Prairie Mining Limited

Interim Financial Report for the Half-Year Ended 31 December 2019

Śródroczny raport finansowy za drugie półrocze zakończone 31 grudnia 2019

ABN 23 008 677 852

CORPORATE DIRECTORY | ZBIÓR DANYCH KORPORACYJNYCH

DIRECTORS:

Mr Ian Middlemas	Chairman
Mr Benjamin Stoikovich	Director and CEO
Ms Carmel Daniele	Non-Executive Director
Mr Thomas Todd	Non-Executive Director
Mr Mark Pearce	Non-Executive Director
Mr Todd Hannigan	Alternate Director
Mr Dylan Browne	Company Secretary

PRINCIPAL OFFICES:

PD Co sp. z. o.o. (Warsaw):
Wiejska 17/11
00-480 Warszawa

Karbonia S.A. (Czerwionka – Leszczyny):
Ul. 3 Maja 44,
44-230 Czerwionka - Leszczyny

London:
Unit 3C, 38 Jermyn Street
London SW1Y 6DN
United Kingdom
Tel: +44 207 487 3900

Australia (Registered Office):
Level 9, 28 The Esplanade
Perth WA 6000
Tel: +61 8 9322 6322
Fax: +61 8 9322 6558

SOLICITORS:

Poland:
Linklaters Warszawa.

United Kingdom:
DLA Piper UK LLP

Australia:
DLA Piper Australia

AUDITOR:

Poland:
Ernst & Young Audyt Polska sp. z. o.o.

Australia:
Ernst & Young – Perth

BANKERS:

Poland:
Bank Zachodni WBK S.A. – Santander Group

Australia:
Australia and New Zealand Banking Group Ltd

SHARE REGISTRIES:

Poland:
Komisja Nadzoru Finansowego (KNF)
Plac Powstańców Warszawy 1, skr. poczt. 419
00-950 Warszawa
Tel: +48 22 262 50 00

United Kingdom:
Computershare Investor Services PLC
The Pavilions, Bridgewater Road
Bristol BS99 6ZZ
Tel: +44 370 702 0000

Australia:
Computershare Investor Services Pty Ltd
Level 11, 172 St Georges Terrace
Perth WA 6000
Tel: +61 8 9323 2000

STOCK EXCHANGE LISTINGS:

Poland:
Warsaw Stock Exchange – GPW Code: PDZ

United Kingdom:
London Stock Exchange (Main Board) – LSE Code: PDZ

Australia:
Australian Securities Exchange – ASX Code: PDZ

CONTENTS | ZAWARTOŚĆ

DIRECTORS' REPORT

The Directors of Prairie Mining Limited present their report on the Consolidated Entity consisting of Prairie Mining Limited ("Company" or "Prairie") and the entities it controlled during the half-year ended 31 December 2019 ("Consolidated Entity" or "Group").

DIRECTORS

The names and details of the Company's Directors in office at any time during the half-year and until the date of this report are:

Directors:	
Mr Ian Middlemas	Chairman
Mr Benjamin Stoikovich	Director and CEO
Ms Carmel Daniele	Non-Executive Director
Mr Thomas Todd	Non-Executive Director
Mr Mark Pearce	Non-Executive Director
Mr Todd Hannigan	Alternate Director

Unless otherwise shown, all Directors were in office from the beginning of the half-year until the date of this report.

OPERATING AND FINANCIAL REVIEW

Operations

Highlights during, and subsequent to, the half-year include:

- Prairie continued to:
  - ➢ Assess its options in relation to the investment dispute between Prairie and the Polish Government that has arisen out of certain measures taken by Poland in breach of the Energy Charter Treaty, and the Australia-Poland Bilateral Investment Treaty
  - ➢ Work with its lawyers (including international arbitration legal experts) to finalise arrangements for commencing international arbitration claim(s) against Poland
  - ➢ Strongly defend its position and take relevant actions to pursue its legal rights regarding both the Debiensko and Jan Karski projects
  - ➢ Identify and assess other suitable business opportunities in the resources sector
- On 31 December 2019, Bogdanka announced that the Polish Government had awarded Bogdanka a mining concession for the K6-7 coal deposit in Lublin. The K6-7 deposit forms an integral part of Prairie's Lublin concession at the Jan Karski project
- Subsequent to the end of the half-year, Prairie received a favorable judgement from the Polish Administrative Court that found the Ministry of Environment had violated provisions of law in refusing to grant Prairie the Debiensko concession amendment. The court judgement formally revokes the Ministry of Environment's April 2018 decision denying the Debiensko concession amendment, and requires the body to reconsider Prairie's application
- There have been no material discussions between the Company and JSW with respect to potential co-operation or transactions regarding Prairie's Polish coal projects during and subsequent to the December 2019 half-year. The Company will continue to comply with its continuous disclosure obligations regarding any potential co-operation or transactions with JSW and make announcements as required

DIRECTORS REPORT
(Continued)

OPERATING AND FINANCIAL REVIEW (Continued)

Debiensko Mine

The Debiensko Mine ("Debiensko"), is a hard coking coal project located in the Upper Silesian Coal Basin in the south west of the Republic of Poland. It is approximately 40 km from the city of Katowice and 40 km from the Czech Republic.

Debiensko is bordered by the Knurow-Szczyglowice Mine in the north west and the Budryk Mine in the north east, both owned and operated by Jastrzębska Spółka Węglowa SA ("JSW"), Europe's leading producer of hard coking coal.

The Debiensko mine was historically operated by various Polish mining companies until 2000 when mining operations were terminated due to a major government led restructuring of the coal sector caused by a downturn in global coal prices. In early 2006 New World Resources Plc ("NWR") acquired Debiensko and commenced planning for Debiensko to comply with Polish mining standards, with the aim of accessing and mining hard coking coal seams. In 2008, the Polish Ministry of Environment ("MoE") granted a 50-year mine license for Debiensko.

In October 2016, Prairie Mining Limited ("Prairie") acquired Debiensko with a view that a revised development approach would potentially allow for the early mining of profitable premium hard coking coal seams, whilst minimising upfront capital costs.

Debiensko Concession

In December 2016, following the acquisition of Debiensko, Prairie applied to the MoE to amend the 50-year Debiensko mining concession.

The purpose of the concession amendment was to extend the time stipulated in the mining concession for first production of coal from 2018 to 2025. In April 2018, Prairie received a final "second instance" decision from the MoE that has denied the Company's amendment application. Prairie appealed this MoE decision to Poland's Administrative Court and during November 2019 the Administrative court ruled in Prairie's favour confirming that the MoE's denial of Prairie's concession amendment application violated provisions of Polish law, and that the MoE's decision was defective. The Court indicated that the MoE had not established legal grounds justifying rejection of Prairie's amendment application. The court verdict formally revokes the MoE's April 2018 decision denying the concession amendment, and requires the MoE to reassess the concession amendment application in light of the various defects in the MoE's original decisions as indicated by the Court. The MoE now has the right to appeal this decision to Poland's Supreme Administrative Court. Despite Prairie holding a valid environmental consent decision enabling mine construction, the actions of the Polish Government have effectively blocked any pathway to production for Prairie at Debiensko therefore making it impossible for the Company to continue with development at Debiensko.

Jan Karski Mine

The Jan Karski Mine ("Jan Karski") is a large scale semi-soft coking coal project located in the Lublin Coal Basin in south east Poland. The Lublin Coal Basin is an established coal producing province which is well serviced by modern and highly efficient infrastructure, offering the potential for low capital intensity mine development. Jan Karski is situated adjacent to the Bogdanka coal mine which has been in commercial production since 1982 and is the lowest cost hard coal producer in Europe.

Key benefits for the local community and the Lublin and Chelm regions associated with the development, construction and operation of Jan Karski have been recognised as the following:

- creation of 2,000 direct employment positions and 10,000 indirect jobs for the region once operational;
- increasing skills of the workforce through the implementation of International Standard training programmes;
- stimulating the development of education, health services and communications within the region; and
- building a mine that creates new employment for generations to come and career paths for families to remain in the region.

DIRECTORS REPORT
(Continued)

OPERATING AND FINANCIAL REVIEW (Continued)

K6-7 Concession Awarded to Bogdanka

In April 2018, Prairie filed a civil law claim against the MoE due to its failure to grant Prairie a mining usufruct agreement over the Jan Karski concessions (which included the K6-7 deposit) in order to protect the Company's security of tenure over the project.

The Company had been awarded the Priority Right to apply for a mining concession at Jan Karski in 2015 following its full compliance with Poland's Geological and Mining Law ("GML").

Subsequent to Prairie's filing of the civil law claim discussed above, the Polish District Court granted Prairie an injunction preventing the MoE from granting prospecting, exploration or mining concessions and concluding usufruct agreements with any other party until full court proceedings were concluded.

In April 2019, an Appeal Court in Warsaw overturned the District Court's decision and lifted the injunction. Prairie believes that the Appeal Court's decision is fundamentally flawed. On 31 December 2019, Lubelski Węgiel BOGDANKA S.A ("Bogdanka") announced that the MoE had granted Bogdanka a mining concession over the disputed K6-7 deposit which has been confirmed following receipt of official communication from the MoE. This Polish government decision is effectively an expropriation of the Jan Karski project from Prairie.

The MoE's decision to grant a mining concession over the K6-7 deposit to Bogdanka is further evidence of the unfair and inequitable treatment faced by Prairie as a foreign investor in Poland and these and other measures directed against Prairie by the Polish Government, with respect to the Company's permitting process and licenses, have entirely blocked Prairie's pathway to any future production from Jan Karski. As a result of this latest action by the Polish government, the Company has taken the decision to discontinue the ongoing environmental permitting procedure for the Jan Karski mine which has been formally communicated to the RDOS in Lublin, the regional government body responsible for the Environmental Consent decision for the Jan Karski mine. The Company continues to take all actions necessary to pursue its legal rights regarding Jan Karski.

CORPORATE

Possible Co-Operation between Prairie and JSW

The Non-Disclosure Agreement ("NDA") between the Company and JSW expired at the end of September 2019. As a consequence, there have been no material discussions between the Company and JSW with respect to potential co-operation or transactions regarding Prairie's Polish coal projects since the end of September 2019. The Company will continue to comply with its continuous disclosure obligations regarding any potential co-operation or transactions with JSW and make announcements as required.

Dispute with the Polish Government

In February 2019, Prairie formally notified the Polish Government that there exists an investment dispute between Prairie and the Polish Government.

Prairie's notification calls for prompt negotiations with the Government to amicably resolve the dispute and indicates Prairie's right to submit the dispute to international arbitration in the event the dispute is not resolved amicably. The dispute arises out of certain measures taken by Poland in breach of the Energy Charter Treaty and Australia-Poland Bilateral Investment Treaty. The Company remains open to resolving the dispute with the Polish Government amicably. As of the date of this report, no amicable resolution of the dispute has occurred, since the Polish Government has declined to participate in discussions related to the dispute.

The decision by the Polish Government to grant Bogdanka a mining concession over the K6-7 deposit to Bogdanka provides the Company with further evidence of the unfair and inequitable treatment it has faced as a foreign investor in Poland.

Accordingly, Prairie is currently working with its lawyers (including international arbitration legal experts) to finalise arrangements for commencement of international arbitration claim(s) against Poland.

Prairie can confirm that it is taking all necessary actions to pursue its legal rights regarding its investments in Poland.

Prairie will continue to update the market in relation to this matter as required.

DIRECTORS REPORT
(Continued)

OPERATING AND FINANCIAL REVIEW (Continued)

Results of Operations

The net loss of the Consolidated Entity for the half-year ended 31 December 2019 was $2,333,168 (31 December 2018: $2,274,344). Significant items contributing to the current half-year loss and the substantial differences from the previous half-year include to the following:

(i) Exploration and evaluation expenses of $1,813,627 (31 December 2018: $1,820,738), which is attributable to the Group's accounting policy of expensing exploration and evaluation expenditure incurred by the Group subsequent to the acquisition of rights to explore and up to the commencement of a bankable feasibility study for each separate area of interest;

(ii) Business development expenses of $105,477 (31 December 2018: $228,795) which includes expenses relating to the Group's investor relations activities during the six months to 31 December 2019 including public relations, digital marketing, travel costs, attendances at conferences and business development consultant costs;

(iii) Non-cash share-based payment reversal of $60,189 (31 December 2018: $162,766) due to incentive securities issued to key management personnel and other key employees and consultants of the Group as part of the long-term incentive plan to reward key management personnel and other key employees and consultants for the long-term performance of the Group. The expense results from the Group's accounting policy of expensing the fair value (determined using an appropriate pricing model) of incentive securities granted on a straight-line basis over the vesting period of the options and rights. At 31 December 2019, 3.2 million unvested performance rights lapsed with $286,450 being reversed from the reserve to profit and loss; and

(iv) Revenue of $243,563 (31 December 2018: $290,957) consisting of interest revenue of $43,283 (31 December 2018: $115,747) and the receipt of $191,280 (31 December 2018: $175,210) of gas and property lease income derived at Debiensko.

Financial Position

At 31 December 2019, the Group had cash reserves of $4,327,787 (30 June 2019: $6,628,371).

At 31 December 2019, the Company had net assets of $4,826,071 (30 June 2019: $7,308,588) a decrease of approximately 33% compared with 30 June 2019. This is largely attributable to the decrease in cash reserves following operating expenditure.

Business Strategies and Prospects for Future Financial Years

Prairie's strategy is to create long-term shareholder value. This is likely to now include pursuing various claims against Poland through international arbitration.

As discussed throughout this half-year report, various measures directed against Prairie by the Polish government in breach of Polish and international law with respect to the Company's permitting process and licenses, have blocked Prairie's pathway to any future production from its Polish projects.

To achieve its objective, the Group currently has the following business strategies and prospects:

- Continue to assess its options for international arbitration in relation to the investment dispute between Prairie and the Polish Government that has arisen out of certain measures taken by Poland in breach of the Energy Charter Treaty, and the Australia-Poland Bilateral Investment Treaty;
- To continue to work with Prairie's lawyers (including international arbitration legal experts) to prepare submissions and finalise funding arrangements for the international arbitration claim(s);
- Continue to assess corporate options for Prairie's investments in Poland; and
- Identify and assess other suitable business opportunities in the resources sector.

All of these activities are inherently risky and the Board is unable to provide certainty of the expected results of these activities, or that any or all of these likely activities will be achieved. Furthermore, Prairie will continue to take all necessary actions to preserve the Company's rights and protect its investments in Poland, if and as required. The material business risks faced by the Group that could have an effect on the Group's future prospects, and how the Group manages these risks, include the following:

DIRECTORS REPORT
(Continued)

OPERATING AND FINANCIAL REVIEW (Continued)

Business Strategies and Prospects for Future Financial Years (Continued)

- *Litigation risk* – All industries, including the mining industry, are subject to legal and arbitration claims. Specifically, in February 2019, the Company formally notified the Polish Government that there exists an investment dispute between Prairie and the Government that has arisen out of certain measures taken by Poland in breach of the Energy Charter Treaty and the Australia-Poland Bilateral Investment Treaty. Prairie will strongly defend its position and continue to take relevant actions to pursue its legal rights regarding both the Debiensko and Jan Karski projects, including pursuing claims against Poland under the relevant international treaties. There is no certainty that any claim, should it be made in the future, will be successful. Furthermore, the Company's potential litigation activities will require further substantial additional financing, Failure to obtain sufficient financing may result in delaying, or the indefinite postponement of the litigation activities, here can be no assurance that additional capital or other types of financing will be available if needed or that, if available, the terms of such financing will be favourable to the Company.
- *Co-operation or transaction between Prairie and JSW may not occur* – The Company and JSW have previously been in discussions however no material discussions have occurred since the end of September 2019. Any transaction(s), should it/they occur, may be subject to a number of conditions including, but not limited to, obtaining positive evaluations and expert opinions, necessary corporate approvals, consents and approvals related to funding, consents from Poland's Office of Competition and Consumer Protection (UOKiK) if required, and any other requirements that may relate to the strategy, objectives and regulatory regimes applicable to the respective issuers, and which could also prevent a transaction from occurring or even completing.
- *The Company may be adversely affected by fluctuations in foreign exchange* – Current and planned activities are predominantly denominated in Sterling and/or Euros and the Company's ability to fund these activates may be adversely affected if the Australian dollar continues to fall against these currencies. The Company currently does not engage in any hedging or derivative transactions to manage foreign exchange risk. As the Company's operations change, this policy will be reviewed periodically going forward.

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

There were no significant events occurring after balance date requiring disclosure.

AUDITOR'S INDEPENDENCE DECLARATION

Section 307C of the Corporations Act 2001 requires our auditors, Ernst and Young, to provide the Directors of Prairie Mining Limited with an Independence Declaration in relation to the review of the half-year financial report. This Independence Declaration is on page 19 and forms part of this Directors' Report.

Signed in accordance with a resolution of the Directors.

BEN STOIKOVICH
Director

9 March 2020

Forward Looking Statements

This report may include forward-looking statements. These forward-looking statements are based on Prairie's expectations and beliefs concerning future events. Forward looking statements are necessarily subject to risks, uncertainties and other factors, many of which are outside the control of Prairie, which could cause actual results to differ materially from such statements. Prairie makes no undertaking to subsequently update or revise the forward-looking statements made in this release, to reflect the circumstances or events after the date of that release.

DIRECTORS' DECLARATION

In accordance with a resolution of the Directors of Prairie Mining Limited, I state that:

In the reasonable opinion of the Directors and to the best of their knowledge:

(a) the attached financial statements and notes thereto for the period ended 31 December 2019 are in accordance with the Corporations Act 2001, including:

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

  (ii) giving a true and fair view of the financial position of the Group as at 31 December 2019 and of its performance for the half-year ended on that date; and

(b) The Directors Report, which includes the Operating and Financial Review, includes a fair review of the information required by:

  (i) DTR4.2.7R of the Disclosure and Transparency Rules in the United Kingdom, being an indication of important events during the first six months of the current financial year and their impact on the half-year financial statements, and a description of the principal risks and uncertainties for the remaining six months of the year; and

  (ii) DTR4.2.8R of the Disclosure and Transparency Rules in the United Kingdom, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the Group during that period, and any changes in the related party transactions described in the last annual report that could have such a material effect; and

(c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the Board

BEN STOIKOVICH
Director

9 March 2020

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

	Note	Half-Year Ended 31 December 2019 $	Half-Year Ended 31 December 2018 $
Revenue and other income	4(a)	**234,563**	290,957
Exploration and evaluation expenses		**(1,813,627)**	(1,820,738)
Employment expenses		**(192,985)**	(216,730)
Administration and corporate expenses		**(137,227)**	(138,566)
Occupancy expenses		**(283,195)**	(293,288)
Share-based payment reversal		**60,189**	162,766
Business development expenses		**(105,477)**	(228,795)
Other expenses		**(95,409)**	(29,950)
Loss before income tax		**(2,333,168)**	(2,274,344)
Income tax expense		**-**	-
Net loss for the period		**(2,333,168)**	(2,274,344)
Net loss attributable to members of Prairie Mining Limited		**(2,333,168)**	(2,274,344)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		**5,977**	68,214
Total other comprehensive income for the period		**5,977**	68,214
Total comprehensive loss for the period		**(2,327,191)**	(2,206,130)
Total comprehensive loss attributable to members of Prairie Mining Limited		**(2,327,191)**	(2,206,130)
Basic and diluted loss per share (cents per share)		**(1.07)**	(1.04)

The above Consolidated Statement of Profit or Loss and other Comprehensive Income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019

	Note	31 December 2019 $	30 June 2019 $
ASSETS			
Current Assets			
Cash and cash equivalents		**4,327,787**	6,628,371
Trade and other receivables	**5**	**841,677**	827,478
Total Current Assets		**5,169,464**	7,455,849
Non-Current Assets			
Property, plant and equipment	**6**	**2,732,360**	2,371,028
Exploration and evaluation assets	**7**	**-**	-
Total Non-Current Assets		**2,732,360**	2,371,028
TOTAL ASSETS		**7,901,824**	9,826,877
LIABILITIES			
Current Liabilities			
Trade and other payables		**758,291**	1,050,862
Other financial liabilities	**8(a)**	**274,728**	-
Provisions	**9(a)**	**429,785**	286,006
Total Current Liabilities		**1,462,804**	1,336,868
Non-Current Liabilities			
Other financial liabilities	**8(b)**	**319,828**	-
Provisions	**9(b)**	**1,293,121**	1,181,421
Total Non-Current Liabilities		**1,612,949**	1,181,421
TOTAL LIABILITIES		**3,075,753**	2,518,289
NET ASSETS		**4,826,071**	7,308,588
EQUITY			
Contributed equity	**10**	**75,491,413**	75,491,413
Reserves	**11**	**1,977,211**	2,031,423
Accumulated losses		**(72,642,553)**	(70,214,248)
TOTAL EQUITY		**4,826,071**	7,308,588

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

	Contributed Equity $	Share-based Payments Reserve $	Foreign Currency Translation Reserve $	Accumulated Losses $	Total Equity $
Balance at 1 July 2019	**75,491,413**	**887,600**	**1,143,823**	**(70,214,248)**	**7,308,588**
Effect of adoption of AASB 16	**-**	**-**	**-**	**(95,137)**	**(95,137)**
Balance at 1 July 2019 - restated	**75,491,413**	**887,600**	**1,143,823**	**(70,309,385)**	**7,213,451**
Net loss for the period	**-**	**-**	**-**	**(2,333,168)**	**(2,333,168)**
Other comprehensive income for the half-year					
Exchange differences on translation of foreign operations	**-**	**-**	**5,977**	**-**	**5,977**
Total comprehensive income/(loss) for the period	**-**	**-**	**5,977**	**(2,333,168)**	**(2,327,191)**
Lapse of performance rights	**-**	**(286,450)**	**-**	**-**	**(286,450)**
Recognition of share-based payments	**-**	**226,261**	**-**	**-**	**226,261**
Balance at 31 December 2019	**75,491,413**	**827,411**	**1,149,800**	**(72,642,553)**	**4,826,071**
Balance at 1 July 2018	75,525,800	2,486,718	1,096,756	(66,663,576)	12,445,698
Net loss for the period	-	-	-	(2,274,344)	(2,274,344)
Other comprehensive income for the half-year					
Exchange differences on translation of foreign operations	-	-	68,214	-	68,214
Total comprehensive income/(loss) for the period			68,214	(2,274,344)	(2,206,130)
Share issue costs	(38,885)	-	-	-	(38,885)
Forfeiture of performance rights	-	(1,266,880)	-	-	(1,266,880)
Recognition of share-based payments	-	1,104,114	-	-	1,104,114
Balance at 31 December 2018	75,486,915	2,323,952	1,164,970	(68,937,920)	10,037,917

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

	Half-Year Ended 31 December 2019 $	Half-Year Ended 31 December 2018 $
Cash flows from operating activities		
Payments to suppliers and employees	**(2,548,674)**	(2,675,465)
Proceeds from property and gas sales	**191,280**	122,475
Interest revenue from third parties	**56,810**	179,715
Net cash outflow from operating activities	**(2,300,584)**	(2,373,275)
Cash flows from financing activities		
Payments for share issue costs	**-**	(66,934)
Net cash inflow/(outflow) from financing activities	**-**	(66,934)
Net decrease in cash and cash equivalents	**(2,300,584)**	(2,440,209)
Cash and cash equivalents at the beginning of the period	**6,628,371**	11,022,333
Cash and cash equivalents at the end of the period	**4,327,787**	8,582,124

The above Consolidated Statement of Cash Flows
should be read in conjunction with the accompanying notes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of Compliance

The interim consolidated financial statements of the Group for the half-year ended 31 December 2019 were authorised for issue in accordance with the resolution of the Directors.

This general purpose condensed financial report for the interim half-year reporting period ended 31 December 2019 has been prepared in accordance with Accounting Standard AASB 134 Interim Financial Reporting and the *Corporations Act 2001*.

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report of Prairie Mining Limited for the year ended 30 June 2019 and any public announcements made by the Group and its controlled entities during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

2. BASIS OF PREPARATION AND CHANGES TO THE GROUP'S ACCOUNTING POLICIES

(a) Basis of Preparation of Half-Year Financial Report

The consolidated financial statements have been prepared on the basis of historical cost. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars.

The Group has updated the classification of expenses to make the Statement of Profit or Loss and other Comprehensive Income more relevant to users of the financial report. This has resulted in the reclassification of some items in the prior year, however, has not impacted the reported loss for the year or earnings per share.

(b) New Standards, interpretations and amendments thereof, adopted by the Group

The accounting policies and methods of computation adopted in the preparation of the consolidated half-year financial report are consistent with those adopted and disclosed in the company's annual financial report for the year ended 30 June 2019, other than as detailed below.

In the current period, 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 its operations and effective for annual reporting periods beginning on or after 1 July 2019.

New and revised Standards and amendments thereof and Interpretations effective for the current half-year that are relevant to the Group include:

- AASB 16 *Leases*
- *Interpretation 23 Uncertainty over Income Tax Treatments*
- AASB 2017-7 *Amendments – Long-term Interests in Associates and Joint Venture Amendments to IAS 28 and Illustrative Example – Long-term Interests in Associates and Joint Ventures*
- AASB 2018-1 *Amendments – Annual Improvements 2015-2017 Cycle*
- AASB 2018-2 *Amendments – Plan Amendment, Curtailment or Settlement (AASB 119)*

The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective. Other than AASB 16, the other new standards do not have a material effect. A discussion on the adoption of AASB 16 is included in note 2(c).

(c) Changes in Accounting Policies

The accounting policies adopted in the preparation of the half-year financial report are consistent with those applied in the preparation of the Group's annual financial report for the year ended 30 June 2019, except for new standards, amendments to standards and interpretations effective 1 July 2019 as set out in note 2(b). The Company has set out below the main changes due to the adoption of AASB 16.

2. BASIS OF PREPARATION AND CHANGES TO THE GROUP'S ACCOUNTING POLICIES (Continued)

(c) Changes in Accounting Policies (Continued)

AASB 16 Leases

The Group applied AASB 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 July 2019. Accordingly, the comparative information presented for 2018 and 2019 is not restated – i.e. it is presented, as previously reported, under AASB 117 and related interpretations. The details of the changes in accounting policies are disclosed below. Additionally, the disclosure requirements in AASB 16 have not generally been applied to comparative information.

Definition of a lease

Previously, the Group determined at contract inception whether an arrangement was or contained a lease under IFRIC 4 Determining whether an Arrangement contains a Lease. At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in AASB 16.

On transition to AASB 16, the Group elected to apply the practical expedient to grandfather the assessment of which transactions are leases. The Group applied AASB 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under AASB 117 and IFRIC 4 were not reassessed for whether there is a lease under AASB 16.

As a lessee

As a lessee, the Group leases primarily property assets. The Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Group. Under AASB 16, the Group recognises right-of-use assets and lease liabilities for most of these leases – i.e. these leases are now on-balance sheet.

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone price. However, for leases of property the Group has elected not to separate non-lease components and account for the lease and associated non-lease components as a single lease component.

Leases classified as operating leases under AASB 117

Previously, the Group classified property leases as operating leases under AASB 117. On transition, for these leases, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Group's incremental borrowing rate as at 1 July 2019. Right-of-use assets are measured at:

- their carrying amount as if AASB 16 had been applied since the commencement date, discounted using the Group's incremental borrowing rate at the date of initial application: the Group applied this approach to its property leases.

The Group used a number of practical expedients when applying AASB 16 to leases previously classified as operating leases under AASB 117. In particular, the Group:

- did not recognise right-of-use assets and liabilities for leases for which the lease term ends within 12 months of the date of initial application;
- did not recognise right-of-use assets and liabilities for leases of low value assets (e.g. IT equipment);
- excluded initial direct costs from the measurement of the right-of-use asset at the date of initial application;
- used hindsight when determining the lease term.

Leases classified as finance leases under AASB 117

The Group did not have any leases that were previously classified as finance leases under AASB 117.

2. BASIS OF PREPARATION AND CHANGES TO THE GROUP'S ACCOUNTING POLICIES (Continued)

(c) Changes in Accounting Policies (Continued)

Impact on transition

On transition to AASB 16, the Group recognised additional right-of-use assets and additional lease liabilities, recognising the difference in accumulated losses. The impact on transition is summarised below.

	As previously reported $	AASB 16 adjustment $	As restated at 1 July 2019 $
Property, plant and equipment	2,371,028	601,164	2,972,192
Other financial liabilities	-	(696,302)	(696,302)
Accumulated losses	(70,214,248)	(95,137)	(70,309,385)

When measuring liabilities for leases that were classified as operating leases, the Group discounted lease payments using its incremental borrowing rate at July 1, 2019. The weighted average rate applied is 7%.

(d) Issued standards and interpretations not early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Company for the reporting period ended 31 December 2019. Those which may be relevant to the Company are set out in the table below, but these are not expected to have any significant impact on the Company's financial statements:

Standard/Interpretation	Application Date of Standard	Application Date for Company
AASB 2018-6 *Amendments to Australian Accounting Standards – Definition of a Business*	1 January 2020	1 July 2020
AASB 2018-7 *Amendments to Australian Accounting Standards – Definition of Material*	1 January 2020	1 July 2020
Conceptual Framework	1 January 2020	1 July 2020
2019-1 *Amendments to Australian Accounting Standards – References to the Conceptual Framework*	1 January 2020	1 July 2020

3. SEGMENT INFORMATION

AASB 8 requires operating segments to be identified on the basis of internal reports about components of the Consolidated Entity that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance.

The Consolidated Entity operates in one segment, being mineral exploration. This is the basis on which internal reports are provided to the Chief Executive Officer for assessing performance and determining the allocation of resources within the Consolidated Entity.

	Half-Year ended 31 December 2019 $	Half-Year Ended 31 December 2018 $
4. REVENUE AND OTHER INCOME		
(a) Revenue		
Interest Income	**43,283**	115,747
Gas and property lease revenue	**191,280**	175,210
	234,563	290,957

	31 December 2019 $	30 June 2019 $
5. TRADE AND OTHER RECEIVABLES		
Trade receivables	**259,296**	198,609
Accrued interest	**9,164**	22,691
Deposits/prepayments	**364,333**	445,541
GST and other receivables	**208,884**	160,637
	841,677	827,478

	31 December 2019 $	30 June 2019 $
6. PROPERTY, PLANT AND EQUIPMENT		
(a) Property, Plant and Equipment		
Gross carrying amount at cost	**3,124,912**	2,660,382
Accumulated depreciation, impairment and amortisation	**(392,552)**	(289,354)
Carrying amount at end of the period	**2,732,360**	2,371,028
(b) Reconciliation		
Carrying amount at beginning of the period, net of accumulated depreciation	**2,371,028**	2,363,151
Additions[1]	**601,164**	-
Disposals/write-offs	**(59,448)**	(15,285)
Depreciation, impairment and amortisation charge	**(154,644)**	(97,241)
Exchange differences on translation of foreign operations	**(25,740)**	120,403
Carrying amount at end of the period	**2,732,360**	2,371,028

Notes:
[1] The additions for the half-year period to 31 December 2019 includes $601,164 in relation to right-of-use assets (office buildings) as a result of the adoption of AASB 16. For further information refer to note 2(c).

	31 December 2019 $	30 June 2019 $
7. EXPLORATION AND EVALUATION ASSETS		
(a) Areas of Interest		
Jan Karski Mine[1]	**-**	-
Debiensko Mine[2]	**-**	-
Carrying amount at end of the period	**-**	-
(b) Reconciliation		
Carrying amount at beginning of the period	-	2,656,968
Impairment of exploration expenditure	-	(2,721,198)
Exchange differences on translation of foreign operations	-	64,230
Carrying amount at end of the period	-	-

7. EXPLORATION AND EVALUATION ASSETS (Continued)

Notes:

1 In July 2015, Prairie announced that it had secured the Exclusive Right to apply for a Mining Concession for Jan Karski as a result of its Geological Documentation for the Jan Karski deposit being approved by Poland's MoE. The approved Geological Documentation covers areas of all four original Exploration Concessions granted to Prairie (K-4-5, K6-7, K-8 and K-9) and includes the full extent of the targeted resources within the mine plan for Jan Karski. The K-4-5, K-8 and K-9 Exploration Concessions expired in November 2018 but these were separate to and had no bearing on the Company's access to land and the Exclusive Right (tenure) to apply for a mining concession at Jan Karski, however as noted below, this position is the subject of Prairie's Mining Usufruct Agreement proceedings in front of the Civil Court and the award of a mining concession of K6-7 to Bogdanka. As a result of the Exclusive Right, Prairie was the only entity with a legal right to lodge a Mining Concession application over Jan Karski for the period up and until 2 April 2018.

The approval of Prairie's Geological Documentation in 2015 also conferred upon Prairie the legal right to apply for a Mining Usufruct Agreement over Jan Karski for an additional 12-month period beyond April 2018, which should have precluded any other parties being granted any licence/concession over all or part of the Jan Karski concessions. Under Polish law, the MoE is strictly obligated, within three months of Prairie making an application for a Mining Usufruct Agreement, to grant the agreement. It should be noted that the MoE confirmed Prairie's priority right in two written statements (i.e. in a final administrative decision dated 11 February 2016 and in a formal letter dated 13 April 2016). Prairie applied to the MoE for a Mining Usufruct Agreement over Jan Karski in late December 2017. As of the date of this report the MoE has still not made available to Prairie a Mining Usufruct Agreement for Jan Karski, therefore breaching the three-month obligatory period for the agreement to be concluded. Advice provided to Prairie concludes that failure of the MoE to grant Prairie the Mining Usufruct Agreement is a breach of Polish law. Accordingly, the Company commenced legal proceedings, which remain ongoing, against the MoE through the Polish courts in order to protect the Company's security of tenure over the Jan Karski concessions. Since the MoE has not provided a decision within three months regarding Prairie's Mining Usufruct Agreement application, the Polish civil court has the power to enforce conclusion of a Usufruct Agreement in place of the MoE. In the event that a Mining Usufruct Agreement is not made available to the Company on acceptable terms or the Company does not enter into a Mining Usufruct Agreement for any other reason, other parties may be able to apply for exploration or mining rights for all or part of the Jan Karski concession area. In April 2018, the Civil Court approved Prairie's motion for an injunction against the MoE, which prevented them from entering into a usufruct agreement or a concession with any other party besides Prairie. A decision by an Appeal Court in Warsaw has since overturned the injunction in place against the MoE. Prairie believes that the Appeal Court's decision is fundamentally flawed. Prairie has now received official notification from the Polish government that the K6-7 deposit, which forms an integral part of Prairie's Jan Karski project, has been granted to Bogdanka. Despite multiple applications by Prairie to the MoE to be admitted as a party of interest to Bogdanka's K6-7 mining concession proceedings, the MoE has denied Prairie the status of party of interest which effectively prevents Prairie from appealing the award of the K6-7 mining concession to Bogdanka. These events provide further evidence of the unfair and inequitable treatment faced by Prairie as a foreign investor in Poland and these and other measures directed against Prairie by the Polish government, with respect to the Company's permitting process and licenses, have entirely blocked Prairie's pathway to any future production from Jan Karski. Prairie has formally notified the Polish government that there exists an investment dispute between Prairie and the Polish Government. The dispute arises out of certain measures taken by Poland in breach of the Energy Charter Treaty and the Australia-Poland Bilateral Investment Treaty as discussed above. Prairie's notification calls for prompt negotiations with the government to amicably resolve the dispute, and indicates Prairie's right to submit the dispute and lodge a claim to international arbitration in the event the dispute is not resolved amicably. Prairie will continue to take relevant actions to pursue its legal rights regarding Jan Karski. Prairie is currently working with its lawyers (including international arbitration legal experts) to prepare submissions and finalise funding arrangements for international arbitration claim(s) against Poland.

2 Under the terms of the Debiensko Mining Concession issued in 2008 by the MoE (which is valid for 50 years from grant date), commencement of production was to occur by 1 January 2018. In December 2016, following the acquisition of Debiensko, Prairie applied to the MoE to amend the 50 year Debiensko Mining Concession. The purpose of the concession amendment was to extend the time stipulated in the Mining Concession for first production of coal from 2018 to 2025. In 2018 Prairie received a final "second instance" decision from the MoE that denied the Company's amendment application. Prairie appealed this MoE decision to Poland's Administrative Court and in November 2019 the Administrative court ruled in Prairie's favour confirming that Prairie's concession amendment application fulfilled all formal requirements under Polish law and that the MoE was obliged to grant Prairie the requested concession amendment. The court verdict indicated that the MoE had not established legal grounds justifying rejection of Prairie's amendment application. The MoE now has the right to appeal this decision to Poland's Supreme Administrative Court. Nevertheless, Prairie also holds a valid environmental consent decision enabling mine construction and continues to have valid tenure and ownership of land at Debiensko. Not meeting the production timeframe stipulated in the concession does not automatically infringe on the validity and expiry date of the Debiensko mining concession, which is June 2058. However, the concession authority now has the right to request the concession holder to remove any infringements related to non-compliance with the conditions of the mining concession and determine a reasonable date for removal of the infringements. Nevertheless, the actions of the Polish government have effectively blocked any pathway to production for Prairie at Debiensko therefore making it impossible for the Company to continue with development at Debiensko. The Company will consider any actions necessary to pursue its legal rights regarding Debiensko. For this and other reasons, Prairie has formally notified the Polish government that there exists an investment dispute between Prairie and the Polish Government. The dispute arises out of certain measures taken by Poland in breach of the Energy Charter Treaty and the Australia-Poland Bilateral Investment Treaty. Prairie's notification calls for prompt negotiations with the government to amicably resolve the dispute, and indicates Prairie's right to submit the dispute and lodge a claim to international arbitration in the event the dispute is not resolved amicably.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2019 (Continued)

	31 December 2019 $	30 June 2019 $
8. OTHER FINANCIAL LIABILITIES		
(a) Current:		
Lease liability	**274,728**	-
	274,728	-
(b) Non-Current:		
Lease liability	**319,828**	-
	319,828	-

	31 December 2019 $	30 June 2019 $
9. PROVISIONS		
(a) Current Provisions:		
Provisions for the protection against mining damage at Debiensko[1]	**405,822**	259,990
Annual leave provision	**23,963**	26,016
	429,785	286,006
(b) Non-Current Provisions:		
Provisions for the protection against mining damage at Debiensko[1]	**1,293,121**	1,181,421
	1,293,121	1,181,421

Notes:

[1] As Debiensko was previously an operating mine, Karbonia is required to pay out mining land damages to any surrounding land owner who makes a legitimate claim under Polish law.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2019 (Continued)

	Note	31 December 2019 $	30 June 2019 $
10. CONTRIBUTED EQUITY			
(a) Issued and Unissued Capital			
212,275,089 (30 June 2019: 212,275,089) fully paid ordinary shares	10(b)	**66,683,908**	66,683,908
Loan Note 2 exchangeable into fully paid ordinary shares at $0.46 per share, net of transaction costs[1]		**2,600,012**	2,600,012
Issue of CD Options[2]		**6,207,493**	6,207,493
Total Contributed Equity		**75,491,413**	75,491,413

Notes:

[1] On 2 July 2017, Prairie and CD Capital completed an investment of US$2.0 million (A$2.6 million) in the form of the non-redeemable, non-interest-bearing convertible Loan Note 2. The Loan Note 2 is convertible into ordinary shares of Prairie at an issue price of A$0.46 per share.

Other key terms of the Loan Note 2 include the following:

- Loan Note 2 is non-interest bearing;
- Loan Note 2 is only repayable in an event of breach of the terms of the Loan Note 2 agreements;
- Loan Note 2 cannot be converted until after 1 April 2018 by either party;
- Prairie has the right, whilst no Event of Default exists, to convert all or part of the outstanding principal amount of Loan Note 2 into shares at the conversion price of $0.46 per share:
  - in the event of an unconditional takeover of the Company (acquisition of a relevant interest in at least 50% of Prairie shares pursuant to a takeover bid or by an Australian court approving a merger by way of a scheme of arrangement); or
  - at any time after 1 April 2018 provided that the 30 day VWAP of Prairie's shares exceeds the conversion price of $0.46 per share.
- Loan Note 2 does not provide CD Capital with any right to participate in any new issues of securities.
- CD Capital has the right to convert all or part of the outstanding principal amount of the Notes into shares at the conversion price of $0.46 per share provided that:
  - Loan Note 1 has been converted into Prairie shares; and
  - The CD Options have been exercised into Prairie shares.
- If the Company reorganises its capital structure, such as by subdividing or consolidating the number of its shares, conducts a pro-rata offer to existing shareholders or distributes assets or securities to Shareholders, then the conversion price of $0.46 of Loan Note 2 will be adjusted so that the number of Prairie shares received by CD Capital on conversion of Loan Note 2 is the same as if Loan Note 2 were converted prior to relevant event.
- The occurrence of an Event of Default entitles CD Capital to declare the principal amount of the Loan Note 2 immediately due and payable and exercise any other rights or remedies (including bringing proceedings) against the Company.
- Each of the following events is an "Event of Default" in relation to the Loan Note 2:
  - If any representation or warranty made by Prairie is false or misleading which is reasonably likely to be a Material Adverse Effect, and if such breach is capable of remedy, it is not remedied within 45 days;
  - If the Company breaches a covenant or condition of the Notes or associated agreements which is a Material Adverse Effect, and if such breach is capable of remedy, it is not remedied within 45 days;
  - An Insolvency Event occurs (i.e. winding up) in relation to the Group;
  - If the Group ceases to carry on a business; or
  - If the Group does not maintain the listing and trading of its shares on at least one of the ASX, LSE or WSE.
- CD Capital may assign, transfer or encumber in whole or in part (in amounts of at least A$1 million) its rights under Loan Note 2 to any third party by giving written notice to Prairie provided the third party has provided a deed of assumption. Assignment of Loan Note 2 will not result in the assignment of the rights and obligations under the subscription agreement or investment agreement from Loan Note 1.
- A Material Adverse Effect means a material adverse effect on:
  - the Company or PDZ Holding's ability to perform any of their obligations under Loan Note 2, the and all other Transaction Document;
  - the validity or enforceability of a Transaction Document; or
  - the assets, business, condition (financial or otherwise), prospects or operations of the Group.
- An Insolvency Event in relation to the Group means:
  - An order being made, or the Group passing a resolution, for its winding up.

[2] On 25 May 2018, following conversion of Loan Note 1 the company issued the CD Options, which are exercisable at $0.60 each on or before 30 May 2021. The options are freely transferable provided the transfer complies with the Corporations Act 2001.

(b) Movements in fully paid ordinary shares during the past six months

There was no movement in fully paid ordinary shares during the past six months.

	Note	31 December 2019 $	30 June 2019 $
11. RESERVES			
Share-based payments reserve	11(a)	**827,411**	887,600
Foreign currency translation reserve		**1,149,800**	1,143,823
		1,977,211	2,031,423

(a) Movements in share-based payments reserve during the past six months

Date	Details	Number of Incentive Options	Number of Performance Rights	$
1 Jul 19	**Opening Balance**	**1,800,000**	**9,425,000**	**887,600**
31 Dec 19	Lapse of Performance Rights	-	(3,200,000)	(286,450)
Jul 19 to Dec 19	Share-based payments expense	-	-	226,261
31 Dec 19	**Closing Balance**	**1,800,000**	**6,225,000**	**827,411**

The Incentive Options outstanding at the end of the half-year have the following exercise prices and expiry dates:

- 200,000 Incentive Options exercisable at $0.50 each on or before 31 March 2020;
- 900,000 Incentive Options exercisable at $0.60 each on or before 31 March 2020; and
- 700,000 Incentive Options exercisable at $0.80 each on or before 31 March 2020.

The Performance Rights outstanding at the end of the half-year have the following expiry dates:

- 1,825,000 Performance Rights expiring 30 September 2020; and
- 4,400,000 Performance Rights expiring on 31 December 2020.

The Company also has a number of other unlisted securities (not accounted for as share-based payments) on issue which includes the following:

- 22,388,060 CD Options exercisable at $0.60 each expiring 30 May 2021; and
- A convertible loan note with a principal amount of $2,627,430, convertible into 5,711,805 ordinary shares at a conversion price of $0.46 per share with no expiry date (Loan Note 2).

12. CONTINGENT ASSETS AND LIABILITIES

There have been no changes to contingent assets or liabilities since the date of the last annual report.

13. FINANCIAL INSTRUMENTS

The Group's financial assets and liabilities, which comprise of cash and cash equivalents, trade and other receivables, trade and other payables and other financial liabilities, may be impacted by foreign exchange movements. At 31 December 2019 and 30 June 2019, the carrying value of the Group's financial assets and liabilities approximate their fair value.

14. DIVIDENDS PAID OR PROVIDED FOR

No dividend has been paid or provided for during the half-year (31 December 2018: nil).

15. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

There were no significant events occurring after balance date requiring disclosure.

AUDITOR'S INDEPENDENCE DECLARATION

Building a better working world

Ernst & Young
11 Mounts Bay Road
Perth WA 6000 Australia
GPO Box M939 Perth WA 6843

Tel: +61 8 9429 2222
Fax: +61 8 9429 2436
ey.com/au

Auditor's independence declaration to the Directors of Prairie Mining Limited

As lead auditor for the review of the half-year financial report of Prairie Mining Limited for the half-year ended 31 December 2019, 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 Prairie Mining Limited and the entities it controlled during the financial period.

Ernst & Young

Ernst & Young

Pierre Dreyer
Partner
9 March 2020

PD:JG:PRAIRIE:004

Ernst & Young
11 Mounts Bay Road
Perth WA 6000 Australia
GPO Box M939 Perth WA 6843

Tel: +61 8 9429 2222
Fax: +61 8 9429 2436
ey.com/au

Independent auditor's review report to the Members of Prairie Mining Limited

Report on the half-year financial report

Conclusion

We have reviewed the accompanying half-year financial report of Prairie Mining Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 31 December 2019, the consolidated statement of profit or loss and other 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 2019 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*.

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.

PD:JG:PRAIRIE:003

AUDITOR'S REVIEW REPORT
(Continued)

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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

Ernst & Young

Pierre Dreyer
Partner
Perth
9 March 2020