Ansila Energy NL

(formerly Pura Vida Energy NL)

ACN 150 624 169

Interim report

for the half-year ended

31 December 2019

CORPORATE DIRECTORY

DIRECTORS

Bevan Tarratt, *Non-Executive Chairman*

Nathan Lude, *Executive Director*

Andrew Matharu, *Executive Director*

Christopher Lewis, *Executive Director*

COMPANY SECRETARY

Ben Secrett

REGISTERED OFFICE & PRINCIPAL PLACE OF BUSINESS

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ASX Code – ANA

SHARE REGISTRY

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AUDITOR

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DIRECTORS' REPORT

The Directors of Ansila Energy NL (formerly Pura Vida Energy NL) (**Company** or **Ansila**) and the entities it controls (**Consolidated Entity** or **Group**) present their report for the half-year ended 31 December 2019.

DIRECTORS

The names of the Directors in office during the financial period or since the end of the financial period are:

- Bevan Tarratt, Non-Executive Chairman
- Nathan Lude, Executive Director
- Andrew Matharu, Executive Director – appointed 23 September 2019
- Christopher Lewis, Executive Director – appointed 23 September 2019
- Bruce Lane, Non-Executive Director – resigned 29 November 2019
- David Sanders, Non-Executive Director – resigned 29 November 2019

COMPANY SECRETARY

- Ben Secrett, Company Secretary

PRINCIPAL ACTIVITIES

Ansila is an Australian-based oil and gas explorer. The Company has an interest in the Gora and Nowa Sol concessions, onshore Poland, the Nkembe block, offshore Gabon and the Ambilobe block, offshore Madagascar. The Company's strategy is to extract value from the Company's assets and to build a diversified portfolio of assets over time.

DIVIDENDS

No dividends have been declared, provided for or paid in respect of the half-year (31 December 2018: Nil).

FINANCIAL SUMMARY

The Group made a net loss after tax of $8,021,506 for the financial half-year ended 31 December 2019 (31 December 2018: loss $1,306,893).

At 31 December 2019, the Group had net assets of $2,875,378 (30 June 2019: $6,318,290) and cash assets of $2,697,981 (30 June 2019: $5,794,861).

REVIEW OF OPERATIONS

GORA & NOWA SOL CONCESSIONS, ONSHORE POLAND
ANSILA 35% AND NON-OPERATOR

The Gora concession (693 km^2) (**Figure 1**) covers a Carboniferous unconventional gas play, discovered with the Siciny-2 well drilled in 2012 and estimated to contain 2C contingent resources of 1.6 trillion cubic feet (**Tcf**) of gas according to Netherland Sewell & Associates, Inc (**NSAI**)[1]. The licence also hosts a conventional Rotliegendes gas play, containing multiple exploration prospects, yet to be drilled.

The Nowa Sol concession (1,165 km^2) (**Figure 1**) contains the Jany-C1 unconventional Zechstein Dolomite oil discovery drilled in 2013 and estimated to contain 2C contingent resource of 36 million[1] barrels of oil according to NSAI.

[1] Volume estimates are from Netherland, Sewell & Associates, Inc, report entitled "Estimates of Reserves and Future Revenue and Contingent Resources and Cash Flow to the Gemini Resources Ltd Interest and Gross (100%) Prospective Resources in Certain Oil & Gas Properties located in the Nowa Sol and Gora Concessions Permian Basin, Onshore Poland as of May 1, 2019" (Report or CPR). The estimates were first reported to the ASX on 4 July 2019.

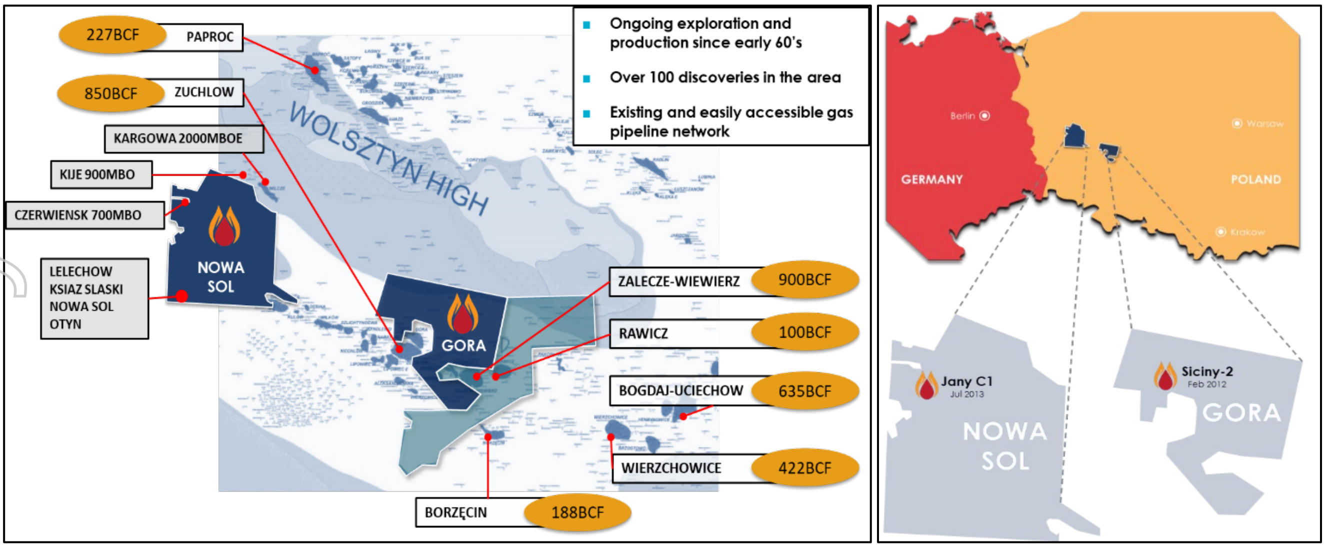

Figure 1 – Location of the Nowa Sol and Gora oil & gas concessions in Poland

During the period, the Company commenced operations at the Gora licence and has committed to undertake operations at Nowa Sol (together the **Projects**), to earn a 35% interest from Gemini Resources Limited (**GRL**), by spending a total of £3.38 million on those concessions.

During the period the Company re-entered the Siciny-2 well and successfully undertook a fracture stimulation of the Carboniferous interval. The appraisal operations confirmed the presence of hydrocarbon gas in the reservoir with free gas (methane) coming to surface. The Company has since completed operations at the Siciny-2 well with the data from the long-term transient pressure build-up test currently under review.

The results of the transient pressure build-test will be integrated with the remaining post-operational Siciny-2 well appraisal data to develop the Company's understanding and characterisation of the Carboniferous reservoir and our strategy regarding the next steps across the Gora licence.

Technical workstreams also continue to be progressed to better understand how the Company can exploit the conventional Rotliegendes potential of the Gora licence. The Gora concession contains multiple conventional gas prospects totalling 210 Bcf[1] (best case estimate) with an average chance of success of 28% - the largest of these prospects is Rawicz North with a best-case estimate of 110 Bcf of gas and 24% chance of success.

The near-term conventional potential of the Siciny-2 well, which contains 21 metres[2] of conventional gas pay in the shallower Rotliegendes interval, is currently being reviewed by the Operator GRL, to assess the potential size of the gas accumulation in the Rotliegendes reservoir at Siciny-2.

An Operating Committee Meeting (**OCM**) is planned for late Q1 or early Q2 2020 and we look forward to providing an update on the licence and operational preparations for the Jany-C1 well re-entry following the OCM.

The Jany-C1 appraisal program, consisting of the fracture stimulation and flow testing of the previously discovered 2C contingent resources of 36 MMbbls[1] of oil within tight Zechstein Dolomite formation, is scheduled for Q2 2020. An application with the Ministry of Environment, Poland, for the conversion of the Nowa Sol concession to a production licence has been submitted by the Operator, GRL, and is expected to be approved by the end of Q1 2020.

Ansila's new ventures strategy is focused on acquiring operated or non-operated interests in European onshore or shallow water opportunities and a number of asset opportunities are currently under review and actively being pursued.

[2] Gas pay estimate is from Netherland, Sewell & Associates, Inc. report entitled "Estimates of Reserves and Future Revenue and Contingent Resources to the Gemini Resources Ltd. Interest and Gross (100 Percent) Prospective Resources in Certain Oil and Gas Properties located in the Nowa Sol and Gora Concessions Permian Basin, Onshore Poland as of May 1, 2019" (**Report**). The estimates were first reported to the ASX on 4 July 2019.

POLAND PROJECT PORTFOLIO

Gora Concession:

- **Siciny-2 Appraisal Well**: Targeting 2C contingent resources of 1.6 Tcf[1] (circa 270 MMboe[3]) of unconventional gas in an extensive Carboniferous structure with operations undertaken in December 2019 – February 2020.
- **Conventional Prospects:** At Gora, Ansila has the option to drill several conventional prospects, targeting the Rotliegendes reservoir, with aggregate prospective (P50) resources of 210 Bcf[1]. These prospects are located adjacent to the proven Rawicz (c.94 Bcf – 2P reserves) and Zalecze-Wiewierz (900 Bcf) gas fields and offer Ansila additional upside on the Gora Concession. The prospect inventory is partially covered by 3D seismic coverage and lies within a proven petroleum system demonstrated by information from surrounding well control from the adjacent Rotliegendes gas fields. Estimated completed well costs attributable are US$0.85 million (A$ 1.2 million as at 31December 2019) net to Ansila.

Nowa Sol Concession:

- **Jany-C1:** Targeting 2C contingent resources of 36 MMbbls[1] of oil within tight Zechstein Dolomite formation scheduled for operations in Q2 2020.

NKEMBE BLOCK, OFFSHORE GABON

ANSILA 100%[4] AND OPERATOR

The Nkembe block covers an area of 1,210 km^2 in water depths of 50-1,100 metres approximately 30 km off the coast of Gabon (**Figure 2**).

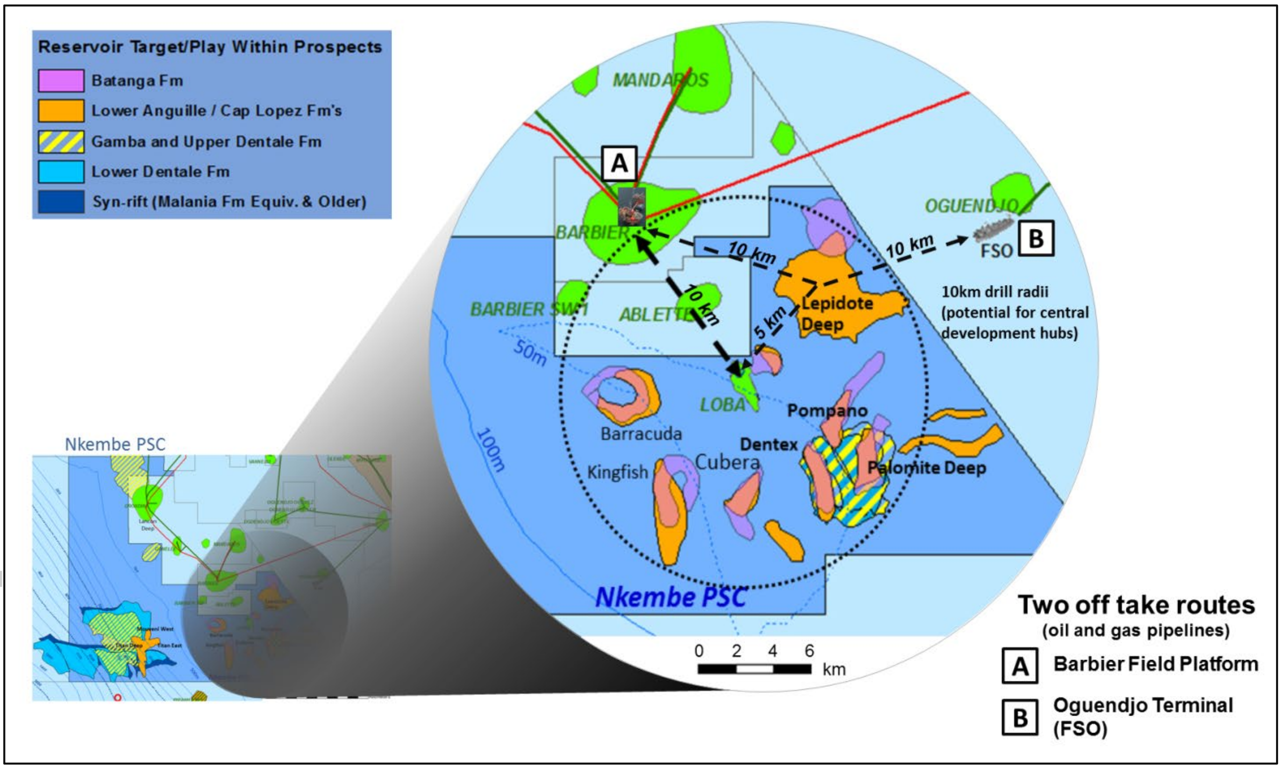

Figure 2 – Shallow water area of the Nkembe block and prospects

During the period the Company maintained its claim of force majeure on the Nkembe Production Sharing Contract (**PSC**), suspending all obligations. In accordance with Ansila's legal advice, Ansila has asserted that the PSC start date is the date of the issue of the Presidential Decree (4 December 2014) and that, based on this start date, no funds contributions are outstanding as at the date of the force majeure. Ansila has committed substantial investment over a number of years in

[3] The conversion factor used to convert gas (Tcf) to oil (MMboe) is 5.8:1 – this conversion ratio is based on an energy equivalency conversion method and does not represent value equivalency.
[4] Ansila's interest is subject to the right of the State of Gabon to participate in any development for up to a 20% interest under the Nkembe PSC.

Gabon, including a US$9,000,000 signing bonus paid in January 2013 and accordingly has reserved all its rights in relation to the PSC, including the right to seek recovery of the signing bonus.

In the circumstances Ansila does not intend to commit any further resources to the Nkembe Project unless and until Ansila reaches a resolution with the Directorate General for Hydrocarbons, that enables Ansila to obtain third party funding to conduct further exploration under the PSC.

AMBILOBE BLOCK, OFFSHORE MADAGASCAR
ANSILA 100% AND OPERATOR

The Ambilobe block is located in the Ambilobe Basin, offshore north-west Madagascar covering an area of 17,650 km² (**Figure 3**).

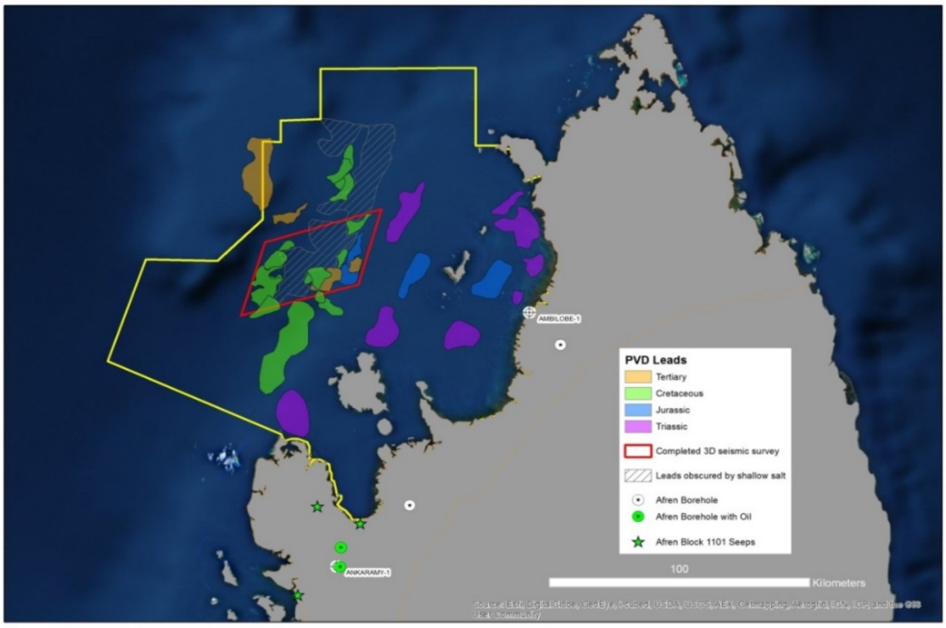

Figure 3 – The Ambilobe block (yellow boundary) showing area of 3D seismic survey (red boundary)[5]

An independent Ambilobe block evaluation report highlighted the potential, interpreted from the 3D seismic data acquired during 2015/16, for significant prospectivity within the block and recommended that Ansila undertake a systematic phased work program to further process and interpret the 3D seismic data for the purposes of improving the definition of and then ranking three previously identified leads. In addition, under the production sharing contract, the Company's subsidiary that holds the block is required to relinquish a portion of the Ambilobe block.

The Company has completed an independent review of a relinquishment proposal of a portion of the block resulting in a proposal for Ansila to retain a continuous area which amounts to 11,480 km².

During the period the Company concluded a farm-out process with no interested parties willing to earn an interest in the Ambilobe block via committing funds to advance the project. The Company will keep shareholders updated on further advancements with the project.

As noted previously, a representative of the Company's subsidiary has presented the final relinquishment proposal to the Madagascan Government (**OMNIS**) and the Company has applied for the 2nd special two (2) year extension of the Ambilobe PSC. Discussions with OMNIS are ongoing and at the date of this report. The Company has not reached agreement with OMNIS on the terms of the 2nd special two (2) year extension of the Ambilobe PSC.

[5] Subject to relinquishment and extension of term for a further 2 years as per the terms of the Ambilobe PSC.

CORPORATE & FINANCIAL

During the period the Company progressed to earn into the Gora and Nowa Sol projects for a 35% interest by spending a total of £3.38 million on those concessions. Dr Andrew Matharu joined the Board as Executive Director and Mr Christopher Lewis as Technical Director in September 2019 on completion of the transaction with GRL. Mr Bruce Lane and Mr David Sanders resigned from the Board at the Company's Annual General Meeting in November 2019.

During the period the Company completed a fully underwritten non-renounceable entitlements issue to offer a total of 151,783,212 Shares to shareholders on a 1:2 basis at an issue price of A$0.018 per Share, raising A$2,732,098 (before costs) with the entitlement issue completing on 14 October 2019.

In addition, Ansila holds 102,387,595 ordinary shares and has an option on 10,611,411 shares for 14.7% of the total voting power in Jacka Resources Limited (ASX: **JKA**), being the largest shareholder of JKA. Jacka continues to assess oil and gas opportunities and we await further market updates.

On 14 January 2020, the Company issued 23,422,491 fully paid ordinary shares (Shares) following receipt of notices of exercise from holders of performance rights that have vested following the satisfaction of Milestone 1 (as detailed in the Company's notice of meeting dated 31 July 2019).

Ansila holds 69,637 shares in the capital of GRL (carrying value of A$459,533), equating to 2.1% ownership in GRL as a result of the automatic conversion of the exclusivity fee payment (£250,000) at completion of the transaction.

The Company continues to look at additional corporate and project level opportunities in the oil and gas sector. On 18 July 2019[6], the Company invested £184,000 (A$ 326,230) into a UK private entity, Hartshead Resources Ltd, which has applied for seven contiguous blocks in the UK North Sea, offshore United Kingdom, which contains multiple fields with undeveloped gas resources and a number of drill ready exploration prospects in the recent UK 32nd Offshore Licensing Round. The Company expects to hear the result of the application in mid-2020 and looks forward to making an announcement at that time.

PETROLEUM REPORTING STATEMENTS

Please refer to the qualified evaluator's statement relating to the reporting of contingent and prospective resources in Ansila's ASX Announcement dated 4 July 2019 (see Schedule 2). The Company is not aware of any new information or data that materially affects the about the contingent or prospective resource estimates included in this announcement and all the material assumptions and technical parameters underpinning those estimates in this announcement continue to apply and have not materially changed.

Contingent Resources		1C	2C	3C
Jany-C1	**MMbbls**	9.3	36.1	85.8
	Ansila 35% Interest	**3.3**	**12.6**	**30.0**
Siciny-2	**Tcf**	0.7	1.6	3.2
	Ansila 35% Interest	**0.25**	**0.56**	**1.1**

[6] See disclosures in the Company's Entitlement Issue Prospectus dated 10 September 2019, FY19 Annual Report released on 25 September 2019 and Quarterly Report released on 30 October 2019.

Prospective Resources		**Low Case**	**Best Case**	**High Case**
Bronow	Bcf	16.0	21.4	28.1
Rawicz North	Bcf	80.1	109.7	148.8
Rawicz South	Bcf	37.8	51.8	70.4
Siciny	Bcf	9.5	13.3	17.8
Zuchlow West	Bcf	10.0	13.3	17.6
TOTAL	**Bcf**	**153.4**	**209.3**	**282.7**
	Ansila 35% Interest	**53.7**	**73.3**	**98.9**

The estimated prospective resource quantities of petroleum that may potentially be recovered by the application of a future development project(s) relate to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Further exploration appraisal and evaluation is required to determine the existence of a significant quantity of ptentially moveable hydrocarbons.

Contingent and prospective resources reported herein have been estimated and prepared using the probabilistic method.

RISK MANAGEMENT AND CORPORATE GOVERNANCE

The Board of Ansila is committed to conducting its business in accordance with a high standard of corporate governance commensurate with its size, operations and the industry within which it participates. The Directors of Ansila are responsible for corporate governance of the Company and support the principles of the ASX Corporate Governance Council's Principles and Recommendations (3rd edition) published by the ASX Corporate Governance Council.

The Company's Corporate Governance Statement as at 30 June 2019 as approved by the Board on 25 September 2019 remains current. The Company's Corporate Governance Statement can be viewed on the Company's website www.ansilaenergy.com.au under the Governance tab.

EVENTS AFTER THE REPORTING PERIOD

On 14 January 2020, the Company issued 23,422,491 fully paid ordinary shares following receipt of notices of exercise from holders of performance rights that have vested following the satisfaction of a performance milestone.

In the opinion of the Directors, no other events of a material nature or transaction, has arisen since period end and the date of this report that has significantly affected, or may significantly affect, the Group's operations, the results of those operations, or its state of affairs.

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration is included on the following page of the interim half-year report.

On behalf of the Directors

Bevan Tarratt
Chairman

Perth, Western Australia
13 March 2020

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DECLARATION OF INDEPENDENCE BY JARRAD PRUE TO THE DIRECTORS OF ANSILA ENERGY NL

As lead auditor for the review of Ansila Energy NL 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 Ansila Energy NL and the entities it controlled during the period.

Jarrad Prue

Director

BDO Audit (WA) Pty Ltd

Perth, 13 March 2020

Consolidated Statement of Profit or Loss and Other Comprehensive Income
For The Half-Year Ended 31 December 2019

	Note	31 December 2019 $	31 December 2018 $
Revenue from continuing operations			
Interest income		11,720	51,949
Other income		-	47,254
Total income		11,720	99,203
Expenses			
Exploration and evaluation expenditure	2	(5,775,887)	(1,029,155)
Depreciation expenses		-	(159)
Administrative expenses	2	(1,451,883)	(492,808)
Share-based payments expense	2	(660,540)	-
Unrealised foreign exchange gain/(loss)	2	132,151	116,026
Share of net profit/(loss) of associates accounted for using the equity method	6	(81,919)	-
Impairment of investment in Associate	6	(195,147)	-
Loss before income tax		(8,021,506)	(1,306,893)
Income tax expense		-	-
Loss after income tax attributable to the owners of the Company		(8,021,506)	(1,306,893)
Other comprehensive income			
Items that may be reclassified to profit or loss			
Exchange differences on translation of foreign operations		9,114	1,655
Items that will not be reclassified to profit or loss			
Changes in the fair value of financial assets at fair value through other comprehensive income (FVOCI)	5	(139,232)	(105,352)
Other comprehensive income for the half-year, net of tax		(130,118)	(103,697)
Total comprehensive income/(loss) for the half-year attributable to the owners of the Company		(8,151,624)	(1,410,590)
		Cents	**Cents**
Earnings per share for the half-year attributable the owners of the Company			
Basic and Diluted loss per share		(2.09)	(0.49)

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

	Note	31 December 2019 $	30 June 2019 $
Current assets			
Cash and cash equivalents		2,697,981	5,794,861
Other receivables	4	117,782	489,597
Total current assets		2,815,763	6,284,458
Non-current assets			
Financial assets at FVOCI	5	766,697	797,970
Investment in associate	6	52,159	-
Total non-current assets		818,856	797,970
Total assets		**3,634,619**	**7,082,428**
Current liabilities			
Trade and other payables	7	759,241	764,138
Total current liabilities		759,241	764,138
Total liabilities		**759,241**	**764,138**
Net assets		**2,875,378**	**6,318,290**
Equity			
Issued capital	8	54,652,657	50,830,012
Share-based payment reserve		5,352,808	4,466,741
Financial assets at FVOCI		(159,403)	(20,171)
Foreign exchange reserve		(97,117)	(106,231)
Accumulated losses		(56,873,567)	(48,852,061)
Total equity		**2,875,378**	**6,318,290**

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

	Issued capital $	Reserves $	Accumulated gain/(loss) $	Total equity $
Balance at 1 July 2018	**51,160,791**	**4,364,122**	**(50,637,311)**	**4,887,602**
Loss for the half-year	-	-	(1,306,893)	(1,306,893)
Other comprehensive income/(loss) for the half-year	-	(103,697)	-	(103,697)
Total comprehensive income/(loss) for the half-year	-	(103,697)	(1,306,893)	(1,410,590)
Transactions with owners in their capacity as owners				
Share buy-back – ordinary fully paid shares	(110,490)	-	-	(110,490)
Share buy-back – partly paid shares	(47,250)	-	-	(47,250)
Balance at 31 December 2018	**51,003,051**	**4,260,425**	**(51,944,204)**	**3,319,272**
Balance at 1 July 2019	**50,830,012**	**4,340,339**	**(48,852,061)**	**6,318,920**
Loss for the half-year	-	-	(8,021,506)	(8,021,506)
Other comprehensive income/(loss) for the half-year	-	(130,118)	-	(130,118)
Total comprehensive income/(loss) for the half-year	-	(130,118)	(8,021,506)	(8,151,624)
Transactions with owners in their capacity as owners				
Contributed equity	4,272,098	-	-	4,272,098
Share issue costs	(449,453)	-	-	(449,453)
Retention and performance rights expense recognised during the half-year	-	886,067	-	886,067
Balance at 31 December 2019	**54,652,657**	**5,096,288**	**(56,873,567)**	**2,875,378**

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

	Note	31 December 2019 $	31 December 2018 $
Cash flows from operating activities			
Payments to suppliers, consultants and employees		(930,060)	(547,816)
Payments for exploration and evaluation expenditure		(5,853,527)	(415,091)
Interest received		11,890	38,209
Other income		-	4
Net cash outflow from operating activities		(6,771,697)	(924,694)
Cash flows from investing activities			
Payments for financial assets at FVOCI		(330,075)	(486,024)
Proceed from sale of financial assets at FVOCI		355,420	-
Net cash inflow/(outflow) from investing activities		25,345	(486,024)
Cash flows from financing activities			
Proceeds from issue of shares		3,731,831	-
Proceeds from issue of options		250	-
Share issue costs		(223,936)	-
Share buy back		-	(110,490)
Net cash inflow/(outflow) from financing activities		3,508,155	(110,490)
Net decrease in cash and cash equivalents		(3,238,197)	(1,521,208)
Cash and cash equivalents at the beginning of the half-year		5,794,861	8,976,805
Effects of exchange rate changes on cash and cash equivalents		141,317	121,168
Cash and cash equivalents at the end of the half-year		2,697,981	7,576,765

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

1. SEGMENT INFORMATION

Management has determined that the Group has three reportable segments. The first being an interest to explore for oil in acreage known as, the Nkembe block, located at offshore Gabon. The second interest being at the Ambilobe block, located at offshore Madagascar. The third being an interest to explore for gas in acreage in Poland. This determination is based on the internal reports that are reviewed and used by the Board (chief operating decision maker) in assessing performance and determining the allocation of resources. As the Group is focused on oil and gas exploration, the Board monitors the Group based on actual versus budgeted exploration expenditure incurred by area of interest. This internal reporting framework is the most relevant to assist the Board with making decisions regarding the Group and its ongoing exploration activities, while also taking into consideration the results of exploration work that has been performed to date.

	Poland [1] $	Gabon $	Madagascar $	Unallocated $	Total $
For the half-year ended 31 December 2019					
Income from external sources	-	-	-	11,720	11,720
Reportable segment profit/(loss)	(5,741,163)	(105,529)	(38,468)	(2,136,346)	(8,021,506)
Reportable segment assets [2]	-	47,108	12,235	3,575,276	3,634,619
Reportable segment liabilities	-	(103,581)	(421,654)	(234,005)	(759,241)
For the half-year ended 31 December 2018					
Income from external sources	-	-	-	99,203	99,203
Reportable segment profit/(loss)	-	(544,639)	(519,028)	(243,226)	(1,306,893)
As at 30 June 2019					
Reportable segment assets [3]	-	59,085	9,451	7,013,892	7,082,428
Reportable segment liabilities	-	(140,231)	(424,349)	(199,558)	(764,138)

1 *During the period the Company progressed to earn into the Gora and Nowa Sol projects for a 35% interest by spending a total of £3.38 million on those concessions.*
2 *Other corporate activities includes cash held of $2,642,203*
3 *Other corporate activities includes cash held of $5,794,861*

2. EXPENSES

	31 December 2019 $	31 December 2018 $
Profit/(Loss) before income tax includes the following specific items:		
<u>Exploration and evaluation expenditure</u>		
Nkembe block, offshore Gabon	-	489,727
Ambilobe block, offshore Madagascar	32,852	518,695
Polish JV assets	5,741,163	-
New venture activity costs [1]	1,872	20,733
Total exploration and evaluation expenditure	5,775,887	1,029,155

1 *New venture costs incurred in building and diversifying portfolio of assets*

2. EXPENSES (continued)

	31 December 2019 $	31 December 2018 $
Share-based payments expense		
Performance rights expense -issued to Directors	349,242	-
Performance rights expense -issued to Advisors	311,298	-
Total share-based payments expenses	660,540	-
Administrative expense includes		
Employee benefits expense	467,002	187,649
Advisory and audit fees	579,860	49,793
Other expenses	405,021	255,366
Total administrative expense	1,451,883	492,808
Unrealised foreign exchange loss/(gain) [2]	(132,151)	(116,026)

2 *Foreign exchange gain was recognised in relation to the retranslation of British Pound, United States and Euro dollar denominated balances*

3. DIVIDENDS

No dividend has been paid or is proposed in respect of the half-year ended 31 December 2019 (31 December 2018: Nil).

4. OTHER RECEIVABLES

The Group has no impairments to other receivables or have receivables that are past due but not impaired.

During the prior period the Company paid an exclusivity fee in the amount of £250,000 (A$459,534) in consideration for the exclusive right to acquire an interest in the Gora and Nowa Sol concessions. During the period the Company completed the acquisition and converted the exclusivity fee into ordinary shares in Gemini Resources Limited, see Note 5.

Due to the short-term nature of the current receivables, their carrying amount is assumed to be the same as their fair value.

	31 December 2019 $	30 June 2019 $
Other receivables	879	3,730
Prepayments	50,903	26,333
Refund due	66,000	-
Exclusivity fee	-	459,534
	117,782	489,597

5. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Financial assets at fair value through other comprehensive income (FVOCI) comprise of unlisted equity securities and listed equity securities on the Australian Securities Exchange (ASX).

	31 December 2019 $	30 June 2019 $
Unlisted equity securities		
Opening balance	-	-
Conversion on exclusivity fee	459,534	-
Closing balance	459,534	-
Australian listed equity securities		
Opening balance	797,970	-
Purchase of securities	3,845	893,086
Sale of securities	(355,420)	(74,945)
Revaluation movement recognised in other comprehensive income	(139,232)	(20,171)
Closing balance	307,163	797,970
	766,697	797,970

On disposal of these equity investments, any related balance within the FVOCI reserve remain within other comprehensive income.

Significant accounting estimates, assumptions and judgements

Classification of financial assets at fair value through other comprehensive income

During the prior period Ansila purchased 102,387,595 ordinary shares and acquired an option on 10,611,411 shares for 14.7% of the total voting power in Jacka Resources Limited. Further, following the investment, Mr Bevan Tarratt was appointed as Non-Executive Director of Jacka Resources Limited in August 2018. The Company has considered the requirements of AASB 128 Investments in Associates and Joint Ventures as to whether the Company has significant influence over Jacka Resources Limited. As the Company has a holding of less than 20% and it is not clearly demonstrable that the Company has and/or exerts significant influence the investment has been treated as a Financial Asset at FVOCI.

Investments are designated at fair value through other comprehensive income where management have made the election in accordance with *AASB 9: Financial Instruments*.

Fair value for financial assets at fair value through other comprehensive income

Information about the methods and assumptions used in determining fair value is provided in Note 13.

6. INVESTMENT IN ASSOCIATE

During the period the Company has invested into a UK private entity, Hartshead Resources Ltd which is undertaking applications to acquire certain prospective oil & gas licences in the South North Sea, offshore United Kingdom. The Company's investment is recognised as an investment in associates.

Significant accounting judgments

Control assessment

The Directors have determined that they have significant influence over Hartshead Resources Ltd, as a result of the 21.6% ownership and common directorship. The Investment in Associates in the consolidated financial statements is accounted for using the equity method of accounting.

The resulting investment is subsequently accounted for as an Investment in Associate as follows:

	31 December 2019 $	30 June 2019 $
Opening balance	-	-
Investment in Hartshead	326,230	-
Share of losses after income tax	(81,919)	-
Impairment of investment in associate	(195,147)	
Foreign exchange gain	2,995	-
Closing balance	52,159	-

Hartshead Resources Ltd	31 December 2019 $
Assets	241,478
Liabilities	-
Revenue	-
Profit/(losses)	(379,256)
Share of loss at 21.6%	(81,919)

7. TRADE AND OTHER PAYABLES

	31 December 2019 $	30 June 2019 $
Trade and other payables	698,817	677,980
Other payables	60,424	86,158
	759,241	764,138

Trade and other payables are normally settled within 30 days from receipt of invoice. All amounts recognised as trade and other payables, but not yet invoiced, are expected to settle within 12 months.

The carrying value of trade and other payables are assumed to be the same as their fair value, due to their short-term nature.

8. ISSUED CAPITAL

	31 December 2019 Securities	31 December 2018 Securities	31 December 2019 $	31 December 2018 $
Fully paid ordinary shares	485,349,636	261,386,330	54,595,621	51,056,505
Share buyback – fully paid ordinary shares	-	(4,927,070)	-	(110,490)
Partly paid ordinary shares	5,703,550	5,703,550	57,036	57,036
	491,053,186	262,162,810	54,652,657	51,003,051

Movement in fully paid ordinary shares

	Date	Number of securities	Issue price $	$
Balance at 1 July 2019		**248,010,868**		**50,772,976**
Issue of shares - placement	11-Jul-19	18,353,926	0.02	330,371
Issue of shares - placement	15-Jul-19	37,201,630	0.02	669,629
Share based payment - facilitation fee	1-Oct-19	5,000,000	0.02	90,000
Issue of shares - entitlement offer	11-Oct-19	79,977,591	0.02	1,439,597
Issue of shares - entitlement offer	14-Oct-19	71,805,621	0.02	1,292,501
Share based payment - advisory fee	14-Oct-19	25,000,000	0.02	450,000
Share issue costs				(449,453)
Balance at 31 December 2019		**485,349,636**		**54,595,621**

Movement in partly paid shares

There has been no movement in the partly paid shares during the half-year period.

9. SHARE BASED PAYMENTS

Share based payment transactions are recognised at fair value in accordance with AASB 2.

The total movement arising from share-based payment transactions recognised during the half-year were as follows:

	Note	31 December 2019 $	31 December 2018 $
As part of share-based payment expense:			
Performance rights issued	9(b)	660,540	-
As part of exploration costs:			
Shares issue – facilitating fee	9(c)	90,000	-
As part of administrative costs:			
Shares issue – advisory fee	9(c)	450,000	-
Recognised in equity as a capital raising cost			
Options issued	9(a)	225,527	-
		1,336,157	-

9. SHARE BASED PAYMENTS (continued)

During the half-year the Group had the following share-based payments:

(a) Share options

Ansila Energy NL share options are used to reward Directors, employees, consultants and vendors for their performance and to align their remuneration with the creation of shareholder wealth through the performance requirements attached to the options. Options are granted at the discretion of the Board of Directors and no individual has a contractual right to participate in the plan or to receive any guaranteed benefits. Options granted to directors are approval from the shareholders.

The options are not listed and carry no dividend or voting right. Upon exercise, each option is convertible into one ordinary share to rank pari passu in all respects with the Company's existing fully paid ordinary shares.

Set out below are summaries of options granted:

	31 December 2019		30 June 2019	
	Average exercise price per option	**Number of options**	**Average exercise price per option**	**Number of options**
Opening balance	$0.065	12,000,000	$0.065	12,000,000
Granted during the period	$0.040	20,000,000	-	-
Exercised during the period	-	-	-	-
Forfeited during the period	$0.065	(12,000,000)	-	-
Closing balance	$0.040	20,000,000	$0.065	12,000,000
Vested and exercisable	$0.040	20,000,000	$0.065	12,000,000

	Grant date [1]	Expiry date	Exercise price	31 December 2019 Number of options	30 June 2019 Number of options
(i)	30-Nov-17	30-Nov-19	$0.065	-	12,000,000
(ii)	14-Oct-19	31-Dec-22	$0.040	20,000,000	-
				20,000,000	12,000,000
Weighted average remaining contractual life of options outstanding at the end of the period:				3.0 years	0.42 years

1 The securities were approved on the 29 November 2019 at the Company's Annual General Meeting.

The fair value of option issued is measured by reference to the value of the goods or services received. The fair value of services received in return for share options granted to Directors, employees and consultants is measured by reference to the fair value of options granted. The fair value of services received by advisors couldn't be reliably measured and are therefore measured by reference to the fair value of the equity instruments granted. The estimate of the fair value of the services is measured based on a Black-Scholes option valuation methodology. The life of the options including early exercise options are built into the option model. The fair value of the options are expensed over the expected vesting period.

The model inputs for options granted during the period include:

Series	Exercise price	Expiry (years)	Share price at grant date [1]	Expected volatility [2]	Dividend yield	Risk free interest rate [3]	Option value
(ii)	$0.04	3.2	$0.021	104%	0%	0.70%	$0.0113

1 The share price has been based upon the closing shares price on issue date.
2 The expected price volatility is based on historical volatility (based on the remaining life of the option), adjusted for any expected changes to future volatility due to publicly available information.
3 Risk free rate of securities with comparable terms to maturity.

9. SHARE-BASED PAYMENTS (continued)

The total expense arising from options issued during the reporting period recognised in equity as a capital raising cost was $225,527.

(b) Performance rights

During the period the Company granted performance rights as a long-term incentive to employees which have been issued under the Company's Performance Rights Plans approved by shareholders on 2 September 2011 and 31 October 2014. Each performance right will vest as an entitlement to one fully paid ordinary share upon achievement of certain performance milestones. If the performance milestones are not met, the performance rights will lapse and the eligible participant will have no entitlement to any shares.

Performance rights are not listed and carry no dividend or voting rights. Upon exercise, each performance right is convertible into one fully paid ordinary share to rank pari passu in all respects with existing fully paid ordinary shares.

Movement in the performance rights for the current period is shown below:

Grant date	Expiry date	Exercise price	Balance at start of the period	Granted during the period	Converted during the period	Balance at period end	Vested at period end
02-Sep-19[1]	30-Sep-22	-	-	88,267,482	-	88,267,482	29,422,493
Total			-	88,267,482	-	88,267,482	29,422,493

1 *Performance rights granted to Directors, employees and advisors; the securities were approved on the 2 September 2019 at the Company's General Meeting*

Key inputs used in the fair value calculation of the performance rights which have been granted during the period ended 31 December 2019 were as follows:

Number granted	Exercise price	Expected vesting dates	Expiry date	Share price at grant date	Fair value per performance right	Total fair value
Grant date: 02-Sep-19 [1]						
88,267,482	-	17-Dec-19 to 30-Sep-22	30-Sep-22	$0.0185	$0.0185	$1,632,948

1. *Upon achieving either Milestone 1, Milestone 2, Milestone 3, Milestone 4, Milestone 5, Milestone 6 or Milestone 7, a third of the Performance Rights will be eligible to be converted into Shares upon exercise by the holder.*
2. *Milestones are as follows:*
   - *Milestone 1* — *Completion of an initial feasibility study that derives a Net Present Value (NPV) (utilising a discount rate of 10%) of the Gora project of not less than based on a 2C Contingent Resource;*
   - *Milestone 2* — *Securing necessary funding to undertake the drilling of an additional well at the Gora project or Nowa Sol poject, including via equity or debt (or a combination of both) or other funding mechanism such as joint farm-out or forward payments on a supply venture, agreement;*
   - *Milestone 3* — *The Company's VWAP over 10 consecutive trading days being at least $0.05;*
   - *Milestone 4* — *The Company's VWAP over 10 consecutive trading days being at least $0.08;*
   - *Milestone 5* — *Securing necessary funding to commence production at the Gora project or Nowa Sol project, including via equity or debt (or a combination of both) or other funding mechanism such as joint venture, farm-out or forward payments on a supply agreement;*
   - *Milestone 6* — *Execution of a binding gas sale agreement on the Gora project or oil sale agreement on the Nowa Sol project with a third party; or*
   - *Milestone 7* — *Successful completion of Fracking and/or Flow Testing on the Gora and Nowa Sol project, including flowing of oil and gas to surface and all necessary data acquisition for project evaluation.*

Milestone 7 was achieved in December 2019 and a third of the rights vested. As at 31 December 2019, management believe that the remaining performance and service hurdles will be met and accordingly have recognised a share-based payment expense over the respective vesting periods.

Total expense arising from the above performance rights is $660,540.

9. SHARE-BASED PAYMENTS (continued)

(c) Share capital to vendors

During the financial period:

- On 1 October 2019, 5,000,000 shares were issued in consideration for facilitating and introducing the Gemini transaction. The fair value of the shares recognised was by direct reference to the fair value of service received. This was determined by the fair value of the equity instruments issued amounted to $ 90,000. This amount has been recognised in the Statement of Profit or Loss as an exploration cost.
- On 14 October 2019, 25,000,000 shares were issued to CPS Capital Investments Pty Ltd in consideration for advisory fees. The fair value of the shares recognised was by direct reference to the fair value of service received. This was determined by the fair value of the equity instruments issued amounted to $ 450,000. This amount has been recognised in the Statement of Profit or Loss under advisory fees.

10. RELATED PARTY TRANSACTIONS

Transactions with related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

Transaction with related parties

Purchases from entities associated with key management personnel

The Group acquired the following services from entities in which the Group's key management personnel have an interest:

- Legal services
- Rental charge, marketing and consulting fees

A former Director, Mr. Sanders, is a Director and shareholder in the firm of Bennett + Co. Bennett + Co has provided legal services to Ansila Energy NL on normal commercial terms and conditions. During his tenure legal services recognised as an expense was $86,803 (including GST) (31 December 2018: $25,924).

Director, Mr Lude, was a former Director and related party, respectively, of Advantage Ventures Pty Ltd (formerly Battler Corporate Pty Ltd) until 14 November 2019. Advantage Ventures has provided office space per a leasing arrangement for the Company on normal commercial terms and conditions. The expense recognised during the period was $13,985 (including GST) (31 December 2018: $19,591).

Share based payments

During the period the following performance rights were granted:

- Mr Tarratt was granted 7,500,000 performance rights;
- Mr Lude was granted 7,500,000 performance rights;
- Dr Matharu was granted 12,133,741 performance rights;
- Mr Lewis was granted 12,133,741 performance rights;
- Mr Lane was granted 6,000,000 performance rights; and
- Mr Sanders was granted 3,000,000 performance rights.

Details of the valuation pertaining to the above-mentioned equity instruments are set out in Note 9.

Investment in Hartshead Resources Ltd

During the period the Company has invested into a UK private entity, Hartshead Resources Ltd. The Company's investment is recognised as an investment in associates (See Note 6). Prior to investment Hartshead Resources was controlled by Directors: Dr Matharu and Mr Lewis as a result of ownership and Directorship.

11. COMMITMENTS

There have been no changes to commitments since the last annual reporting date, 30 June 2019.

(a) Capital commitments

Gabon, Nkembe block

The Group is currently in the first exploration phase of the Block, which initially covered a period of four years. On 3 November 2016, Ansila was granted a 12-month extension of the current exploration phase with no additional work commitments. A dispute has arisen with the Directeur Général des Hydrocarbures (DGH) as to whether the first exploration stage commenced when the Nkembe PSC was signed, on 11 January 2013 or on the date of issue of the Presidential Decree, 4 December 2014. As a consequence of this dispute Ansila has claimed force majeure in relation to the Nkembe PSC since 1 April 2018 until such time as the dispute is resolved. In the meantime, the Nkembe PSC remains on foot.

The work commitments for the first exploration stage under the Nkembe PSC includes the acquisition and processing of 3D seismic data and an exploration well. The Nkembe PSC included an estimate of US$17 million for the work commitments for the first exploration phase and Ansila has expended approximately US$1.4 million towards these work commitments. Separately to the committed work program an additional US$8.6 million of allowable costs have been incurred during the first exploration phase. The effect of the dispute with the DGH has meant that Ansila has been unable to make any progress with potential funding partners for an exploration well. Accordingly, until such time as the dispute is resolved it is not possible to quantify the likely commitment and/or payable (if any) in relation to the Nkembe PSC.

Ansila has received legal advice that its obligations to make the fund contributions under the Nkembe PSC commenced on the issue of the Presidential Decree, being 4 December 2014. Based on this advice, no fund contributions are outstanding. This issue, however, remains unresolved between Ansila and the DGH and accordingly until this matter is resolved the Board believe it is prudent to recognise a contingent liability.

12. CONTINGENCIES

There have been no material changes to the contingencies disclosed at 30 June 2019, there are no other contingent assets or liabilities as at 31 December 2019.

(a) Contingent liabilities

Gabon, Nkembe block

A dispute has arisen with the Directeur Général des Hydrocarbures (DGH) as to whether the first exploration stage commenced when the Nkembe PSC was signed, on 11 January 2013 or on the date of issue of the Presidential Decree, 4 December 2014. As a consequence of this dispute Pura Vida has claimed force majeure in relation to the Nkembe PSC since 1 April 2018 until such time as the dispute is resolved. In the meantime, the Nkembe PSC remains on foot, which the DGH has recently confirmed.

Pura Vida has received legal advice that its obligations to make the fund contributions under the Nkembe PSC commenced on the issue of the Presidential Decree, being 4 December 2014. Based on this advice, no fund contributions are outstanding. During the prior period, included within the other payables was an amount payable to the Directeur Général des Hydrocarbures (DGH) in Gabon in relation to fund contributions pursuant to the Nkembe PSC for approximately US$2.91 million, based on the liability for fund contributions commencing on the date on which the Nkembe PSC was signed, being 11 January 2013. This issue, however, remains unresolved between Pura Vida and the DGH. The potential undiscounted amount of the total payments that the group could be required to make if there was an adverse decision is estimated to be up to US$2.91 million.

13. FAIR VALUE MEASUREMENTS

This note provides an update on the judgements and estimates made by the group in determining the fair values of the financial instruments since the last annual financial report.

Fair value hierarchy

To provide an indication about the reliability of the inputs used in determining fair value, the Group classifies its financial instruments into the three levels prescribed under the accounting standards. An explanation of each level follows underneath the table.

The following table presents the Group's financial assets and financial liabilities measured and recognised at fair value at 31 December 2019 and 30 June 2019 on a recurring basis:

	Level 1 $	Level 2 $	Level 3 $	Total $
As at 31 December 2019				
Financial assets at FVOCI – Equity securities	307,163	459,534	-	766,697
As at 30 June 2019				
Financial assets at FVOCI – Equity securities	797,970	-	-	797,970

There were no transfers between levels during the period. The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

The fair value of financial assets and liabilities held by the Group must be estimated for recognition, measurement and/or disclosure purposes. The Group measures fair values by level, per the following fair value measurement hierarchy:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Valuation techniques used to determine fair values

The Group did not have any financial instruments that are recognised in the financial statements where their carrying value differed from the fair value. The fair value of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The carrying amounts of cash and short-term trade and other receivables, trade payables and other current liabilities approximate their fair values largely due to the short-term maturities of these payments.

Financial assets at fair value through other comprehensive income – equity securities

<u>Fair Value in Active Market (Level 1)</u>

The fair value of the equity holdings held in ASX listed companies are based on the quoted market prices from the ASX on 31 December 2019, being the last traded price prior to half-year end.

<u>Fair value in an inactive or unquoted market (Level 2 and Level 3)</u>

The fair value of financial assets that are not traded in an active market is determined using valuation techniques. These include the use of a recent share price from completed or planned capital raising that provides a reliable estimate of prices obtained in actual market transactions.

14 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

This consolidated interim financial report for the 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 consolidated interim financial report does not include all the notes of the type normally included in an annual financial report and therefore cannot be expected to provide a full understanding of financial performance, financial position and financing and investing activities of the consolidated entity as full year financial statements. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2019 and any public announcements made by Ansila Energy NL during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

New and amended standards adopted by the Group

A number of new or amended standards became applicable for the current reporting period and the Group has changed its accounting policies as a result of the adoption of the following standards:

- AASB 16 Leases.

The impact of the adoption of these standards and the new accounting policies are disclosed below. The impact of these standards, and the other new and amended standards adopted by the Group, has not had a material impact on the amounts presented in the Group's financial statements.

AASB 16 Leases

AASB 16 eliminates the operating and finance lease classifications for lessees currently accounted for under AASB 117 Leases. It instead requires an entity to bring most leases onto its Statement of Financial Position in a similar way to how existing finance leases are treated under AASB 117. An entity be required to recognise a lease liability and a right of use asset in its Statement of Financial Position for most leases. There are some optional exemptions for leases with a period of 12 months or less and for low value leases.

Lessor accounting remains largely unchanged from AASB 117.

The Group had no lease obligations at the date of adoption of AASB 16 and has not entered into any leases during the reporting period. The Group has adopted a modified retrospective approach. The adoption of this standard has had no impact on the current or previous reporting period and as such there have been no adjustments to the opening balance of retained earnings.

Going concern

The Directors have prepared the consolidated interim financial report on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the normal course of business.

During the period the Group incurred cash outflows from operating activities of $6.77 million.

As at 31 December 2019 Pura Vida Mauritius (a subsidiary of the Company) had commitments with an estimated value of $3.9 million (US$2.5 million) pertaining to the current exploration phase of the Ambilobe PSC. The third phase ended in July 2019 and may be extended to July 2021, and the company is continuing its discussions with OMNIS regarding the 2nd special two (2) year extension of the PSC to July 2021.

Ansila is currently in a dispute with the Gabonese Government with regards to the Nkembe PSC, (refer to Note 11 for details on the dispute). Until such a time as the dispute is resolved it is not possible to quantify the likely commitments and/or payable (if any) in relation to the Nkembe PSC.

14 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

In the event the Company is unable to secure funding to complete the current exploration phase in Madagascar and resolve the dispute with the Gabonese Government the Group may be unable to realize its assets and discharge its liabilities in the normal course of business. These conditions indicate a material uncertainty that may cast a significant doubt about the entity's ability to continue as a going concern and, therefore, that it may be unable to realise its asset and discharge its liabilities in the normal course of business.

Management believe there are sufficient funds to meet the consolidated entity's working capital requirements at the date of this report for the following reasons:

- at 31 December 2019 the consolidated entity had $2.7 million of cash and investments of $0.8 million;
- the Company is progressing realisation of the value of the consolidated entity's assets in Poland through ongoing work and technical workstreams; and
- the Company reaching a successful agreement and progressing realisation of the value of the assets in Madagascar.

Should the Group not be able to continue as a going concern, it may be required to realise its assets and discharge its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements. The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or liabilities that might be necessary should the consolidated entity not continue as a going concern.

15. EVENTS OCCURRING AFTER REPORTING DATE

On 14 January 2020, the Company issued 23,422,491 fully paid ordinary shares following receipt of notices of exercise from holders of performance rights that have vested following the satisfaction of a performance milestone.

In the opinion of the Directors, no event of a material nature or transaction, has arisen since period end and the date of this report that has significantly affected, or may significantly affect, the Group's operations, the results of those operations, or its state of affairs.

DIRECTORS' DECLARATION

In the Directors' opinion:

1. the financial statements, and accompanying notes set out above, are in accordance with the *Corporations Act 2001* and:

   (a) comply with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and

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

2. there are reasonable grounds to believe that the Consolidated Entity will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors made pursuant to section 303(5) of the *Corporations Act 2001*.

On behalf of the Directors

Bevan Tarratt
Chairman

Perth, Western Australia
13 March 2020

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INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Ansila Energy NL

Report on the Half-Year Financial Report

Qualified conclusion

We have reviewed the half-year financial report of Ansila Energy NL (the Company) and its subsidiaries (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, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year then ended, and notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, with the exception of the matter described in the Basis for qualified conclusion section, 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.

Basis for qualified conclusion

As disclosed in Note 11, 12 and 14 to the financial statements, there is a dispute between Ansila Energy NL's (formerly Pura Vida Energy NL) and the Directeur Général des Hydrocarbures (DGH) over the commencement date and obligations under the Nkembe Production Sharing Contract (PSC), which has prevented Ansila Energy NL progressing funding discussions to meet its obligations under the PSC and has therefore resulted in force majeure being claimed by the Group.

The Group has received legal advice that its obligations to make the fund contributions under the Nkembe PSC commenced on the issue of the Presidential Decree, being 4 December 2014. Based on this advice, the Group has determined there are no fund contributions outstanding and as such for the period ended 31 December 2019, and the matter is disclosed as a contingent liability.

The Group is of the opinion that until the dispute is resolved, it is not possible to quantify the likely commitment and/or payable (if any) under the PSC. As such the Group were unable to provide support as to its commitment or obligation under the PSC as at 31 December 2019 and we were unable to obtain sufficient appropriate evidence to determine whether any adjustments to the other payables, commitments and/or contingency note disclosure was necessary.

Consequently, we were unable to determine whether any adjustments might have been necessary in respect of the carrying amount of other payables, commitments and/or contingencies as at 31 December 2019, and the elements making up the statement of profit or loss and other comprehensive income.

Our 30 June 2019 Audit Report was also qualified with respect to this matter.

Material uncertainty related to going concern

We draw attention to Note 14 in the financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern and therefore the Group may be unable to realise its assets and discharge its liabilities in the normal course of business. 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.

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 (WA) Pty Ltd

BDO

JPrue

Jarrad Prue

Director

Perth 13 March 2020