

For personal use only



AVIRA RESOURCES
LIMITED

HALF-YEAR FINANCIAL REPORT

31 DECEMBER 2020

ACN 131 715 645

Table of Contents

	PAGE NO.
Directors' Report	3-8
Auditor's Independence Declaration	9
Directors' Declaration	10
Condensed Consolidated Statement of Profit and Loss and Other Comprehensive Income	11
Condensed Consolidated Statement of Financial Position	12
Condensed Consolidated Statement of Changes in Equity	13
Condensed Consolidated Statement of Cash Flows	14
Notes to the Half-Year Financial Statements	15-22

For personal use only

Directors' Report

Your directors submit their report for the half-year ended 31 December 2020. Comparative information contained within the financial statements has been restated due to error.

Directors

The directors of Avira Resources Limited and its controlled entities (the "Group") in office during the half year, and until the date of this Report are set out below. Directors were in office for this entire period unless otherwise stated.

<u>Name</u>	<u>Particulars</u>
David Wheeler	Non-Executive Chairman
David De Loub	Executive Director
Sonu Cheema	Non-Executive Director and Company Secretary

Principal activities

The principal activities of the consolidated entity during the financial year included exploration and evaluation activities.

Operating and financial review

(a) Review of operations

On 3 July 2020, the Company announced that it had issued 250,000,000 fully paid ordinary shares at an issue price of \$0.002 to raise \$500,000 under a placement to sophisticated, and professional investors (Placement) in accordance with Resolution 5 of the Notice of General Meeting dated 3 July 2020.

On 5 August 2020 the Company announced a capital raising initiative through a combination of an underwritten non-renounceable entitlement Option Offer and an Option Placement (together the Options Issue) as set out below:

- A non-renounceable entitlement Option Offer of approximately 275,000,000 options to Eligible Shareholders, on the basis of one (1) option for every five (5) fully paid ordinary shares held at the Record Date at an issue price of \$0.001 to raise approximately \$275,000 (before costs). The Options are exercisable at \$0.01 on or before 10 July 2022.
- An Option Placement of 200,000,000 options at an issue price of \$0.001 to raise \$200,000 (before costs). The options are exercisable at \$0.01 on or before 10 July 2022.

On 19 August 2020 the Company signed a binding Term Sheet with Minotaur Exploration Limited (ASX: MEP) for the sale of 100% of its Pyramid Project comprising three tenements (EPM 12887, 19554 and 25154). Key terms of the sale included in the Binding Term Sheet are as follows;

- Under the S&PA Minotaur will pay \$150,000 cash (including the \$25,000 Option fee already paid) and allot \$100,000 in MEP shares (based on a 5-day VWAP) in return for transfer of titles.
- On Minotaur's publication of a JORC Resource of at least 25,000oz Au grading not less than 1.8g/t Au Minotaur will pay \$75,000 cash, otherwise within 24 months of Completion Minotaur will allot \$75,000 in MEP shares.
- MEP shall pay a 1.5% NSR (Au only) in relation to the first 50,000oz of AU produced from the assets.

Directors' Report

On 25 August 2020, the Company was granted Exploration Licence E45/5567 over its Throssel Range tenement package. In addition, the Company has also recently completed the first phase of its exploration program over the Mount Macpherson project including; conventional soil geochemistry, rock-chip sampling, geological mapping and an airborne geophysics survey over both Mount Macpherson and Throssel project areas.

On 31 August 2020, the Company signed a Term Sheet with EMX Royalty Corp (TSX: EMX) for the sale of 100% of its remaining Queensland exploration projects comprising two tenements; Yarrol (EPM 8402) and Mt Steadman (EPM12834).

Key terms of the sale included in the Term Sheet are as follows;

- An option fee of A\$5,000 to secure a 60-day exclusivity period to conduct and complete due diligence activities in relation to the assets. The option fee is due and payable on signing of the Term Sheet.
- A\$60,000 (including the Option fee paid) paid in cash on signing of the Sale and Purchase Agreement.

On 17 November 2020 Avira announced that the Sale and Purchase Agreement with Minotaur for the sale of Pyramid Project had been executed. Completion of the transaction is contingent on satisfaction of the condition precedent being receipt of approval from the QLD department of mines to transfer the tenements from Avira to Minotaur Exploration Limited (ASX: MEP).

(b) Significant changes in state of affairs

Financial update

The consolidated net loss for the half-year after providing for income tax was \$708,914 (2019: loss of \$342,737).

(c) Exploration and evaluation activities

Paterson Range projects, WA

Avira Resources currently holds two tenement packages within the Paterson Range province, host to a number of substantial gold, copper and manganese mines and deposits including the Telfer gold-copper mine. Subsequent significant recent discoveries made by Rio Tinto (Winu project) and the Newcrest-Greatland Gold JV (Havieron project) has reinvigorated interest in the province. The Avira projects are situated in the Yeneena basin sedimentary rock formation that hosts both the Nifty and Maroochydore copper deposits and the Woody Woody Manganese mine.

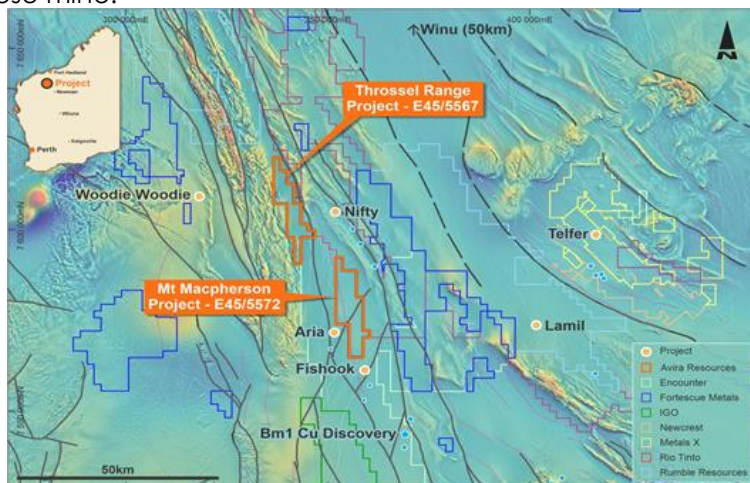


Figure 1. Location of the Mount Macpherson and Throssel Range Projects.

Directors' Report

Exploration undertaken during the preceding Quarter involved geochemical sampling, heritage and land access negotiations, and ongoing analysis and modelling of the Mount Macpherson and Throssel Range airborne EM surveys undertaken in 2020.

Geochemical Sampling

Following the end of the December quarter, Avira is pleased to confirm that the assay results from recently completed geochemical have now been received and analysed.

The Company took a total of 947 geochemical samples, comprised of 208 stream sediment samples and 739 soil samples, inclusive of QAQC samples. Stream sediment samples were taken from stream beds, sieved to 0.1-04mm. Soil samples were taken as +0.4mm -2mm fraction sieved to ~100g.

All samples were assayed via Aqua-Regia digest and analysed by Inductively Coupled Plasma Mass Spectrometry for 33 elements plus gold. Industry standard QAQC procedures were undertaken, with 1:20 duplicate field samples and 2"100 certified reference material samples submitted. Full details are presented in the JORC Table 1.

QAQC analysis indicates that the soil sampling procedure and methodology undertaken was accurate, precise and was done to industry best practise.

Analysis of the sample dataset indicates a strong component of aeolian sand, which is interpreted to dilute the geochemical response of the bedrock across the majority of the tenements. This is typical of the regolith in the Paterson Province, and has influenced this sampling dataset despite the shallow cover and sub-outcrop in the tenements.

Despite the shallow cover, significant portions of the tenement have only tested the aeolian sands and the bedrock is insufficiently tested.

Avira acknowledged certain delays during COVID-19 in conducting work programs and securing technical contractors. A robust and active exploration sector has also presented availability and capacity challenges for independent contractors engaged by the Company.

Mount Macpherson

Several subtle mid to late time EM anomalies are present on E45/5572, with a significant and extensive anomaly present along approximately 8 kilometres of strike through the tenement (figure 2). The EM anomaly is coincident with a linear magnetic anomaly. The Pipeline Target has not been tested by Avira's soil geochemistry and is concealed by wind-blown sand, alluvium, laterite and sand dunes. A broad early to late time conductive response is present to the immediate south-west of the Pipeline Target and is likely related to the laterite horizon.

Soil sampling was conducted over the Mount Macpherson tenement in two phases, with sample locations planned in the swales between sand dunes to minimise the influence of wind blown sand. A series of stream sediment samples were taken in the mountainous area surrounding Mount Macpherson. Infill lines were conducted to target the Pipeline Conductor target which had been identified from the Airborne EM survey.

Results here show that some large areas of the tenement appear to be dominated by sand which has almost no bedrock geochemical response; these areas exhibit geochemistry below detection limit for Na, Ca, Sc, Tl, etc. These areas typically show very low aluminium contents (clays) and therefore sampling has likely only encountered aeolian sands and is largely

Directors' Report

ineffective. Nevertheless, a large portion of the conductive anomalies identified from the EM survey lie in areas where it can be presumed the soil sampling has been at least partially effective given the elements here are consistently above detection limit, especially Na, Ca, with higher Al, Fe, Mg.

Three of the above-background Au results (>1ppb) lie directly above the Pipeline Conductor, which indicates that weak Au bearing fluids may have preferentially travelled along this structure. No coherent trace element anomalism (As, Ag, Cu, Co, As, Bi, W) or definitive base metal anomalism correlate strongly with this structure.

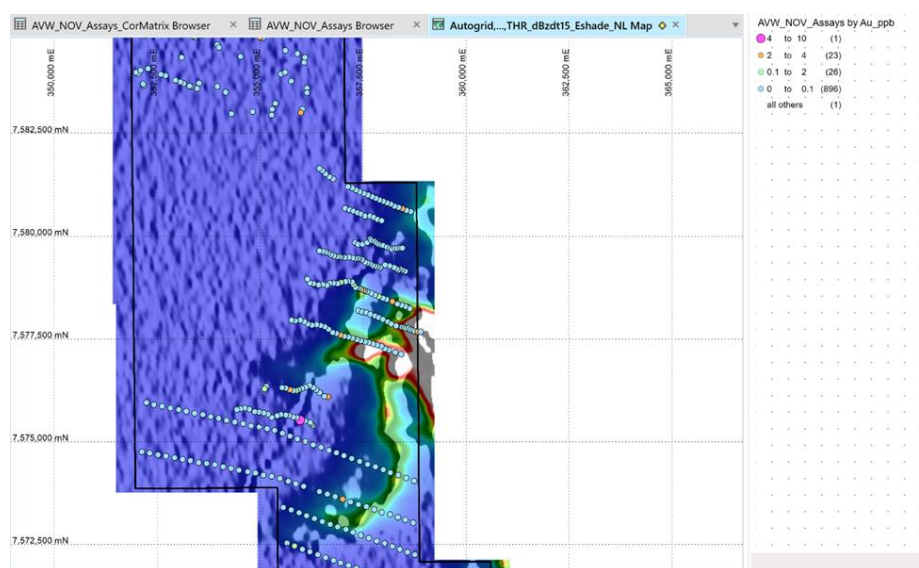


Figure 2. Geo-chemical soil sample lines taken on the Mount Macpherson tenement.

Throssel Range

The EM survey flown over the Throssel Range tenement has shown several discrete but subtle late-time responses that occur across one to three flight lines. These responses are associated with north-east structural corridors where the interpreted and mapped structures cut the conductive stratigraphy of the Tarcunyah Group

Soil sampling was conducted over the Throssel Range tenement in two phases, with sample locations planned in the swales between sand dunes to minimise the influence of wind blown sand. Infill lines were conducted to target conductors associated with dolerites hosted within the Archaean basement, which had been identified from the Airborne EM survey.

The sampling appears to be relatively effective at testing the bedrock, especially in the infill lines. A consistent, coherent low-level response of Cu, Pb and other elements indicate the soils have tested the regolith adequately.

Geochemical assay results were generally low level throughout the area. No high-level anomalism appears to be present within Cu, Au or base metals. No clear anomalism lies over any of the conductive trends in the EM survey. The gold results are generally below detection limit, with a few +1ppb results. No clear trends are evident, and it can be concluded that no significant Au mineralising event has been detected by the sampling.

Interpretation

The Avira EM survey has significantly improved the resolution of magnetic data over the project and has highlighted a significant NE trending structural feature (Pipeline Target) on E45/5772 which has coincident mid to late time conductors and magnetic anomalism.

Directors' Report

The Pipeline Target is interpreted to be caused by magnetic and conductive minerals within a NE trending fault structure. The conductive mineral is thought to most likely be pyrrhotite a magnetic sulphide that can explain coincident magnetic and EM anomalies. Pyrrhotite is known to be associated with base metal sulphide mineralization at other base metal prospects within the Paterson province and on this basis

Avira considers that the Pipeline and Gwardar targets are prospective for base metal sulphide mineralisation.

Within E45/5567 Throssel Range magnetic data has identified a north east structural trend which defines compartments of rock with varying conductivity. Avira Resources interprets this to potentially be caused by alteration of sulphides within the stratigraphy or deeper weathering. Subtle late time conductors exist on the contacts of the major stratigraphic units within the NE structural corridor, and may represent sulphide mineralization.

Follow up exploration

The Company will continue exploration of the Throssell Range and Mount Macpherson projects in the coming year. The Company will consider the use of Ultra Fine Fraction sample assaying to 'see through' the aeolian cover. This is a cutting edge assaying and sample treatment process developed by CSIRO to specifically deal with difficult, deeply covered areas of regolith and is being widely used in the Paterson to generate geochemical anomalies.

The focus of exploration efforts will be to design and complete a ground based electromagnetic survey of priority conductors identified from the airborne EM survey. This focused ground-based program is designed to delineate deeper bedrock conductors, which will form priority RC drill targets.

The Company intends to mobilise a drill rig and crew as soon as practicable pending receipt and interpretation of the geophysical data generated from this program. The timing of drilling will be contingent upon receipt of all land access and heritage clearances and satisfactory weather conditions. The Company has prepared a Programme of Works, and (if required) a Heritage Clearance Survey to open up access tracks and base lines to support drilling activities.

Following the end of the December quarter, Avira confirmed that the assay results from recently completed geochemical had been received and analysed. The Company took a total of 947 geochemical samples, comprised of 208 stream sediment samples and 739 soil samples, inclusive of QAQC samples. Stream sediment samples were taken from stream beds, sieved to 0.1-0.4mm. Soil samples were taken as +0.4mm -2mm fraction sieved to ~100g.

All samples were assayed via Aqua-Regia digest and analysed by Inductively Coupled Plasma Mass Spectrometry for 33 elements plus gold. Industry standard QAQC procedures were undertaken, with 1:20 duplicate field samples and 2"100 certified reference material samples submitted. QAQC analysis indicates that the soil sampling procedure and methodology undertaken was accurate, precise and was done to industry best practise.

Analysis of the sample dataset indicates a strong component of aeolian sand, which is interpreted to dilute the geochemical response of the bedrock across the majority of the tenements. This is typical of the regolith in the Paterson Province, and has influenced this sampling dataset despite the shallow cover and sub-outcrop in the tenements.

Despite the shallow cover, significant portions of the tenement have only tested the aeolian sands and the bedrock is insufficiently tested.

Directors' Report

LEASE	NAME	AREA	AREA UNITS	GRANT DATE	EXPIRY DATE	HOLDER	EA
Paterson Range (WA)							
E45/5572	Mount Macpherson	41	Sub-Blocks	13-July-20	12-July-25	Mt Macpherson	E45/5572
E45/5567	Throssel Range	32	Sub-Blocks			Avira	E45/5567
Mount Garnet (QLD)							
ML 20066	Valetta - Sugarbag	1.5	Hectares	30-Jan--92	30-Jun-21	AVIRA	EPSL00266113
Pyramid (QLD)							
EPM 12887	Pyramid	16	Sub-Blocks	5-Aug-04	4-Aug 25	MGTM	EPSX00705113
EPM 19554	Pyramid 3	14	Sub-Blocks	16-Dec-14	15-Dec-22	MGTM	EPSX00705113
EPM 25154	Pyramid 2	25	Sub-Blocks	23-Feb-15	22-Feb-23	AVIRA	EPSX00899513
Southern Queensland (QLD)							
EPM 12834	Mount Steadman	4	Sub-Blocks	17-Dec-99	16-Dec-20*	MGTM	EPSX00600613
EPM 8402	Yarrol	2	Sub-Blocks	13-Nov-91	12-Nov-20*	MGTM	EPSX00600713

*Extension applications lodged.

Subsequent events

As announced on 19 August 2020 the Company had signed a binding Term Sheet with Minotaur Exploration Limited (ASX: MEP) for the sale of 100% of its Pyramid Project, to which the cash and share consideration components had been received in February 2021.

There has not been any other matter or circumstance apart from the above, occurring subsequent to the end of the financial period 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 Group in future financial years.

Competent Persons Statement

The information in this announcement that relates to Exploration Results is based on and fairly represents information and supporting documentation prepared by Mr Roland Gotthard. Mr Gotthard is a consultant geologist for AVW and a member of the Australian Institute of Mining and Metallurgy. Mr Gotthard has sufficient experience relevant to the styles of mineralisation and types of deposits which are covered in this announcement and to the activity which they are undertaking to qualify as a Competent Person as defined in the 2012 edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' ("JORC Code"). Mr Gotthard consents to the inclusion in this announcement of the matters based on his information in the form and context in which it appears.

Auditor's independence declaration

The auditor's independence declaration is included on page 9 of the financial report.

This directors' report has been made and signed in accordance with a resolution of the directors made pursuant to s.306(3) of the Corporations Act 2001.

On behalf of the Director



David De Loub
Executive Director
Dated: 11th March 2021

AUDITORS' INDEPENDENCE DECLARATION

In relation to our review of the financial report of Avira Resources Limited and its controlled entities for the half-year ended 31 December 2020, to the best of my knowledge and belief, there have been:

- no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review; and
- no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Avira Resources Limited and its controlled entities during the half-year ended 31 December 2020.

MAZARS RISK & ASSURANCE PTY LTD



James Martin

Director

Sydney, 11th March 2021

For personal use only

Directors' Declaration

The directors of Avira Resources Limited and its controlled entities declare that:

- (a) The financial statements and notes of Avira Resources Limited and its controlled entities for the half-year ended 31 December 2020 are in accordance with the Corporations Act 2001, including:
- (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2020 and of its performance for the half-year ended on that date; and
 - (ii) complying with Accounting Standard AASB 134 Interim Financial Reporting.
- (b) There are reasonable grounds to believe that the Group 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 s.303(5) of the *Corporations Act 2001*.

On behalf of the Directors



David De Loub
Director
Dated: 11th March 2021

For personal use only

**Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income
As at 31 December 2020**

	Notes	Consolidated Half-year ended	
		31/12/2020	31/12/2019
		\$	\$
Revenues			
Other revenue		47,284	370
Expenses			
Employee benefits expense		(90,484)	(79,018)
Impairment of exploration expenditure		(233,355)	-
Impairment of non-current assets held for sale		(58,207)	-
Administration expense		(264,310)	(114,359)
Other expense		(51,438)	(75,558)
Exploration and evaluation expenditure		(58,204)	(73,558)
Loss before tax		(708,914)	(342,737)
Income tax (expense) benefit		-	-
Loss after tax		(708,914)	(342,737)
Loss for the year is attributable to:			
Owners of the parent		(651,739)	-
Non-controlling interest		(57,175)	-
Loss for the period		(708,914)	(342,737)
Loss per share (cents per share)			
Basic EPS for the half-year	12	(0.047)	(0.033)
Diluted EPS for the half-year	12	(0.047)	(0.033)

The above condensed consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

**Condensed Consolidated Statement of Financial Position
As at 31 December 2020**

	Notes	Consolidated	
		31/12/20	Restated 30/06/20
		\$	\$
ASSETS			
Current assets			
Cash and cash equivalents	9	435,663	747,008
Assets classified as held for sale	7	375,000	-
Other assets		4,580	82
Total current assets		815,243	747,090
Non-current assets			
Exploration and evaluation expenditure	6	356,582	704,762
Other financial asset		2,871	2,871
Total non-current assets		359,452	707,632
TOTAL ASSETS		1,174,696	1,454,722
LIABILITIES			
Current liabilities			
Trade and other payables	15	201,525	314,817
Provisions		18,756	-
Unsecured borrowings	14	3,645	3,645
Total current liabilities		223,926	318,462
TOTAL LIABILITIES		223,927	318,462
NET ASSETS/(LIABILITIES)		950,769	1,136,260
EQUITY			
Issued capital	10	31,181,314	31,181,114
Reserves	11	2,724,606	2,201,384
Retained earnings		(31,779,212)	(31,127,474)
Equity attributable to owners of the parent		2,126,708	2,255,024
Non-controlling interest		(1,175,939)	(1,118,765)
TOTAL EQUITY		950,769	1,136,260

The prior period has been restated to reflect the change in classification of certain expenses and impact on Non-controlling interest. Refer to note 4 for further details.

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

**Condensed Consolidated Statement of Changes in Equity
As at 31 December 2020**

CONSOLIDATED	Attributable to equity holders of the parent				
	Fully paid ordinary shares	Retained Earnings	Reserves	Non- controlling interests	Total equity
	\$	\$	\$	\$	\$
At 1 July 2020- Restated	31,181,114	(31,127,474)	2,201,384	(1,118,765)	1,136,260
(Loss) for the period	-	(651,739)	-	(57,175)	(708,914)
Options issued	-	-	571,993	-	571,993
Exercise of Options	200	-	-	-	200
Option issue costs	-	-	(48,771)	-	(48,571)
At 31 December 2020	31,181,314	(31,779,213)	2,724,606	(1,175,939)	950,769
At 1 July 2019	30,464,114	(30,413,273)	2,189,583	(1,021,801)	1,218,623
(Loss) for the period	-	(342,737)	-	-	(342,737)
Options issued	-	-	11,800	-	11,800
Issue of ordinary shares	250,000	-	-	-	250,000
At 31 December 2019	30,714,114	(30,756,010)	2,201,383	(1,021,801)	1,137,686

THE ABOVE CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY SHOULD BE READ IN CONJUNCTION WITH THE ACCOMPANYING NOTES

For personal use only

**Condensed Consolidated Statement of Cash Flow
For The Half-Year Ended 31 December 2020**

	Consolidated	
	31/12/2020	31/12/2019
	\$	\$
	<u> </u>	<u> </u>
Cash flows from operating activities		
Payments to suppliers and employees	(712,549)	(256,888)
Other income	33,088	370
	<u> </u>	<u> </u>
Net cash flows from (used in) operating activities	<u>(679,461)</u>	<u>(256,518)</u>
Cash flows from investing activities		
Receipts from sale of assets held for sale	54,214	-
	<u> </u>	<u> </u>
Net cash flow from (used in) investing activities	<u>54,214</u>	<u>-</u>
Cash flows from financing activities		
Proceeds from issues of equity securities	422,331	-
Repayment of borrowings	-	-
	<u> </u>	<u> </u>
Net cash flow from (used in) financing activities	<u>422,331</u>	<u>-</u>
Net (decrease)/increase in cash and cash equivalents	(311,345)	(256,518)
Cash and cash equivalents at beginning of period	747,008	866,565
	<u> </u>	<u> </u>
Cash and cash equivalents at end of period	<u>435,663</u>	<u>610,047</u>

The above condensed consolidated statement of cash flow should be read in conjunction with the accompanying notes

Notes to the Financial Statements

FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

(a) Basis of preparation

This condensed financial report for the half-year ended 31 December 2020 has been prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*. Compliance with AASB 134 *Interim Financial Reporting* ensures compliance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*.

The half-year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report.

It is recommended that the half-year financial report be read in conjunction with the annual report for the year ended 30 June 2020 and considered together with any public announcements made by Avira Resources Limited during the half-year ended 31 December 2020 in accordance with the continuous disclosure obligations of the ASX listing rules.

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements.

(b) Changes in accounting policies

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 their operations and effective for the current reporting period.

New Standards and Interpretations applicable for the half year ended 31 December 2020

In the period ended 31 December 2020, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Group and effective for the current reporting period. As a result of this review, the Directors have determined that there is no material impact of the new and revised Standards and Interpretations on the Group and, therefore, no material change is necessary to Group accounting policies.

Standards and Interpretations in issue not yet adopted

The Directors have also reviewed all of the new and revised Standards and Interpretations in issue not yet adopted for the period ended 31 December 2020. As a result of this review the Directors have determined that there is no material impact of the Standards and Interpretations in issue not yet adopted on the Group and, therefore, no change is necessary to Group accounting policies.

(c) Critical accounting estimates and judgments

The preparation of condensed financial statements in conformity with AIFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements, are:

Impairment of capitalised exploration expenditure

Notes to the Financial Statements

For The Half-Year Ended 31 December 2020

The Group continues to monitor the capitalised exploration expenditure for indicators of impairment by comparing the assets' carrying value to their estimated fair values. The fair values are determined by independent professional valuers using recognised valuation techniques, including the yield method and the discounted cash flow method. The determination of the fair values requires the use of estimates such as future cash flows from the assets and discount rates applicable to those assets. The estimates are based on local market conditions existing as at the reporting date.

Business combinations

Management determines whether a transaction or other events is a business combination, which requires that the assets acquired and liabilities assumed constitute a business. If the assets acquired are not a business, management accounts for the transaction as an asset acquisition.

2. GOING CONCERN

The half-year financial statements are prepared on a going concern basis, which contemplates the continuation of normal business activity and the realisation of assets and liabilities in the normal course of business.

As at 31 December 2020, the consolidated entity incurred a net loss after tax of \$708,914 and cash outflows from operating activities of \$723,345. Management are contemplating capital raising activities in the second half of the calendar year ending 2021. Following the successful completion of the entitlement offer and placement during the half year ended 31 December 2020, Avira would seek to engage and initiate a capital raise in consultation with its corporate advisor. The board and management have a track record of securing funding by way of capital raise and anticipate this will be successfully carried out in the short-term period.

Management have prepared cash flow forecast scenarios where future costs are deferred and/or outright avoided to ensure sufficient cash is available to meet the working capital obligations of the company as and when they fall due, depending on the timing and amount of future cash inflows. Management expects the following expenditure can be flexed and/or deferred:

- Director Fees will be deferred in respect to all board members until capital is secured.
- Corporate and advisory fees will be deferred until capital is secured.
- Exploration work programs will be deferred until future period to ensure sufficient capital is secured to conduct exploration activities on the Group's assets. Any deferral in exploration expenditure does not include key minimum expenditure requirements with respect to exploration assets. This will continue to be maintained in the ordinary course of business.

Based on the cash flow forecast scenarios prepared, the Directors are confident that the current cash reserves are sufficient to fund the group's financial commitments as and when they fall due, and have determined that the going concern assumption is appropriate for the preparation of this financial report.

3. SIGNIFICANT CHANGES FROM THE ANNUAL FINANCIAL STATEMENTS

Non-current assets classified as held for sale

Notes to the Financial Statements

For The Half-Year Ended 31 December 2020

Non-current assets and assets of disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continued use. They are measured at the lower of their carrying amount and fair value less costs of disposal.

For non-current assets or assets of disposal groups to be classified as held for sale, they must be available for immediate sale in their present condition and their sale must be highly probable. An impairment loss is recognised for any initial or subsequent write down of the non-current assets and assets of disposal groups to fair value less costs of disposal. A gain is recognised for any subsequent increases in fair value less costs of disposal of a non-current assets and assets of disposal groups, but not in excess of any cumulative impairment loss previously recognised.

Non-current assets are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of assets held for sale continue to be recognised. Non-current assets classified as held for sale and the assets of disposal groups classified as held for sale are presented separately on the face of the statement of financial position, in current assets.

The liabilities of disposal groups classified as held for sale are presented separately on the face of the statement of financial position, in current liabilities.

Critical accounting estimates and judgements - Discontinued operations

An operation is classified as discontinued when a decision is made by management to dispose of an operating segment or geographical area of operations. A firm commitment had been made at 31 December 2020 to dispose of certain exploration assets to unrelated third parties. Due to the advanced stage of negotiations at 31 December 2020 it was concluded that there was a high likelihood of the completion of the sale of these assets. However, the assets being disposed do not represent a separate major line of business or geographical area of operations. As such it was concluded that the assets subject to sale do not meet the criteria for classification as a discontinued operation in the half-year period ended 31 December 2020.

4. RESTATEMENT OF PRIOR YEAR COMPARATIVES DUE TO ERROR

The 30 June 2020 allocation of losses to the non-controlling interest was incorrect resulting in a material error in the 30 June 2020 financial report. This is derived from the incorrect allocation of the intercompany interest expense from MGT Mining Limited to Avira Resources Limited which was not correctly apportioned between retained earnings and the non-controlling interest reserve within Equity. This error has been corrected in the 31 December 2020 half-year financial report.

The following table summarises the impact of the prior period error on the financial statements of the group:

Consolidated statement of profit or loss and other comprehensive income	30/06/2020	Restatement	30/06/2020 Restated
Loss for the year is attributed to:			
Owners of the parent	(792,321)	78,120	(714,201)
Non-controlling interest	(18,844)	(78,120)	(96,964)

Notes to the Financial Statements

For The Half-Year Ended 31 December 2020

Consolidated statement of changes in equity

	30/06/2020	Restatement	30/06/2020 Restated
Retained Earning/(losses)			
Balance at 1 July 2019	(30,413,273)		(30,413,273)
(Loss) for the period	(792,321)	78,120	(714,201)
Balance at 30 June 2020	(31,205,594)		(31,127,474)
Non Controlling Interest			
Balance at 1 July 2019	(1,021,801)		(1,021,801)
(Loss) for the period	(18,844)	(78,120)	(96,964)
Balance at 30 June 2020	(1,040,645)		(1,118,765)
Earnings per Share			
Basic (cents per share)	(0.073)	0.006	(0.067)
Diluted (cents per share)	(0.073)	0.006	(0.067)

5. DIVIDENDS PAID OR PROPOSED

No dividends have been provided for or paid at the reporting date (30 June 2020: Nil).

6. EXPLORATION AND EVALUATION ASSETS

	31/12/2020	30/06/2020 Restated
	\$	\$
Exploration and evaluation expenditure		
Balance at the beginning of the year	704,762	442,962
Exploration and evaluation assets classified as held for sale (Note 7)	(433,206)	-
Tenement acquisition	21,398	250,000
Expenditure incurred during the year	296,983	334,718
Tenement write-back/ (impairment)	(233,355)	(322,918)
Balance at the end of the year	356,582	704,762

Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. The ultimate recoverability of exploration and evaluation expenditure is dependent upon the maintenance of minimum spend requirements to ensure that the exploration licences remain in good standing, the successful development and exploitation of the area of interest, or alternatively, by its sale.

7. NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

	31/12/2020	30/06/2020 Restated
	\$	\$

Notes to the Financial Statements

For The Half-Year Ended 31 December 2020

Exploration and evaluation expenditure

Balance at the beginning of the year	-	-
Transfer from non-current assets	433,206	-
Impairment	(58,206)	-
Balance at the end of the year	<u>375,000</u>	<u>-</u>

8. SEGMENT INFORMATION

Avira Resources Limited (the "Group") operates predominantly in one business segment and one geographical segment being the mining industry in Australia. The Group has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (the chief operating decision makers) in assessing performance and in determining the allocation of resources. No revenue from this activity was earned in the six months to 31 December 2020 or the prior period.

9. CASH AND CASH EQUIVALENTS

For the purposes of the Condensed Cash Flow Statement, cash and cash equivalents comprise the following at 31 December 2020:

	31/12/2020	30/06/2020
	\$	\$
Cash and cash equivalents	<u>435,663</u>	<u>747,008</u>
	<u>435,663</u>	<u>747,008</u>

10. ISSUED SHARE CAPITAL

	31/12/2020	30/06/2020
	\$	\$
1,375,040,000 paid ordinary shares (30 June 2020: 1,125,000,000)	<u>31,181,314</u>	<u>31,181,114</u>
Share capital as at the end of period	<u>31,181,314</u>	<u>31,181,114</u>

7.1 Fully paid ordinary shares

	No of shares	Share capital \$
As at beginning of period	<u>1,125,000,000</u>	<u>31,181,114</u>
July 2020 issue of ordinary shares	250,000,000	-
Capital raising costs	-	-
Exercise of AVWO Listed Options	40,000	200
As at the end of period	<u>1,375,040,000</u>	<u>31,181,314</u>

11. OPTION RESERVE

(a) Movements in share options during the year

The following reconciles the share options outstanding at the beginning and end of the year:

Notes to the Financial Statements

For The Half-Year Ended 31 December 2020

	31/12/2020		30/06/2020	
	No. of options	Weighted average exercise price \$	No. of options	Weighted average exercise price \$
Balance at beginning of period	82,272,728	0.01	57,272,728	0.01
Granted during the year	550,000,000	0.01	25,000,000	0.01
Exercised during the year	(40,000)	-	-	-
Expired Options	(50,000,000)	-	-	-
Balance at end of the period	582,687,728	0.01	82,272,728	0.01
Exercisable at end of year	582,232,728		82,272,728	

12. LOSS PER SHARE

	Half-year ended 31/12/2020 Cents per share	Half-year ended 31/12/2019 Cents per share
Basis earning per share	(0.047)	(0.033)
Diluted earnings per share	(0.047)	(0.033)
Basis earning per share	\$	\$
The earning and weighted average number of ordinary share used in the calculation of basis earning per share are as follows:		
Net loss	(650,707)	(342,737)
Earning used in the calculation of basic EPS from continuing operations		
Weighted average number of ordinary shares for the purpose of basic earnings per share	No. 1,372,295,435	No. 1,021,739,130
Diluted earnings per share	\$	\$
The earning and weighted average number of ordinary shares used in the calculation of diluted earnings per share are as follows:		
Net loss	(650,707)	(342,737)
Earning used in the calculation of diluted EPS from continuing operations	(650,707)	(342,737)
	No.	No.

Notes to the Financial Statements

For The Half-Year Ended 31 December 2020

Weighted average number of ordinary shares for the purpose of diluted earnings per share	1,372,295,435	1,021,739,130
--	---------------	---------------

13. RELATED PARTY TRANSACTIONS

The following table provides the total amount of transactions which have been entered into with related parties during the six month period ending 31 December 2020 and 30 June 2020:

(a) Subsidiaries

Name of subsidiary	Country of incorporation	Ownership interest 31/12/2020 %	Ownership interest 30/6/2020 %
MGT Mining Limited	Australia	89.48%	89.48%
Garimperos Pty Limited (i)	Australia	100.00%	100.00%
Avira Australia Pty Ltd (ii)	Australia	100.00%	100.00%
Mount Macpherson Pty Ltd (iii)	Australia	100.00%	100.00%

- i) Garimperos Pty Limited is 100% owned by MGT Mining Limited.
- ii) Avira Australia Pty Ltd was registered as a wholly owned subsidiary of Avira Resources Limited on 2 September 2016.
- iii) 100% owned by Avira Resources Limited pursuant to the acquisition of Mount Macpherson Pty Ltd as announced with ASX on 29 November 2019.

(b) Transactions with related parties

- (i) Avira Resources Limited provided key management personnel services to MGT Mining Limited, the 89.48% subsidiary of Avira Resources Limited for a total value of \$60,442 during the period to 31 December 2020.

14. UNSECURED BORROWINGS

	31/12/2020 \$	30/6/2020 \$
<u>Current</u>		
Unsecured loan	3,645	3,645
	3,645	3,645

15. TRADE AND OTHER PAYABLES

	31/12/2020 \$	30/6/2020 \$
Trade and other payables	176,402	264,842
Accrued expenses	25,123	49,975
	201,525	314,817

16. SUBSEQUENT EVENTS

As announced on 19 August 2020 the Company had signed a binding Term Sheet with Minotaur Exploration Limited (ASX: MEP) for the sale of 100% of its Pyramid Project, to which the cash and share consideration components had been received in February 2021.

Notes to the Financial Statements

For The Half-Year Ended 31 December 2020

There has not been any other matter or circumstance apart from the above, occurring subsequent to the end of the financial period 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 Group in future financial years.

For personal use only

Report on the Half-year Financial Report**Conclusion**

We have reviewed the accompanying half-year financial report of Avira Resources Limited and its controlled entities (the "Group"), which comprises the consolidated statement of financial position as at 31 December 2020 and consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, significant accounting policies, explanatory notes and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Avira Resources Limited and its controlled entities 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 2020 and of its 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 conclusion

We conducted our review in accordance with ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity (ASRE 2410). Our responsibilities are further described in the Auditor's responsibilities for the review of the half-year financial report section of our report.

We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (including Independence Standards) (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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 presentation of the half-year financial report that gives a true and fair view and 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. ASRE 2410 requires us to conclude whether 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 2020 and of its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

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.

For personal use only

Material Uncertainty - Going Concern

We draw attention to Note 2 in the financial report, which indicates that the Group incurred a net loss of \$755,142 during the half-year ended 31 December 2020 (December 2019: \$342,737 loss) and cash outflows from operating activities of \$723,345. The ability of the Group to continue as a going concern is dependent upon the Group's ability to flex and defer future costs related to directors fees, corporate and advisory fees, and exploration expenditure. Should the group fail to sufficiently flex or defer these costs, a material uncertainty exists which may cast significant doubt as to 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, and at the amounts stated in the financial report.

MAZARS RISK & ASSURANCE PTY LIMITED



James Martin

Director

Sydney, 11th March 2021