STRATEGIC ELEMENTS LIMITED

A.B.N. 47 122 437 503

INTERIM FINANCIAL REPORT

FOR THE HALF-YEAR ENDED
31 DECEMBER 2018

Contents — ***Page***

CORPORATE INFORMATION

Directors
Charles Murphy (Managing Director)
Matthew Howard (Executive Director)
Elliot Nicholls (Executive Director)

Company Secretary
Matthew Howard

Registered office
138 Churchill Avenue
Subiaco WA 6008
Australia

Principal place of business
138 Churchill Avenue
Subiaco WA 6008
Australia

Telephone: +61 8 9278 2788
Facsimile: +61 8 9288 4400
Website: www.strategicelements.com.au

Auditors
Nexia Perth Audit Services Pty Ltd
Level 3, 88 William Street
Perth WA 6000
Australia

Solicitors
HFW Australia
123 St Georges Terrace
West Perth WA 6000
Australia

Share Registry
Security Transfer Registrars
770 Canning Highway
Applecross WA 6153
Australia

ASX code: SOR

DIRECTORS' REPORT

The directors of Strategic Elements Limited submit herewith the interim financial report of Strategic Elements Limited and its subsidiaries ("Consolidated entity" or "Group") (ASX code: SOR) for the half-year ended 31 December 2018. In order to comply with the provisions of the *Corporations Act 2001*, the directors report as follows:

The names of the directors of the Company during or since the end of the half-year are:

Mr. C. Murphy	Managing Director
Mr. M. Howard	Executive Director
Mr. E. Nicholls	Executive Director

Directors were in office for the entire period unless otherwise stated.

REVIEW OF OPERATIONS

(a) Overview

The Company remains registered under the Pooled Development Fund program. Benefits for shareholders are described on the Company's website.

(b) Operating result

The Group incurred an after-tax loss for the half-year ended 31 December 2018 of $1,263,292 (2017: $940,816). The loss was attributable to the funding of project developments conducted through the Group's subsidiaries and the costs associated with operating an ASX listed company in Australia.

DIRECTORS' REPORT (continued)

REVIEW OF OPERATIONS (continued)

(c) Corporate

On 31 December 2018 the Group had a cash balance of $3,020,597.

During the period, 1,500,000 performance rights fully vested and a further 6,000,000 performance rights expired. Also, during the period, the Company issued 4,500,000 shares on conversion of performance rights which fully vested during this period and a previous financial year. The shares were issued under the Strategic Elements Performance Rights Plan to two executive directors. Details are contained in note 4.

EVENTS AFTER THE BALANCE DATE

Subsequent to the balance date no matter or circumstance has arisen which has significantly affected, or may significantly affect the operations of the Group, the result of those operations, or the state of affairs of the Group in subsequent financial years.

AUDITOR'S INDEPENDENCE DECLARATION

Section 307C of the *Corporations Act 2001* requires our auditors, Nexia Perth Audit Services Pty Ltd, to provide the Directors of the Company with an Independence Declaration in relation to the review of the interim financial report. This Independence Declaration is set out on page 5 and forms part of the directors' report for the half-year ended 31 December 2018.

MODIFICATION OF AUDITOR ROTATION REQUIREMENTS

On 29 May 2017, the Board of directors granted an approval for the extension of the Group's audit partner for up to a further 2 years when the initial period of 5 years as permitted under Corporations Act 2001 expired in June 2017. The Board's decision was based on the following reasons:

- the Board was satisfied with the skills and personal qualities of the audit partner and the audit team and is of the view that they display a good understanding of the Company and strong technical accounting competence;

- the Board was satisfied that Nexia Perth Audit Services conducts an effective audit with focus on the appropriate areas of risk; and

- the Board was satisfied that the approval of an extension of up to 2 years does not give rise to a conflict of interest situation.

This report is signed in accordance with a resolution of the Board of Directors made pursuant to section 306(3) of the *Corporations Act 2001*.

On behalf of the Directors

Charles Murphy
Managing Director
Perth, 25 February 2019

Nexia Australia

Auditor's independence declaration under section 307C of the *Corporations Act 2001*

To the directors of Strategic Elements Limited

I declare that, to the best of my knowledge and belief, in relation to the review for the period ended 31 December 2018 there have been:

(i) no contraventions of the auditors independence requirements as set out in the *Corporations Act 2001* in relation to the review; and

(ii) no contraventions of any applicable code of professional conduct in relation to the review.

NPAS

Nexia Perth Audit Services Pty Ltd

PTC Klopper

PTC Klopper
Director

Perth
25 February 2019

Nexia Perth Audit Services Pty Ltd
ACN 145 447 105
Level 3, 88 William Street
Perth WA 6000
GPO Box 2570, Perth WA 6001
p +61 8 9463 2463
f +61 8 9463 2499
e audit@nexiaperth.com.au
w nexia.com.au

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

	Note	CONSOLIDATED Half-year ended 31 Dec 2018 $	 Half-year ended 31 Dec 2017 $
Revenue from continuing operations	2	544	63,062
Project development		(630,336)	(297,476)
Employee benefits	3	(405,346)	(344,170)
Depreciation		(5,046)	(5,644)
Marketing expense		(6,695)	(4,106)
Professional fees		(29,533)	(90,895)
Regulatory and compliance		(33,250)	(96,516)
Rent and outgoings		(35,940)	(24,457)
Share-based payment expense	4	(44,895)	(91,589)
Other expenses		(109,465)	(80,374)
Loss from operating activities		(1,299,962)	(972,165)
Financial income		37,235	32,152
Financial expenses		(298)	(911)
Foreign exchange differences		(267)	108
Net financing income		36,670	31,349
Loss before income tax expense		(1,263,292)	(940,816)
Income tax expense		-	-
Loss for the period		**(1,263,292)**	**(940,816)**
Total comprehensive loss for the period		**(1,263,292)**	**(940,816)**
Basic and diluted loss per share (cents per share)		(0.52) cents	(0.39) cents

The accompanying notes form part of these financial statements.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018

		CONSOLIDATED	
		31 Dec 2018	**30 June 2018**
	Note	**$**	**$**
Current assets			
Cash and cash equivalents		3,020,597	4,280,715
Trade and other receivables		69,875	47,712
Other assets		34,404	30,312
Total current assets		3,124,876	4,358,739
Non-current assets			
Plant and equipment		34,491	39,537
Total non-current assets		34,491	39,537
Total assets		3,159,367	4,398,276
Current liabilities			
Trade and other payables		139,027	159,539
Total current liabilities		139,027	159,539
Total liabilities		139,027	159,539
Net assets		**3,020,340**	**4,238,737**
Equity			
Issued capital	5	13,636,731	12,999,231
Share-based payment reserve		-	615,441
Accumulated losses		(10,616,391)	(9,375,935)
Total equity		**3,020,340**	**4,238,737**

The accompanying notes form part of these financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

	CONSOLIDATED	
	Half-year ended 31 Dec 2018 $	Half-year ended 31 Dec 2017 $
Cash flows from operating activities		
Income received	544	63,062
Interest received	37,235	32,152
Interest paid	(298)	(911)
Project development expenditure	(610,159)	(308,547)
Payments to suppliers and employees	(687,171)	(650,675)
Net cash used in operating activities	(1,259,849)	(864,919)
Net decrease in cash and cash equivalents	(1,259,849)	(864,919)
Cash and cash equivalents at the beginning of the period	4,280,715	5,095,287
Effect of exchange rates on cash balances	(269)	(907)
Cash and cash equivalents at the end of the period	**3,020,597**	**4,229,461**

The accompanying notes form part of these financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

	Issued Capital	Share-based payment reserve	Accumulated Losses	Total Equity
	$	$	$	$
Balance at 1 July 2017	12,999,231	867,321	(8,769,549)	5,097,003
Total comprehensive loss for the period				
Loss for the period	-	-	(940,816)	(940,816)
Total comprehensive loss for the period	-	-	(940,816)	(940,816)
Transfer to accumulated losses from share-based payment reserve on expiry of options	-	(271,141)	271,141	-
Share-based payment	-	91,589	-	91,589
Balance at 31 December 2017	12,999,231	687,769	(9,439,224)	4,247,776
Balance at 1 July 2018	12,999,231	615,441	(9,375,935)	4,238,737
Total comprehensive loss for the period				
Loss for the period	-	-	(1,263,292)	(1,263,292)
Total comprehensive loss for the period	-	-	(1,263,292)	(1,263,292)
Share-based payment	-	44,895	-	44,895
Transfer to accumulated losses from share-based payment reserve on expiry of performance rights	-	(22,836)	22,836	-
Transfer to issued capital on conversion of performance rights	637,500	(637,500)	-	-
Balance at 31 December 2018	13,636,731	-	(10,616,391)	3,020,340

The accompanying notes form part of these financial statements.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

The interim financial report is a general purpose financial report prepared in accordance with the requirements of the *Corporations Act 2001*, AASB 134 'Interim Financial Reporting' and other pronouncements of the Australian Accounting Standards Board ("AASB"). Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

The condensed consolidated interim financial report does not include full disclosure of the type normally included in an annual financial report, and accordingly this report should be read in conjunction with the most recent annual financial report and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001* and the ASX listing rules.

Basis of preparation

The condensed consolidated financial statements have been prepared on the basis of historical cost. Cost is based on the fair values of the consideration given in exchange for assets. The Consolidated entity, comprising Strategic Elements Limited, Strategic Materials Pty Ltd, Australian Advanced Materials Pty Ltd, Maria Resources Pty Ltd and Stealth Technology Ltd is domiciled in Australia and all amounts are presented in Australian dollars, unless otherwise indicated.

The accounting policies and methods of computation adopted in the preparation of the interim financial report are consistent with those adopted and disclosed in the Company's financial report for the financial year ended 30 June 2018, except for the adoption of new accounting standards as set out below.

For the purpose of preparing the report, the half-year has been treated as a discrete reporting period.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) (referred to as the Consolidated entity in these financial statements). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Consolidated entity.

In preparing the consolidated financial statements, all inter-company balances and transactions, income and expenses, profit and losses resulting from intra-group transactions have been eliminated in full.

Amendments to AASBs and the new Interpretations that are mandatory for the current reporting period

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to their operations and effective for the current year.

AASB 2016-3 Amendments to Australian Accounting Standards – Clarifications to AASB 15

This Standard amends AASB 15 *Revenue from Contracts* to clarify the requirements on identifying performance obligations, principal versus agent considerations and the timing of recognising revenue from granting a licence. In addition, it provides further practical expedients on transition to AASB 15.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. SIGNIFICANT ACCOUNTING POLICIES

AASB 2016-5 *Amendments to Australian Accounting Standards – Classification and measurement of Share-based Payment Transactions*

This Standard amends AASB 2 Share-based payment to address:
(a) the accounting for the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments;
(b) the classification of share-based payment transactions with a net settlement feature for withholding tax obligations; and
(c) the accounting for a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled.

AASB 9 *Financial Instruments*

AASB 9 includes requirements for the classification and measurement of financial assets and incorporates amendments to the accounting for financial liabilities and hedge accounting rules to remove the quantitative hedge effectiveness tests and have been replaced with a business model test.
AASB 9 improves and simplifies the approach for classification and measurement of financial assets compared with the requirements of AASB 139 as follows:

a) Financial assets that are debt instruments will be classified based on (1) the objective of the entity's business model for managing the financial assets; (2) the characteristics of the contractual cash flows.
b) Allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income.
c) Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases.

AASB 2012-6 also modifies the relief from restating prior periods by amending AASB 7 to require additional disclosures on transition to AASB 9 in some circumstances. Consequential amendments were made to other standards as a result of AASB 9 by AASB 2014-7 and AASB 2014-8. The mandatory application date of AASB 9 has been deferred to annual reporting periods beginning on or after 1 January 2018 by AASB 2014-1.

AASB 15
Revenue from Contracts with Customers
AASB 15 replaces AASB 118 Revenue, AASB 111 Construction Contracts and four Interpretations issued by the AASB and amends the principles for recognising revenue from contracts with customers. The Standard requires an entity to recognise revenue on a basis that depicts the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. To achieve that principle, an entity shall apply all of the following steps:

a) Identify the contract with a customer;
b) Identify the separate performance obligations in the contract;
c) Determine the transaction price;
d) Allocate the transaction price to the separate performance obligations under the contract; and
e) Recognise revenue when (or as) the entity satisfies a performance obligation.

Consequential amendments to other Standards are made by AASB 2014-5 Amendments to Australian Accounting Standards arising from AASB 15.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENT

1. SIGNIFICANT ACCOUNTING POLICIES

Consequential amendments are also made by AASB 2016-8 Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities and AASB 2018-4 Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Public Sector Licensors.

Interpretation 22
Foreign Currency Transactions and Advance Consideration
The interpretation clarifies that for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income is the date on which the entity recognises the payment or receipt of advance consideration in a foreign currency.

New Accounting Standards and Interpretations not yet mandatory or early adopted

The following Standards and Interpretations have been issued by the AASB but are not yet effective for the financial year ending 31 December 2018

AASB 16
Leases
AASB 16 replaces AASB 17 Leases and sets out the principles for the recognition, measurement, presentation and disclosure of leases.
AASB 16 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligations to make lease payments.
A lessee measures right-of-use assets similarly to other non-financial assets (such as property, plant and equipment) and lease liabilities similarly to other financial liabilities. As a consequence, a lessee recognises depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and represents them in the statement of cash flows applying them in AASB 107 *Statement of Cash Flows*. AASB 16 substantially carries forward the lessor accounting requirements in AASB 17 Leases. Accordingly, a lessor continues to classify its leases as operating leases or finance leases.
Early application is permitted provided the entity also applies AASB 15 *Revenue from Contracts with Customers* at or before the same date.

Exploration and evaluation
Exploration and evaluation costs, excluding the costs of acquiring licences (acquisition costs), are expensed as incurred. Acquisition costs will be assessed on a case by case basis and, if appropriate, they will be capitalised. These acquisition costs are only carried forward if the rights to tenure of the area of interest are current and either:

- They are expected to be recouped through successful development and exploitation of the area of interest; or
- The activities in the area of interest at the reporting date have not reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

Accumulated acquisition costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon the area is made. The carrying values of acquisition costs are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. SIGNIFICANT ACCOUNTING POLICIES

Significant Accounting Judgements and Key Estimates
The preparation of this interim financial report requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amount of assets, liabilities, income and expense. Actual results may differ from these estimates.

In preparing this interim financial report the significant judgements made by management in applying the Consolidated entity's accounting policies and key sources of estimation uncertainty were the same as those that applied to the financial report for the year ended 30 June 2018.

2. Revenue from continuing operations

	1 July 2018 to 31 December 2018 $	1 July 2017 to 31 December 2017 $
Refunds	544	-
R&D Tax offset	-	63,062
Total for the period	544	63,062

3. Employee benefits

	1 July 2018 to 31 December 2018 $	1 July 2017 to 31 December 2017 $
Directors' fees	359,900	305,845
Other employee salaries	45,446	38,325
Total for the period	405,346	344,170

4. Share-based payments

Performance rights
On 10 October 2018 1,500,000 Performance Rights ("PRs"), with a fair value of $127,500, vested; service conditions were part of the performance requirements of the rights. These rights and 3,000,000 performance rights, which vested in the previous financial year with a fair value of $510,000, were converted to shares under the terms of the Strategic Elements Performance Rights Plan.

6,000,000 Performance Rights expired on the same date resulting in a credit adjustment of $22,836.

The total expense recognised in the period for share-based payments is $44,895 (2017: $91,589).

No performance rights were existing at the end of the period.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

5. Issued capital

	31 December 2018 $	30 June 2018 $
Issued and paid up capital		
Fully paid ordinary shares	13,636,731	12,999,231

	6 months to 31 December 2018 Number	12 months to 30 June 2018 Number
Movements in fully paid shares on issue		
At beginning of period	242,746,454	242,746,454
Shares issued on the conversion of performance rights	4,500,000	
Balance at end of period	247,246,454	242,746,454
Movements in options on issue		
At beginning of period	-	4,700,000
Expired during the period	-	(4,700,000)
Balance at end of period	-	-
Movements in performance rights on issue		
At beginning of period	10,500,000	9,000,000
Issued during the period	-	7,500,000
Converted during the period	(4,500,000)	-
Expired during the period	(6,000,000)	(6,000,000)
Balance at end of period	-	10,500,000

6. Commitments and Contingencies

	31 December 2018 $	30 June 2018 $
Commitments		
Office lease expenditure commitments		
Not later than 1 year	23,102	1,777
Later than 1 year but not later than 5 years	-	-
	23,102	1,777
Exploration expenditure commitments		
Minimum exploration expenditure:		
Not later than 1 year	691,000	461,920
Later than 1 year but not later than 5 years	2,176,000	1,847,680
	2,867,000	2,309,600

In the opinion of the directors there were no contingent liabilities at the date of this report apart from the below agreement.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Land Access and Mineral Exploration Agreement

Under the terms of the Land Access and Mineral Exploration Agreement entered into by the Company in October 2018, the entity has an obligation to make certain payments in relation to the annual expenditure and rent in respect of that licence. The majority of the payments are subject to the commencement of exploration activities, which cannot be reliably measured at this time.

7. Segment Information

The following table presents the segment information provided to the Board of Directors for the half-year periods ended 31 December 2017 and 31 December 2018:

	Metals and materials $	Research and development $	Unallocated Corporate $	Total $
31 December 2017				
Segment revenue	-	63,062	-	63,062
Segment result	(134,729)	(236,411)	(570,672)	(941,812)
Included within segment results:				
Depreciation	-	(1,701)	(3,943)	(5,644)
Financial income	56	47	32,049	32,152
Financial expense	-	-	(911)	(911)
Segment assets	178,167	45,212	4,120,876	4,344,255
Segment liabilities	8,001	959	87,519	96,479
31 December 2018				
Segment revenue	-	-	544	544
Segment result	(632,370)	(49,224)	(581,698)	(1,263,292)
Included within segment results:				
Depreciation	-	(1,701)	(3,345)	(5,046)
Financial income	66	45	37,124	37,235
Financial expense	-	-	(298)	(298)
Segment assets	235,059	98,182	2,826,126	3,159,367
Segment liabilities	63,475	15,367	60,185	139,027

8. Events after the balance sheet date

Subsequent to the balance date no matter or circumstance has arisen which has significantly affected, or may significantly affect the operations of the Group, the result of those operations, or the state of affairs of the Group in subsequent financial years.

9. Related Parties

Key management personnel continue to receive compensation in the form of short term employee benefits and post-employment benefits.

10. Subsidiaries

The Company has a 100% interest in Strategic Materials Pty Ltd (incorporated 18 November 2009), Maria Resources Pty Ltd (incorporated 8 April 2011), Australian Advanced Materials Pty Ltd (incorporated 27 July 2010) and Stealth Technologies Ltd (incorporated 4 November 2015). All subsidiaries were incorporated in Australia for $1 each.

DIRECTORS' DECLARATION

In the opinion of the Directors of the Company:

1. The attached financial statements and notes thereto are in accordance with the *Corporations Act 2001* including:

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

   (b) giving a true and fair view of the Consolidated entity's financial position as at 31 December 2018 and of its performance for the half-year then ended.

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

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

Charles Murphy
Managing Director
Perth, 25 February 2019

Independent Auditor's Review Report to the members of Strategic Elements Limited

Report on the Interim Financial Report

Conclusion

We have reviewed the accompanying interim financial report of Strategic Elements Limited and its controlled entities (the "Group"), which comprises the condensed consolidated statement of financial position as at 31 December 2018, the condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the period ended on that date, notes comprising a summary of accounting policies, other explanatory notes 1 to 10, and the directors' declaration of the Group comprising the Company and the entities it controlled at the half-year end or from time to time during the interim period.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the interim financial report of Strategic Elements Limited is not in accordance with the *Corporations Act 2001* including:

(a) giving a true and fair view of the Group's financial position as at 31 December 2018 and of its performance for the period ended on that date; and

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

Directors' Responsibility for the Interim Financial Report

The directors of the Company are responsible for the preparation of the interim financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such controls as the directors determine are necessary to enable the preparation of the interim 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 interim 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 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 2018 and its performance for the period 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 an interim 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.

Nexia Perth Audit Services Pty Ltd
ACN 145 447 105
Level 3, 88 William Street
Perth WA 6000
GPO Box 2570, Perth WA 6001
p +61 8 9463 2463
f +61 8 9463 2499
e audit@nexiaperth.com.au
w nexia.com.au

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.

Nexia Perth Audit Services Pty Ltd

PTC Klopper
Director

Perth
25 February 2019