
Hawthorn Resources Limited

ABN 44 009 157 439

FINANCIAL REPORT FOR THE HALF YEAR ENDED 31 DECEMBER 2019

**THIS REPORT SHOULD BE READ IN CONJUNCTION WITH
THE JUNE 2019 ANNUAL FINANCIAL REPORT AND
THE SEPTEMBER AND DECEMBER 2019 QUARTERLY ACTIVITY STATEMENTS**

These reports can be viewed on the Company's website at:
www.hawthornresources.com

Hawthorn Resources Limited

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Directors

Yijie Li (Chairman and Non-Executive Director)
Mark G Kerr (Managing Director and CEO)
Christopher D Corrigan (Non-Executive Director)
David S Tyrwhitt (Non-Executive Director)
Yongzhong Liao (Non-Executive Director)
Zhensheng Liu (Non-Executive Director)

Company Secretary

Mourice Garbutt

Mines Operations Manager

William Lloyd

Chief Financial Officer

Tony Amato

Registered Office and Domicile

Level 2, 90 William Street, Melbourne, Victoria 3000 Australia
Telephone: +61 3 9605 5901
E-mail: info@hawthornresources.com
Internet: <http://www.hawthornresources.com>

Legal Form

A public company - Liability Limited by Shares

Country of Incorporation

Australia

Share Registry

Link Market Services Ltd,
Tower Four, 727 Collins Street, Melbourne Victoria 3008, Australia
Telephone: +61 1300 554 474 (toll free within Australia)

Auditors

BDO Audit Pty Ltd
Collins Square, Tower Four, Level 18, 727 Collins Street
Melbourne VIC 3008, Australia

Australian Securities Exchange Listing Code

HAW Ordinary shares

Bankers

National Australia Bank Limited
Level 1, 99 Bell Street
Preston Victoria 3072 Australia

Solicitors

Minter Ellison Lawyers
Rialto Towers, 525 Collins Street
Melbourne Victoria 3000, Australia

The Directors of Hawthorn Resources Limited present their report for the half year ended 31 December 2019.

1 DIRECTORATE

The Directors of the Company in office since 1 July 2019 and up to the date of this Report are:

Mr Yijie Li	Chairman (appointed 29 November 2019) and Non-Executive Director
Mr Mark G. Kerr	Chairman (resigned 30 October 2019), Managing Director and CEO
Mr Christopher D Corrigan	Non-Executive Director
Dr David S Tyrwhitt	Non-Executive Director
Mr Yongzhou Liao	Non-Executive Director
Mr Zhensheng Liu	Non-Executive Director

2 REVIEW AND RESULTS OF OPERATIONS

2.1 Objectives

The Company's objective is to increase shareholder wealth through successful exploration and mining development activities whilst providing a safe workplace and ensuring best practice in relation to its environmental obligations.

2.2 Results

During the half year the Company recorded revenues of \$37,505,442 (2018: \$21,823,596) and generated a consolidated total comprehensive profit from contributing operations of \$14,740,582 for the half-year ended 31 December 2019 (2018: \$148,376).

Statement of Profit or Loss and Other Comprehensive Income

In the 2019 half-year revenue from the sale of ore amounted to \$37,360,850 (2018: \$21,806,491).

Consolidated comprehensive income for the half year amounted to \$14,740,582 (2018: \$148,376). Mining costs for the half year amounted to \$21,817,431 (2018: \$20,653,705), including amortisation of \$2,392,867 (2018: \$1,981,165).

Statement of Financial Position

At 31 December 2019, the consolidated entity had cash and cash equivalents on hand of \$30,580,335 (30 June 2019: \$15,969,638) and trade and other receivables of \$6,067,581 (30 June 2019: \$5,529,287), with net current assets of \$30,758,200 (30 June 2019: \$19,435,121). Total net assets amount to \$32,377,528 (30 June 2019: \$20,947,003), including exploration and evaluation assets of \$1,501,905 (30 June 2019: \$1,501,905).

Cash Flow

During the half-year, the consolidated entity's cash and cash equivalents increased by \$14,610,697 (31 December 2018: increased \$7,327,280) with operations generating \$18,446,710 (2018: \$7,650,507). Cash generated from sales amounted to \$36,809,444 (2018: 28,059,165). Payments for exploration and development expenditure amounted to \$414,415 (2018: \$323,227).

2.3 Corporate Activities

Funding

Issued Securities

2.3.1 ASX Quoted Ordinary fully paid shares:

As at 31 December 2019, and as at the date of this report, the number of ordinary shares on issue is represented by 326,615,613 ordinary fully paid shares (30 June 2019: 326,615,613).

2.3.2 Non-Quoted Performance Rights

As at 31 December 2019 and as at the date of this report the number of Performance Rights subject to achievement of performance milestones is 14,815,000 (30 June 2019: 14,815,000). The performance rights on issue relate to:

Trouser Leg Mining Joint Venture (i)	7,650,000
Yundamindera Deep South/Box Well (ii)	7,165,000
	<u>14,815,000</u>

- (i) The milestones related to the mining operations in the Trouser Legs open-pit gold mine are yet to be finalized as having been achieved in part or in full. As such it is not proposed to cancel any of the Rights until the achievement or otherwise of the Trouser Legs milestones has been clarified/settled.
- (ii) The Tenements underlying the Yundamindera – Deep South / Box Well tenements were sold to Saracen Gold Mines Pty Ltd in June 2019. As such the milestones underpinning the vesting of the related Rights are not capable of performance and will to some point in time be formally cancelled.

Net Asset Backing per Share

As at 31 December the Net Asset Backing per one ordinary fully paid share:

December 2019	\$0.0945
December 2018	\$0.0414

2.4 Dividends

No dividends were paid or declared during the period and no dividends are recommended in respect of the financial half-year ended 31 December 2019 (2018: \$nil).

Proposed return of funds to shareholders

With the funds generated from the sale of the Yundamindera Prospect the Company has resolved, subject to a satisfactory tax ruling, to distribute funds of \$13.5m that are surplus to the Company's current and 2020 obligations/ funding requirements. This would amount to a capital return of approximately 4.1 cents per share based on the number of shares on issue as at the date of this report.

In December 2019 the Company lodged an application with the Australian Taxation Office seeking a draft ruling on the proposed return of capital. The ATO has issued requisitions for additional, supporting data/evidence which we are supplying. At this stage we do not expect a draft ruling before April 2020.

2.5 Earnings per Share

	2019	2018
		Restated
Basic earnings / loss per share	\$0.02981	(\$0.00150)
Diluted earnings / loss per share	\$0.02913	(\$0.00150)

2.6 Mining Operation

The following covers activities undertaken in the half-year to 31 December 2019 and includes interpreted results and activities up to the date of this Report and should be read in conjunction with the detailed **September and December 2019 Quarterly Activities Reports as lodged with the ASX under the Company's ASX code of "HAW"**.

During the half-year the Company's principle exploration/ mining activities were:

- participation in and management of the Trouser Legs Mining Joint Venture ("TLMJV") and the completion mining of the Trouser Legs **gold mine open-pit operations** 140 kms north-east of Kalgoorlie in Western Australia - see statistical data table below;
- commencement by the TLMJV of the evaluation of the potential for an **underground mine** immediately to the south of the Trouser Legs open-pit gold mine. The Stage 1 six-week underground in-fill drilling programme of the evaluation was completed in December 2019 and the results announced to the market in January 2020; refer ASX releases dated 12 November 2019 and 31 January 2020. Based upon the evaluation of the Stage 1 in-fill drilling programme the TLMJV committed to and has undertaken a Stage 2 appraisal works programme the results of which are expected to be available in the March 2020 quarter.

Trouser Leg Mining Joint Venture Open Pit Gold Mine

Mining of the Trouser Legs open-pit gold mine commenced in December 2017 and ended in December 2019. The following is an indicative table of data arising from the mining operations:

	Project	Half Year to 31 December 2019
No. of parcels	22	7
Tonnes ore processed	672,595	190,513
Average au g/t	2.40	2.97
High au g / t	4.45	4.45
Low au g / t	1.13	2.14
Grams au	1,617,438	566,064
Initial ounces au	52,009	18,197
Recovery percentage	95.55%	94.81%
Final ounces au	49,694	17,252
Average A\$ price / ounce	\$1,890.30	\$2,165.60
Gross proceeds A\$	\$93,936,595	\$37,360,850
A\$ price / ounce range		
High		
September 2019	\$2,220.08	\$2,220.08
Low		
August 2018	\$1,639.29	
July 2019		\$2,022.38

2.7 Subsequent Events

There have not been any matters or circumstances, other than those referred to in the financial statements or referred to elsewhere in this Directors' Report, that have arisen since the end of the financial half-year, that have significantly affected,

or may significantly affect, the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years.

2.8 Environmental Regulation

The Company, as an exploration / mining *entity*, is *subject* to both State and Federal legislation – in particular the Mining Act WA 1978, as amended 2010, covering Environmental; Hydrological; Geotechnical and O H & S matters as referred to under the Act.

The Company is not aware of any material breaches of any of these environmental related regulations.

2.9 Health & Safety

The Board, CEO and senior management team are committed to creating a positive environment for the health and wellbeing of the Company's employees and anyone affected by our operations, including contractors and visitors.

3 AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration as required under Section 307C of the *Corporations Act 2001* is attached to this Report.

Signed in accordance with a resolution of the Board of Directors at Melbourne this 13th day of March 2020.



M G Kerr
Managing Director and CEO

DECLARATION OF INDEPENDENCE BY WAI AW TO THE DIRECTORS OF HAWTHORN RESOURCES LIMITED

As lead auditor for the review of Hawthorn Resources Limited for the half-year ended 31 December 2019, 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 Hawthorn Resources Limited and the entities it controlled during the period.



Wai Aw
Director

BDO Audit Pty Ltd

Melbourne, 13 March 2020

Hawthorn Resources Limited

ABN 44 009 157 439

FINANCIAL REPORT TO SHAREHOLDERS FOR THE HALF YEAR ENDED 31 DECEMBER 2019

**THIS REPORT SHOULD BE READ IN CONJUNCTION WITH
THE 2019 ANNUAL FINANCIAL REPORT**

Hawthorn Resources Limited
Statement of Profit or Loss and Other Comprehensive Income
For the Half-Year Ended 31 December 2019

	<u>Note</u>	Consolidated	
		31 Dec 2019	31 Dec 2018
		\$	Restated \$
Revenue	2(a)	37,505,442	21,823,596
Mining costs	2(b)	(21,817,431)	(20,653,705)
Exploration expenditure impaired	2(b)	(2,328)	(120,220)
Exploration expenditure expensed	2(b)	(354,230)	(121,768)
Administration expense		(586,776)	(660,832)
Depreciation expense		(4,095)	(3,318)
Share based payments expense		-	(115,377)
Profit before income tax		14,740,582	148,376
Income tax expense		-	-
Profit for the period from continuing operations after income tax		14,740,582	148,376
Other comprehensive income		-	-
Other comprehensive income for the period, net of tax		-	-
Total comprehensive income for the period		14,740,582	148,376
Total comprehensive income for the period is attributable to:			
Owners of Hawthorn Resources Limited		9,736,675	(485,578)
Non-controlling interest	6	5,003,907	633,954
		14,740,582	148,376
Earnings per share		Cents	Cents
Basic earnings / (loss) per share for the period attributable to ordinary equity holders	4	2.981	(0.150)
Diluted earnings / (loss) per share for the period attributable to ordinary equity holders	4	2.913	(0.150)

The statement of profit or loss and other comprehensive income is to be read in conjunction with the accompanying notes to the financial statements.

Hawthorn Resources Limited
Statement of Financial Position as at 31 December 2019

	<u>Note</u>	Consolidated	
		31 Dec 2019	30 Jun 2019
		\$	Restated
			\$
ASSETS			
Current Assets			
Cash and cash equivalents		30,580,335	15,969,638
Trade and other receivables		6,067,581	5,529,287
Inventories		-	1,360,063
Development and mining assets	3	-	2,392,867
Prepayments		38,283	-
Total Current Assets		36,686,199	25,251,855
Non-Current Assets			
Other financial assets		113,090	1,549
Exploration expenditure		1,501,905	1,501,905
Plant and equipment		4,333	8,428
Total Non-Current Assets		1,619,328	1,511,882
TOTAL ASSETS		38,305,527	26,763,737
LIABILITIES			
Current Liabilities			
Trade and other payables		3,776,674	4,563,169
Provisions		2,151,325	1,253,565
Total Current Liabilities		5,927,999	5,816,734
TOTAL LIABILITIES		5,927,999	5,816,734
NET ASSETS		32,377,528	20,947,003
EQUITY			
Contributed equity		62,043,314	62,043,314
Reserves		276,000	276,000
Accumulated losses		(33,050,271)	(42,786,946)
Equity attributable to owners of Hawthorn Resources Limited		29,269,043	19,532,368
Non-controlling interest	6	3,108,485	1,414,635
TOTAL EQUITY		32,377,528	20,947,003

The statement of financial position is to be read in conjunction with the accompanying notes to the financial statements.

Hawthorn Resources Limited
Statement of Cash Flows for the Half-Year Ended 31 December 2019

		Consolidated	
		31 Dec 2019	31 Dec 2018
		\$	\$
Cash flows from operating activities			
Receipts from customers		36,809,444	28,059,165
Payments in the course of operations		(18,507,326)	(20,425,763)
Interest received		144,592	17,105
Net cash from operating activities		18,446,710	7,650,507
Cash flows from investing activities			
Payments for exploration expenditure		(414,415)	(323,227)
Payments for investments		(113,090)	-
Proceeds from disposal of investments		1,549	-
Net cash used in investing activities		(525,956)	(323,227)
Cash flows from financing activities			
Return of capital to Joint Venture partner	6	(3,310,057)	-
Net cash used in financing activities		(3,310,057)	-
Net increase in cash and cash equivalents		14,610,697	7,327,280
Cash and cash equivalents at beginning of period		15,969,638	1,088,416
Cash and cash equivalents at end of period		30,580,335	8,415,696

The statement of cash flows is to be read in conjunction with the accompanying notes to the financial statements.

Hawthorn Resources Limited
Statement of Changes in Equity for the Half-Year Ended
31 December 2019

	Contributed Equity	Reserves	Accumulated Losses	Non- controlling interest	Total Equity
	\$	\$	\$	\$	\$
CONSOLIDATED					
At 1 July 2018	61,615,314	-	(49,451,074)	1,108,341	13,272,581
Adjustment to opening balance	-	745,570	(745,570)	-	-
At 1 July 2018 (restated)	61,615,314	745,570	(50,196,644)	1,108,341	13,272,581
(Loss)/Profit for the period after income tax expense - restated	-	-	(485,578)	633,954	148,376
Other comprehensive income for the period, net of tax	-	-	-	-	-
Total comprehensive income for the year	-	-	(485,578)	633,954	148,376
Conversion of performance rights to shares	428,000	(428,000)	-	-	-
Share based payments	-	115,377	-	-	115,377
At 31 December 2018 Restated	62,043,314	432,947	(50,682,222)	1,742,295	13,536,334
At 1 July 2019	62,043,314	276,000	(42,786,946)	1,414,635	20,947,003
Profit for the period after income tax expense	-	-	9,736,675	5,003,907	14,740,582
Other comprehensive income for the period, net of tax	-	-	-	-	-
Total comprehensive income for the year	-	-	9,736,675	5,003,907	14,740,582
Return of cash calls	-	-	-	(3,310,057)	(3,310,057)
At 31 December 2019	62,043,314	276,000	(33,050,271)	3,108,485	32,377,528

The statement of changes in equity is to be read in conjunction with the accompanying notes to the financial statements.

Hawthorn Resources Limited
Notes to the Financial Statements
For the Half-Year Ended 31 December 2019

1. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

(a) Reporting Entity

Hawthorn Resources Limited (the "Company") is a company domiciled in Australia. This financial report as at, and for the half-year ended, 31 December 2019 is for the consolidated entity which consists of Hawthorn Resources Limited and its controlled entities.

(b) Basis of Preparation

The half-year financial report is a general purpose financial report for the half-year ended 31 December 2019, which has been prepared in accordance with the requirements of the *Corporations Act 2001* and Australian Accounting Standard AASB 134 "Interim Financial Reporting".

The half-year financial report does not include all the information required for a full 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 June financial report. It is recommended this half year financial report be read in conjunction with the annual financial report of Hawthorn Resources Limited as at, and for the year ended, 30 June 2019.

It is also recommended that the half-year financial report be considered together with any public announcements made by Hawthorn Resources Limited during the half-year ended 31 December 2019 in accordance with the continuous disclosure obligations arising under the ASX Listing Rules.

The half-year financial report was approved by the Board of Directors on 13 March 2019.

(c) Summary of significant accounting policies

The Accounting Standards, estimation methods and measurement bases used in this report are the same as those used in the Hawthorn Resources Limited 2019 Annual Report, with the exception of the below.

(d) New, revised or amending Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

During the half year period the Company adopted *AASB 16 Leases*. However, as the Company has no long-term operating leases the adoption of this standard had no impact on the financial statements.

(e) Prior period adjustment

During the prior year the Company issued performance rights to employees under its ESOP. It was noted that these performance rights were granted on 29 November 2017 and based on the valuation and vesting conditions an expense should have been recorded during the year ended 30 June 2018. This represents an error in the application of the Company's accounting policy in relation to share-based payments and the application of AASB 2 *Share Based Payments*. Consequently, an adjustment has been made to the financial report for the half year ended 31 December 2018 to record the expense arising from the share-based payments from the grant of the performance rights. The error impacts the employee expense and reserves in the financial report but does not impact net assets at 1 July 2018, 31 December 2018 or 30 June 2018.

The expense recorded during the half-year ended 31 December 2018 amounted to \$115,377 and is disclosed in the Share based payments expense in the Statement of profit or loss and other comprehensive income. The impact is to reduce profit for the year to \$148,376 and increase the loss attributable to the members of Hawthorn Resources Ltd to \$485,578. The result impacted loss per share for the year, which increased to 0.150 cents per share.

Note that the adjustment did not impact Non-controlling interests or Other Comprehensive Income.

Hawthorn Resources Limited
Notes to the Financial Statements
For the Half-Year Ended 31 December 2019

2. REVENUE AND EXPENSES FROM CONTINUING OPERATIONS

	31 Dec 2019	31 Dec 2018
	\$	Restated
		\$
(a) Included in revenue for the period is:		
Ore sales	37,360,850	21,806,491
Interest	144,592	17,105
	37,505,442	21,823,596
(b) Included in expenses for the period is:		
Impairment of exploration assets	2,328	120,220
Write-off of capitalised exploration	354,230	121,768
Processing costs	9,104,344	7,921,029
Mine management and contract services	5,200,333	8,672,298
Camp costs	957,118	688,325
Amortisation	2,392,867	1,981,165
Royalties and related costs	1,312,362	906,933
Other expenses	1,490,344	483,955
	20,457,368	20,653,705
Opening work in progress	1,360,063	-
	21,817,431	20,653,705

3. JOINT VENTURE DEVELOPMENT & MINING ASSETS

Areas in the development and mining phase
At cost

31 Dec 2019	30 June 2019
\$	\$
-	2,392,867

Movement in the carrying value of development
and mining expenditure during the year was;

Brought forward balance as at 1 July

2,392,867	5,811,854
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Amortisation during the period

(2,392,867)	(3,418,987)
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Closing balance

-	2,392,867
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4. EARNINGS PER SHARE

Basic and diluted earnings per share

Basic and diluted earnings per share is calculated
as follows

Profit for the year attributable to members

Consolidated	
2019	2018 Restated
\$	\$
9,736,675	(485,578)

Hawthorn Resources Limited
Notes to the Financial Statements
For the Half-Year Ended 31 December 2019

	Consolidated	
	2019 Number of shares	2018 Number of shares
Weighted average number of ordinary shares at the end of the financial period	326,615,613	323,504,472
Basic/Profit/(Loss) Per Share (cents)	2.981	(0.150)
Weighted average number of ordinary shares at the end of the financial period	334,265,613	323,504,472
Basic/Profit/(Loss) Per Share (cents)	2.913	(0.150)

There were no outstanding options at the reporting date (31 December 2018: \$nil). At 31 December 2019 there are 7,650,000 performance rights relating to Trouser Leg Mining Joint Venture that remain on issue. These are considered dilutive as they are expected to vest and the project has completed. A further 7,165,000 performance rights are on issue at 31 December 2019 in relation to the Yundamindera Deep South/Box Well project. This project was disposed of and the performance rights will not vest. Accordingly, these performance rights are not considered dilutive. Performance rights were not dilutive at 31 December 2018 as the Group made a loss.

5. SEGMENT INFORMATION

Identification of reportable operating segments

Hawthorn Resources Limited operates in the mineral exploration and mining industry in Australia. The Group has adopted *AASB 8 Operating Segments* whereby segment information is presented using a 'management approach', i.e. segment information is provided on the same basis as information used for internal reporting purposes by the board of directors. At regular intervals, the board is provided with management information at a group level for the Group's cash position, the carrying values of exploration permits and a group cash forecast for the next twelve months of operation. On this basis, no segment information is included in these financial statements.

6. NON-CONTROLLING INTEREST

Hawthorn Resources Limited has a 70% equity interest in the Trouser Legs Mining Joint Venture ["TLMJV"] Project, with Gel Resources Pty Ltd holding a 30% interest. As Hawthorn has deemed control it has accordingly consolidated in full TLMJV Project assets and liabilities, plus income and expenses, with the interest of Gel being represented in the financial accounts as a non-controlling interest.

The movement in Gel's non-controlling interest during the 6 months ended 31 December 2019 is shown below and is represented by contributed equity, and adjusted for its share of administrative expenses during the period. The majority of costs incurred by the Joint Venture were capitalised into development and mining costs in the statement of financial position.

	31 Dec 2019 \$	30 June 2019 \$
Opening Balance	1,414,635	1,108,341
Return of cash calls/equity	(3,310,057)	(600,000)
Retained earnings	5,003,907	906,294
	3,108,485	1,414,635

7. CONTINGENT LIABILITIES

There has been no change in contingent liabilities since the last annual report date.

8. EVENTS AFTER BALANCE DATE

There has not been any matters or circumstances that have arisen since the end of the financial half-year 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 consolidated entity in future financial years.

Hawthorn Resources Limited
Director's Declaration
For the Half-Year Ended 31 December 2019

**DIRECTOR'S DECLARATION
FOR THE HALF-YEAR ENDED 31 DECEMBER 2019**

In the opinion of the directors' of Hawthorn Resources Limited:

1. the financial statements and notes to the financial statements, are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the financial position of the consolidated entity as at 31 December 2019 and of its performance, as represented by the results of its operations and cash flows for the half-year ended on that date; and
 - (ii) complying with Australian Accounting Standard *AASB 134 Interim Financial Reporting and the Corporations Regulations 2001*; and
2. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Dated at Melbourne this 13th day of March 2020.

Signed in accordance with a resolution of the directors:



M. G. Kerr
Managing Director and CEO

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Hawthorn Resources Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Hawthorn Resources Limited (the Company) and its subsidiaries (the Group), which comprises the statement of financial position as at 31 December 2019, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the half-year 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 2019 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 2019 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 Pty Ltd

BDO

A handwritten signature in black ink, appearing to read 'Wai Aw', written over a horizontal line.

Wai Aw
Director

Melbourne, 13 March 2020