048)

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

Helios Energy Ltd
Consolidated Statement of Financial Position
As At 31 December 2017

ASSETS	Note	31 Dec 2017	30 June 2017
		\$	\$
Current assets			
Cash and cash equivalents		7,634,090	8,617,443
Trade and other receivables		17,097	62,835
Total current assets		7,651,187	8,680,278
Non-current assets			
Exploration and evaluation expenditure	4	12,307,859	9,533,522
Total Non-current assets		12,307,859	9,533,522
Total assets		19,959,046	18,213,800
LIABILITIES			
Current liabilities			
Trade and other payables		518,706	1,269,297
Total current liabilities		518,706	1,269,297
Total liabilities		518,706	1,269,297
NET ASSETS		19,440,340	16,944,504
EQUITY			
Contributed equity	5	41,492,640	37,644,468
Reserves		387,686	24,386
Accumulated losses		(22,439,986)	(20,724,350)
TOTAL EQUITY		19,440,340	16,944,504

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

Helios Energy Ltd
Consolidated Statement of Changes in Equity
Half Year Ended 31 December 2017

2017	Contributed equity \$	Option premium reserve \$	Share reserve \$	Foreign currency translation reserve \$	Accumulated losses \$	Total \$
Balance 1 July	37,644,468	198,800	-	(174,414)	(20,724,350)	16,944,504
Loss for the half-year	-	-	-	-	(1,715,636)	(1,715,636)
Exchange differences on translation of foreign operations	-	-	-	363,300	-	363,300
Total comprehensive gain (loss) for the half year	-	-	-	363,300	(1,715,636)	(1,352,336)
Transactions with owners in their capacity as owners:						
Contribution of equity (net of transaction costs)	3,846,572	-	-	-	-	3,846,572
Conversion of options to ordinary shares	1,600	-	-	-	-	1,600
Balance 31 December	41,492,640	198,800	-	188,886	(22,439,986)	19,440,340
2016	Contributed equity \$	Option premium reserve \$	Share reserve \$	Foreign currency translation reserve \$	Accumulated losses \$	Total \$
Balance 1 July	20,372,705	183,812	92,209	1,890,083	(21,978,914)	559,895
Loss for the half-year	-	-	-	-	1,776,667	1,776,667
Effect of translation of foreign currency operations to group presentation currency upon loss of control of subsidiary	-	-	-	(1,890,084)	-	(1,890,083)
Total comprehensive gain (loss) for the half year	-	-	-	(1,890,084)	1,776,667	(113,416)
Transactions with owners in their capacity as owners:						
Transfer to accumulated losses on expiry of options		(183,812)	(92,209)		276,021	-
Balance 31 December	20,372,705	-	-	-	(19,926,226)	446,479

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Helios Energy Ltd
Consolidated Statement of Cash Flows
Half Year Ended 31 December 2017

	2017	2016
	\$	\$
Cash flow from operating activities		
Interest received	24,595	2,003
Payments to suppliers and employees	(1,945,425)	(108,260)
Net cash outflow from operations	(1,920,830)	(106,257)
Cash flows from investing activities		
Payments for exploration and evaluation	(2,900,154)	-
Net cash outflow from investing activities	(2,900,154)	-
Cash flows from financing activities		
Proceeds from the issue of shares	5,011,859	-
Proceeds from exercise of option	1,600	-
Costs associated with capital raising	(1,165,287)	-
Net cash inflow from financing activities	3,848,172	-
Net decrease in cash and cash equivalents	(972,812)	(106,257)
Cash and cash equivalents at the beginning of the period	8,617,443	577,848
Effect of exchange rate changes on cash and cash equivalents	(10,541)	(74)
Cash and cash equivalents at the end of the period	7,634,090	471,517

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

1 Summary of significant accounting policies

This general purpose interim financial report includes the financial statements and notes of Helios Energy Ltd, a public limited entity, and its controlled entities for the half-year ended 31 December 2017.

(a) Basis of preparation

The consolidated interim financial statements have been prepared in accordance with AASB 134 *Interim Financial Reporting* and the Corporations Act 2001. They do not include all of the information required for full annual financial statements and should be read in conjunction with annual report dated 30 June 2017 any public announcements made by the Company during the period from 1 July 2017 to the date of this report in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies have been consistently applied by the Group and are consistent with those applied in the previous financial year and those of the corresponding interim reporting period.

In the half year ended 31 December 2017, the Group has reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for annual reporting periods beginning on or after 1 July 2017. It has been determined by the Group that there is no impact, material or otherwise, of the new and revised standards and interpretations on its business and therefore no change is necessary to accounting policies.

No retrospective change in accounting policy or material reclassification has occurred requiring the inclusion of a third Statement of Financial Position as at the beginning of the comparative financial period, as required under AASB 101.

2 Segment Information

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 currently operates in one operating segment being the mining and exploration sector.

The chief operating decision makers look at areas of interest when reviewing exploration activities and the allocation of resources to the segment and to assess its performance. For the Period under review, the Group operated as one business.

The Board of Directors review internal management reports on a monthly basis that are consistent with the information provided in the statement of profit or loss and other comprehensive income, statement of financial position and statement of cash flows. As a result, no reconciliation is required because the information as presented is what is used by the Board to make strategic decisions.

3 Net gain on disposal of foreign subsidiary

On 22 December 2016, the Company deconsolidated its 100% interest in its subsidiary, Wasatch Natural Resources LLC, via voluntary cancellation and deregistration. The Company recognised a net gain on disposal of \$1,890,084 for the half year, and the subsidiary was deconsolidated from the Group at 31 December 2016. This gain takes into account the foreign currency translation gain of \$1,890,084, which has been realised and transferred from the foreign currency translation reserve to profit and loss.

4 Exploration and Evaluation Expenditure

	31 December 2017	30 June 2017
	\$	\$
Exploration and evaluation assets	12,307,859	9,533,522
Reconciliation:		
Balance at the beginning of the period	9,533,522	-
Acquisitions	-	6,742,658
Exploration costs	2,900,154	2,843,832
Foreign exchange difference on translation	(125,817)	(52,968)
Balance at the end of the period	12,307,859	9,533,522

5 Contributed Equity

(a) Share Capital

	December 2017	June 2017	December 2017	June 2017
	Shares	Shares	\$	\$
Fully paid	1,283,672,964	1,033,000,025	41,492,640	37,644,468

5 Contributed Equity (continued)

(b) Movements in ordinary share capital:

Period ended 31 December 2017

Date	Details	Number of shares	Issue price	\$
01/07/17	Opening balance	1,033,000,025		37,644,468
12/07/17	Placement – shortfall	222,142,938	\$0.02	4,442,859
04/08/17	Placement - shortfall	28,450,000	\$ 0.02	569,000
21/09/17	Conversion of options to ordinary shares	80,001	\$ 0.02	1,600
	Costs of shares issued			(1,165,287)
31/12/17	Balance at end of period	<u>1,283,672,964</u>		<u>41,492,640</u>

Period ended 30 June 2017

Date	Details	Number of shares	Issue price	\$
01/01/17	Opening balance	236,000,000	-	20,372,705
10/02/17	Consolidation (2:1)	(117,999,975)	-	-
07/04/17	Entitlement offer	650,000,000	\$0.02	13,000,000
07/04/17	Vendor Share Issue	240,000,000	\$0.02	4,800,000
07/04/17	Broker Share Issue	25,000,000	\$0.02	500,000
	Costs of shares issued			(1,028,237)
30/06/17	Balance at end of period	<u>1,033,000,025</u>		<u>37,644,468</u>

6 After Reporting Date Events

Share Placement

On 27 December 2017, the Company advised that it had conducted a capital raising of \$8,500,000 by the issue of 132,812,500 shares at a price of 6.4 cents per share (**Placement**). The Placement was made to sophisticated and professional investors under the provisions of section 708 of the Corporations Act 2001 (Cth).

Cornerstone Investments by 2 Major Shareholders

The Placement has been cornerstoned by the Company's largest and fifth largest shareholders. Notable Pioneer Limited (a company associated with Helios' Chairman, Mr Ye) currently owns 394,734,485 shares in the Company which equates to a 30.75% shareholding in Helios.

6 After Reporting Date Events (continued)

Notable Pioneer Limited has agreed to subscribe for a further 81,168,828 shares at 6.4 cents per share for a further investment of \$5,194,805. Due to Notable Pioneer Limited owning more than 20% of Helios and Mr Ye being a director of Helios, this investment of \$5,194,805 is subject to and conditional upon the attainment of all necessary regulatory, shareholder and third-party approvals to issue these 81,168,828 shares (including Helios' shareholders approving the issue of these 81,168,828 shares at a shareholders meeting to held in late March 2018) for the purposes of:

- (a) section 611, item 7 of the Corporations Act;
- (b) ASX Listing Rule 10.11; and
- (c) for all other purposes.

Notable Pioneer's Limited's subscription capital is on trust account in Australia. It is expected that the Helios shareholders meeting will be held in late March 2018.

Issue and Allotment of Tranche 1

On 5 January 2018, the Company completed Tranche 1 of the Placement by the issue of 36,018,672 shares at 6.4 cents per share to raise \$2,305,195. The placement to the Company's fourth largest shareholder Mr Zhiqiang Shan of a further \$1,000,000 being 15,625,000 shares at 6.4 cents was completed on 27 February 2018.

Other than as reported above in the principal activities and review of operations, there has been no matter or circumstance that has arisen that has significantly affected, or may significantly affect:

1. the Group's operations in future financial years, or
2. the results of those operations in future financial years, or
3. the Group's state of affairs in future financial years.

7 Contingencies and Commitments

There are no changes in contingent liabilities or commitments from the year end 30 June 2017.

8 Related Party Transactions

There are no changes in related party transactions from the year end 30 June 2017.

9 Fair Value Measurement of Financial Instruments

The Company does not have any financial instruments that are subject to recurring fair value measurements.

Due to its short-term nature, the carrying amount of current trade and other receivables is assumed to approximate its fair value.

Helios Energy Ltd
Directors' Declaration
31 December 2017

The Directors' of the Group declare that:

- 1 The interim financial statements and notes as set out on pages 7 to 14 are in accordance with the *Corporations Act 2001*, and
 - (i) comply with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - (ii) give a true and fair view of the financial position of the Group as at 31 December 2017 and of its performance to the half-year ended on that date.
- 2 In the opinion of the directors' 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.



Gary Steinepreis
Director
West Perth
16 March 2018

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Helios Energy Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Helios Energy Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2017, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year then ended, and notes comprising a statement of accounting policies and other explanatory information, 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 the Group is not in accordance with the *Corporations Act 2001* including:

- (i) Giving a true and fair view of the Group's financial position as at 31 December 2017 and of its financial 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*.

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, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2017 and its 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*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Group, would be in the same terms if given to the directors as at the time of this auditor's review report.

BDO Audit (WA) Pty Ltd

BDO

A handwritten signature in black ink, appearing to read 'P. Murdoch', is written over a horizontal line.

Phillip Murdoch

Director

Perth, 16 March 2018