

INTERIM FINANCIAL REPORT
For the half-year ended 31 DECEMBER 2019

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INTERIM FINANCIAL REPORT

For the half-year ended 31 December 2019

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DIRECTORS' REPORT

For the half-year ended 31 December 2019

The Directors of Blue Energy Limited and its controlled entities ("the Company" or "Blue Energy") submit herewith their report on the financial statements of the Company for the half-year ended 31 December 2019.

DIRECTORS

The names of the Directors who held office during or since the end of the half-year and to the date of this report:

John Ellice-Flint (Chairman)
John Phillips
Karen Johnson
Rodney Cameron

(Appointed 5 April 2012)
(Appointed 28 June 2010)
(Appointed 30 September 2011)
(Appointed 15 November 2011)

REVIEW OF OPERATIONS

Blue Energy is subject to continuous disclosure rules, and as such, anything materially affecting the Company and its exploration assets in the preceding 6 month period has been disclosed to the market.

Reserve and Resource Position

There was no material change to the Company's Reserve or Resource position in the 6 month Period to 31 December 2019. Blue Energy's Bowen Basin 2P and 3P Reserves are currently estimated (by the independent consultancy Netherland, Sewell and Associates) to be 71PJ and 298PJ respectively. Blue Energy's current 3C Contingent Resource estimate is 4,179 PJ of technically recoverable gas, whilst the 1C and 2C Contingent Resource estimates are 191 PJ and 1,166 PJ respectively. The Gas Reserves remain confined to ATP814P in the North Bowen Basin, whilst the Contingent Resources are estimated from Blue's ATP814, ATP813 and ATP854P tenements. The current Reserve and Resource estimate by NSAI is tabled below (Table 1)

Table 1: Blue Energy Ltd's Reserve and Resource Inventory

Permit	Block	Assessment Date	Announcement Date	Methodology	Certifier	1P (PJ)	1C (PJ)	2P (PJ)	2C (PJ)	3P (PJ)	3C (PJ)
ATP854P		30/06/2012	19/03/2013	SPE/PRMS	NSAI	0	22	0	47	0	101
ATP813P		29/10/2014	30/10/2014	SPE/PRMS	NSAI	0	0	0	61	0	830
ATP814P	Sapphire	5/12/2015	8/12/2015	SPE/PRMS	NSAI	0	66	59	108	216	186
ATP814P	Central	5/12/2015	8/12/2015	SPE/PRMS	NSAI	0	50	12	99	75	306
ATP814P	Monslatt	5/12/2015	8/12/2015	SPE/PRMS	NSAI	0	0	0	619	0	2,054
ATP814P	Lancewood	5/12/2015	8/12/2015	SPE/PRMS	NSAI	0	5	0	23	1	435
ATP814P	Hillalong	6/02/2019	7/02/2019	SPE/PRMS	NSAI	0	0	0	182	0	237
ATP814P	South	30/06/2013	29/07/2013	SPE/PRMS	NSAI	0	15	0	27	6	30
Total (PJ)						0	158	71	1,166	298	4,179
Total MBOE						0	27	12	199	51	714

All numbers are net to Blue Energy

Competent Person Statement

The estimates of reserves and contingent resources have been provided by Mr John Hattner of Netherland, Sewell and Associates Inc (NSAI). Mr Hattner is a full-time employee of NSAI, has over 30 years' of industry experience and 20 years' of experience in reserve estimation, is a licensed geologist, and has consented to the use of the information presented herein. The estimates in the report by Mr Hattner have been prepared in accordance with the definitions and guidelines set forth in the 2007 Petroleum and Resource Management System (PRMS) approved by the Society of Petroleum Engineers (SPE), utilising a deterministic methodology.

Bowen Basin

ATP814P (Blue Energy 100% and Operator)

This permit currently has 2P reserves of 71 PJ, 3P reserves of 298 PJ and 3,248 PJ of Contingent Resources (as independently estimated by Netherland, Sewell and Associates Inc (NSAI)). It consists of 7 separate blocks, with the Sapphire Block holding the majority of the 2P and 3P reserves. This Block is in very close proximity to the current production from the Moranbah Gas Project Joint Venture.

Blue is investigating the viability of gas fired electricity generation in ATP814P and in particular the Hillalong and Monslatt Blocks, located near the towns of Glenden and Nebo respectively. Both these blocks are within 10 kilometres of the major 275Kv transmission line linking Gladstone and Townsville. Investigations are proceeding to understand the network strength in the area, together with demand, storage options and stability of the existing grid, given the large number of proposed and existing solar plants in the area. Both towns also have substation facilities which could be utilised to provide lower cost and rapid access to the network. Work on pre feasibility of a gas fired generation project including sizing the scalable generating units, connection into the grid and approval processes is soon to be commenced.

DIRECTORS' REPORT
For the half-year ended 31 December 2019

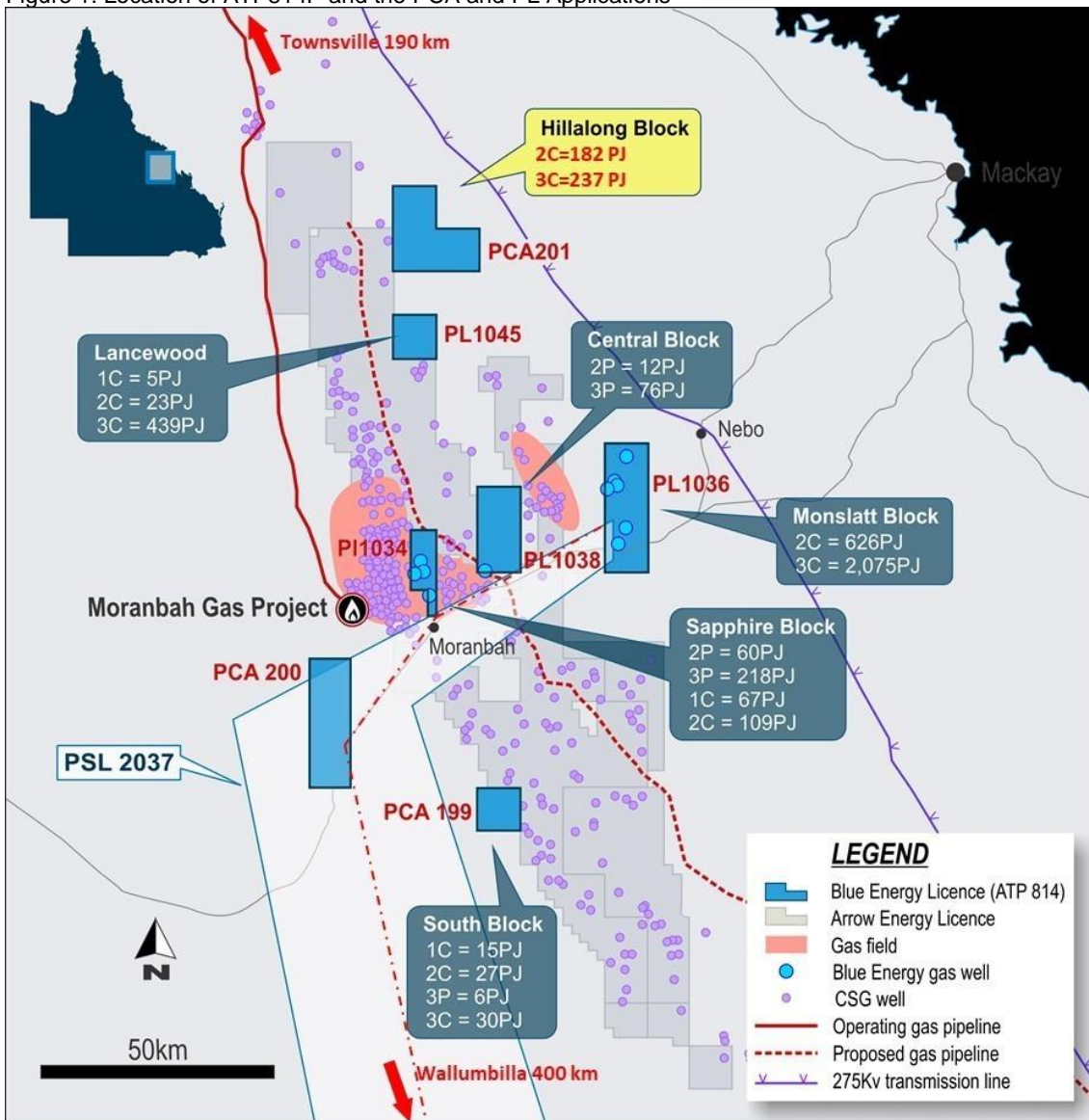
Regarding gas marketing for gas into the Townsville market, Blue Energy has executed two non binding Memorandums of Understanding (MoU) as follows:

- 1) MoU with North Queensland Gas Pipelines Pty Ltd to work together to establish new gas offtakers in the Townsville market;
- 2) MoU with Queensland Pacific Metals (QPM) to work to execute a binding Gas Sales Agreement for the delivery of gas from Blue Energy's ATP815 tenement to QPM for their proposed Townsville Ni processing facility

Blue Energy continues to pursue commercialisation of the gas held in other blocks within this permit. Accordingly, the Company is in ongoing discussions with several potential Townsville based gas buyers who are interested in securing gas supply. These activities are being undertaken in conjunction with work on the optimal pipeline route from Moranbah to Gladstone jointly with the APA Group (the southern pipeline route). In addition, Blue Energy through its 100% owned subsidiary Galilee Pipelines Pty Ltd is progressing an alternate southern route to bring gas from the Sapphire, Central and Monslatt Blocks to the existing gas pipeline infrastructure near Rolleston (See Figure 1) and thereby allow access to Walumbilla or Gladstone.

The 4 separate Production Licence Applications (PLA's) lodged previously are still under consideration by the Regulator, as are the 3 Potential Commercial Area Applications, and the ATP814 exploration licence renewal. The location of the PLA's and PCA's can be seen in Figure 1.

Figure 1: Location of ATP814P and the PCA and PL Applications



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DIRECTORS' REPORT

For the half-year ended 31 December 2019

Galilee Basin

ATP813P Blue Energy (100% and Operator)

The 9 PCA's applied for Blue Energy to cover the 830 PJ of discovered Contingent Resource in ATP8143P permit were still with the Regulator for approval and grant.

Greater McArthur Basin, Northern Territory

EP199A, 200, 205, 206A, 207, 208A, 209A, 210A, 211A (Blue Energy Ltd farming in and Operator)

Since the lifting of the exploration Moratorium in the Northern Territory (post the Scientific Inquiry into Hydraulic Fracture Stimulation and the Unconventional Gas industry handed its final report to the Gunner Government in March 2018). The NT Government has introduced many new Regulations (of the 135 Inquiry recommendations deemed necessary to regulate the industry to ensure it operated safely. This has taken over 12 months for the Government to undertake and move through the NT parliament. Accordingly, the amendments to the Water Act, the Petroleum Act and the Environment Act so far, have introduced new processes for the approval of any on-ground exploration activities in the NT. These new processes have lengthened the timeframes for approval of on ground activity and have included processes to gain social and community licence to operate. These new timeframes have implications for commencement of field activity in the already restricted exploration season in the NT (i.e. can only operate on the dry season in large parts of the NT).

Blue Energy's granted permits have been under suspension as requested by Blue until there was regulatory certainty. These suspensions have been extended until February 2021, and the licences have also been extended by 12 months.

Cooper Basin

ATP 656, 657, 658, 660

The Queensland Government (Department of Environment and Science) has indicated to our industry that it plans to introduce Pristine Rivers Legislation (the old Wild Rivers Legislation under the Bligh Government), and the consultation with industry thus far indicates that it is unlikely that any future production activities (deemed to be high impact petroleum activities) could be economically undertaken on Blue Energy's tenures under this Legislation. We are still negotiating the future of these tenements with government. The inherent uncertainty surrounding this legislation and our ability to commercialize any future discovery dictates that the prudent accounting treatment of these assets is to recognise an impairment against them.

Georgina Basin and Carpentaira Basins Application Areas - ATP 1112, 1114, 1117, 1123 A (Blue Energy 100% and Operator)

Blue Energy continues to seek resolution of the long running Native Title negotiations that are required to facilitate grant of these areas.

CORPORATE

Financial Position

The net assets of the Company have decreased by \$3.2M from 30 June 2019 to 31 December 2019 to \$63.1M. The decrease is as a result of the impairment of the Cooper Basin exploration assets (ATPs 656, 657, 658, 660) in light of the proposed environmental legislation to protect Pristine Rivers on the Cooper Basin.

The Company posted a loss after income tax and asset impairment for the period of \$4.65M (31 December 2018: \$4.9M). Cash expenditure on exploration and evaluation for the period was \$0.4M (31 December 2018: \$0.3M).

Share & Option Issues

No Employee Incentive performance rights were granted during the period under the current Employee Incentive Rights Plan (2018: Nil).

SUBSEQUENT EVENTS

Subsequent to 31 December 2019, there have not been any other matters or circumstances, other than that referred to above and in the financial statements or notes thereto, that has arisen since the end of the 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 periods.

DIRECTORS' REPORT
For the half-year ended 31 December 2019

AUDITOR'S DECLARATION

The auditor's independence declaration under section 307C of the Corporations Act 2001, for the half-year ended 31 December 2019, is set out on page 5.

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



John Ellice-Flint
Chairman

Dated this 10th day of March 2020
Brisbane, Queensland

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Auditor's Independence Declaration to the Directors of Blue Energy Limited

As lead auditor for the review of the half-year financial report of Blue Energy 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 Blue Energy Limited and the entities it controlled during the financial period.

Ernst & Young

Madhu Nair
Partner
10 March 2020

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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the half-year ended 31 December 2019

	Note	31 Dec 2019 \$'000	31 Dec 2018 \$'000
Financial income	2	48	27
Other income	2	-	3
Total income		48	30
Operating and administration expenses	3a	(586)	(588)
Asset impairment/write off expense	3b	(4,074)	(4,180)
Options expense		(44)	(174)
(Loss) before income tax		(4,656)	(4,912)
Income tax benefit		-	-
(Loss) for the half-year attributable to the owners of the parent		(4,656)	(4,912)
Other comprehensive income		-	-
Total comprehensive (loss) for the half-year attributable to the owners of the parent		(4,656)	(4,912)
Earnings per share (cents per share):			
- basic		(0.35)	(0.42)
- diluted		(0.35)	(0.42)

The above Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2019

	Note	31 Dec 2019 \$'000	30 June 2019 \$'000
ASSETS			
Current Assets			
Cash and cash equivalents	10	5,350	5,000
Trade and other receivables		122	90
Total Current Assets		5,472	5,091
Non-Current Assets			
Property, plant and equipment		63	10
Trade and other receivables		169	169
Exploration and evaluation expenditure	4	58,711	62,292
Total Non-Current Assets		58,943	62,471
TOTAL ASSETS		64,415	67,562
LIABILITIES			
Current Liabilities			
Trade and other payables		556	497
Total Current Liabilities		556	497
Non-Current Liabilities			
Provisions		749	746
Total Non-Current Liabilities		749	746
TOTAL LIABILITIES		1,305	1,243
NET ASSETS		63,110	66,319
EQUITY			
Issued capital	5	139,920	138,517
Reserves		8,874	8,830
Accumulated losses		(85,684)	(81,028)
TOTAL EQUITY		63,110	66,319

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

As at 31 December 2019

	Issued Capital \$'000	Accumulated losses \$'000	Reserves \$'000	Total \$'000
Balance at 1 July 2018	132,962	(75,148)	10,046	67,860
Total comprehensive loss				
(Loss) for the half-year	-	(4,912)	-	(4,904)
Total comprehensive loss for the half-year	-	(4,912)	-	(4,904)
Transaction with owners in their capacity as owners				
Transfer from options reserve to share capital	-	-	-	-
Share-based payments	-	-	174	174
Total transactions with owners	-	-	174	174
Balance at 31 December 2018	132,962	(80,060)	10,220	63,122
Balance at 1 July 2019	138,517	(81,028)	8,830	66,319
Total comprehensive loss				
(Loss) for the half-year	-	(4,656)	-	(4,656)
Total comprehensive loss for the half-year	-	(4,656)	-	(4,656)
Transaction with owners in their capacity as owners				
Issue of new shares	1,420	-	-	1,420
Capital raising costs	(17)	-	-	(17)
Share-based payments	-	-	44	44
Total transactions with owners	1,403	-	44	1,447
Balance at 31 December 2019	139,920	(85,684)	8,874	63,110

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

	Note	31 Dec 2019 \$'000	31 Dec 2018 \$'000
Cash flows from operating activities			
Receipts of refunds for GST		80	48
Payments to suppliers and employees		(747)	(670)
Interest received		41	24
Net cash used in operating activities		(626)	(598)
Cash flows from investing activities			
Funds provided for exploration and evaluation		(429)	(324)
Proceeds from disposal of property, plant and equipment			3
Net cash used in investing activities		(429)	(321)
Cash flows from financing activities			
Proceeds from share issue		1,420	-
Capital raising costs		(15)	-
Net cash flows provided by financing activities		1,405	-
Net increase / (decrease) in cash and cash equivalents held		350	(919)
Cash and cash equivalents at beginning of half-year		5,000	2,703
Cash and cash equivalents at end of half-year	10	5,350	1,784

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

NOTES TO THE FINANCIAL STATEMENTS

For the half-year ended 31 December 2019

1. BASIS OF PREPARATION

The half-year consolidated financial report is a general purpose financial report prepared in accordance with the requirements of the Corporations Act 2001 and Australian Accounting Standards AASB 134: Interim Financial Reporting.

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2019 and any public announcements made by the Company and its controlled entities, during the half-year, in accordance with the continuous disclosure requirements arising under the Corporations Act 2001.

The Company and its controlled entities is of a kind referred to in Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/91, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the Directors' Report and Financial Report. Amounts are rounded off to the nearest thousand dollars.

The half-year report does not include full disclosures of the type normally included in annual condensed financial statements.

The half-year consolidated financial report was authorised for issue by the Board of Directors on 10 March 2020.

Reporting Basis and Conventions

The interim financial report has been prepared on an accruals basis and is based on historical cost modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

New standards, interpretations and amendments thereof, adopted by Blue Energy

The accounting policies adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the financial report for the financial year ended 30 June 2019 with the exception of the following:

The Group has adopted IFRS16 - Leases at 1 July 2019. The objective of IFRS 16 is to report information that (a) faithfully represents lease transactions and (b) provides a basis for users of financial statements to assess the amount, timing and uncertainty of cash flows arising from leases. To meet these objectives, the lessee should recognise assets and liabilities arising from a lease as such will recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments.

There has been no significant changes to the Group's financial performance and position as a result of the adoption of new and amended accounting standards and interpretations because the group previously only had the office lease and photo copier lease classified as operating leases and both are immaterial to the financials. The group doesn't act as lessor and had no finance leases under the previous lease standard AASB 117.

Going concern

As the Group's assets are in the exploration and evaluation phase, Blue Energy Limited is currently non-revenue generating. As such, a major focus of the Board and management is on ongoing cash flow forecasting and management of cash flows to ensure that the Company has sufficient funds to cover its planned activities and any ongoing obligations. At 31 December 2019, the Company had \$5.3M in cash and cash equivalents, which includes \$402k of restricted cash. The Board is satisfied that the Company's current cash resources are sufficient to fund the Group's minimum expenditure commitments for a period of at least 12 months from the date of signing this report.

At 31 December 2019 the Company's cash reserves are insufficient to meet its full exploration commitments for its various tenements. The board regularly evaluates and prioritises its exploration program and will seek additional funding to meet commitments as required.

In addition, the Group's ability to realise the carrying amount of its capitalised exploration and evaluation expenditure asset in the ordinary course of business, is contingent on it maintaining tenure for various areas of interest and being able to access tenements to be able to advance exploration and evaluation efforts.

This being the case, the Company is:

- Seeking approval of applications to extension of tenures that have expired and/or grant of PLAs and PCAs in respect of its Queensland tenements and resolving access related issues to its WISO Basin tenements
- Negotiating with government on revised work programs to grant an extended timeframe to carry out the exploration and evaluation activities
- Considering Joint Venture partners to enable it to meet required exploration commitments, in exchange for an interest in the tenements, and
- Considering other alternative funding options including equity funding options.

NOTES TO THE FINANCIAL STATEMENTS

For the half-year ended 31 December 2019

Going concern cont.

On the basis of the above, the Directors are of the opinion the Company has sufficient funds to meet its debts as and when they fall due and realise its assets and settle its liabilities in the ordinary course of business. Accordingly, the financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that may be necessary should the Company be unsuccessful in renegotiating or deferring its exploration expenditure commitments, attracting joint venture partners the Group's exploration expenditure commitments and/or raising additional capital.

2. INCOME

	31 Dec 2019	31 Dec 2018
	\$'000	\$'000
Financial income		
Interest received	48	27
	48	27
Other income		
Gain on sale of property, plant and equipment	-	3
	-	3
Total Revenue	48	30

3. PROFIT/(LOSS) FOR THE HALF YEAR

	31 Dec 2019	31 Dec 2018
	\$'000	\$'000
(a) Operating and administration expenses		
Employee benefit expenses	117	124
Superannuation	23	25
Legal fees and settlements	48	34
Consultants fees	23	20
Business development costs	27	-
Depreciation and amortisation expense	30	6
Travel costs	46	20
Directors' fees	67	62
Accounting and compliance fees	122	167
Occupancy costs	44	90
Insurance costs	24	21
Information systems costs	11	16
Communications costs	9	10
Investor relations costs	19	6
Other	(24)	(13)
	586	588
(b) Exploration and evaluation expenditure asset impairment/write off		
Adjustment to provisions for impairment of exploration asset	4,074	-
Adjustment to provisions for inventory write-down and exploration asset write-off	-	4,180
	4,074	4,180

NOTES TO THE FINANCIAL STATEMENTS

For the half-year ended 31 December 2019

4. EXPLORATION AND EVALUATION EXPENDITURE

	31 Dec 2019	30 June 2019
	\$'000	\$'000
Exploration and evaluation expenditure acquired and recognised on consolidation	13,648	13,648
Other exploration and evaluation expenditure	75,182	74,720
Restoration asset	749	718
Impairment and write off of exploration and evaluation expenditure asset	(30,868)	(26,794)
Total exploration and evaluation expenditure brought to account	58,711	62,292

Increase in the Impairment and write off of exploration and evaluation expenditure asset from \$26.79m to \$30.87m is as a result of \$4.07m impairment on the Cooper blocks ATPs 656,657,658 and 660 recognised in the current period profit and loss following the Board's decision to review the merits of withdrawing the application to renew the ATPs due to the environmental regulatory uncertainty.

5. ISSUED CAPITAL

	31 Dec 2019		30 June 2019	
	Shares	\$'000	Shares	\$'000
Ordinary shares:				
Issued and fully paid	1,326,952,755	139,920	1,295,397,290	138,517
Movements in ordinary shares on issue:				
Opening balance	1,295,397,290	138,517	1,175,811,066	132,962
Issued shares at 4.5c/share (share placement)	-	-	93,333,334	4,200
Issued shares at 4.5c/share (share purchase plan)	31,555,465	1,420	-	-
Issued shares on exercise of rights	-	-	26,252,890	1,558
Capital raising costs	-	(17)	-	(203)
Closing balance	1,326,952,755	139,920	1,295,397,290	138,517

6. SEGMENT INFORMATION

The Company operates in a single operating segment, being the oil and gas exploration industry. The Company's activity is carried out in a single geographical segment, being Australia.

7. CONTINGENT LIABILITIES

The Directors are not aware of any contingent liabilities or contingent assets at 31 December 2019, which are not otherwise disclosed in this report.

8. SUBSEQUENT EVENTS

Subsequent to 31 December 2019, there have not been any other matters or circumstances, other than that referred to above and in the financial statements or notes thereto, that has arisen since the end of the 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 periods.

9. DIVIDEND PAID OR PROVIDED FOR ON ORDINARY SHARES

There was no dividend paid or provided for at the reporting date (31 December 2018: \$nil).

10. CASH AND CASH EQUIVALENTS

Included in cash and cash equivalents are deposits secured against bank guarantees totaling \$402k utilised balance relating to financial assurances for ATPs.

11. FINANCIAL INSTRUMENTS

The financial assets and liabilities consist of trade and other receivables and trade and other payables. The financial assets and liabilities are carried at amortised cost, the carrying value is assumed to approximate their fair value.

DIRECTORS' DECLARATION

DIRECTORS' DECLARATION

The directors of the Company declare that:

- (1) The financial statements and notes, as set out on pages 6 to 12, are in accordance with the Corporations Act 2001;
 - (a) comply with Accounting Standards and
 - (b) give a true and fair view of the consolidated entity's financial position as at 31 December 2019 and of its performance for the half-year ended on that date.
- (2) In the directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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



John Ellice-Flint
Director

Dated 10 March 2020



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Independent Auditor's Review Report to the Members of Blue Energy Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of Blue Energy Limited (the Company) and its subsidiaries (collectively the Group), which comprises the statement of financial position as at 31 December 2019, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies, 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.

Emphasis of Matter - Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial report which describes the principal conditions associated with the entity's ability to meet its expenditure commitments with its existing cash reserves. These conditions indicate the existence of a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern. and therefore whether it will realise its assets and discharge its liabilities in the normal course of business. The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the Group not continue as a going concern. Our conclusion is not modified in respect of this matter.

Directors' Responsibility for the Half-Year Financial Report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

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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 2019 and its consolidated financial performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of the Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making inquiries, 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.

A handwritten signature in black ink that reads 'Ernst & Young' in a cursive style.

Ernst & Young

A handwritten signature in black ink that reads 'Madhu Nair' in a cursive style.

Madhu Nair
Partner
Brisbane
10 March 2020

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