



AVIRA RESOURCES LIMITED

(formerly known as Avira Energy Limited)

ANNUAL FINANCIAL REPORT

30 JUNE 2018

ACN 131 715 645

CORPORATE DIRECTORY 2018

DIRECTORS

David Deloub
Executive Director
David Wheeler
Non-Executive Chairman
Gary Kuo
Non-Executive Director

COMPANY SECRETARY

Sonu Cheema

PRINCIPAL REGISTERED OFFICE

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Subiaco, WA 6008
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Web: www.aviraresourcesltd.com.au

STOCK EXCHANGE LISTING

Avira Resources Limited is listed on the Australian Securities Exchange Limited (ASX) under the code AVW.

SHARE REGISTRY

Computershare Investor Services Pty Ltd
GPO Box 52, Melbourne, Victoria 3001
Telephone: 1300 552 270 (within Australia)
+61 3 9415 4000 (outside Australia)

BANKERS

National Australia Bank

SOLICITORS TO THE COMPANY

Steinepries Paganin
Level 4, The Read Buildings,
16 Milligan Street,
Perth WA 6000 Australia

AUDITORS

Mazars Risk & Assurance Pty Limited
Level 12, 90 Arthur Street
North Sydney, NSW 2060

CORPORATE GOVERNANCE STATEMENT

The Corporate Governance Statement for Avira Resources Limited can be found at the 'About Us', Corporate Governance.

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OPERATIONS REPORT

Overview

During the year, the Company has invested significant time and resources into planning and commencing a phased exploration program which commenced in the first half of 2018. Additional details of this phased program are provided in the 2018 Exploration Program section below.

A. Pyramid Gold Project, Queensland

The Pyramid Gold Project is located 120 km southeast of Charters Towers, northern Queensland, in the Burdekin Dam – Sellheim River region, and comprises EPM 12887, EPM 25154 and EPM 19554 which close to the north eastern margin of the Drummond Basin, near its contact with the Bulgonunna Block. Basement sequences of the Anakie Inlier are located to the west and within the eastern portion of the project area. The majority of historical exploration work has focused on EPM 12887. The topography of the EPC 12887 is dominated by the West Pyramid Range and the parallel East Pyramid Range.

The West Pyramid Range contains a plus 6km mineralized structure which extends from the Gettysberg and Sellheim prospects in the NNE to the Marrakesh and Pradesh prospects to the SSE. Gold and base metal mineralization, as defined by geological prospecting and surface sampling, occurs along the extent of this structure.

The East Pyramid Range is characterized by Late Carboniferous to Permian age intrusive related hydrothermal systems, which are associated with prominent bulk tonnage gold systems in North Queensland. Mt Leyshon, Ravenswood-Mt Wright and Kidston are multi-million ounce examples of this style of mineralisation in North Queensland.

Over the period, Avira has utilised the services of an independent geologist based in its Perth offices to conduct a comprehensive review of the historic data on Ariva's North Queensland Pyramid Project sourced from the exploration contractor's (Terra Search) hard copy and digital archives. The documents reviewed included the latest technical reports and presentations on drilling, surface sampling and structural interpretations completed by MGT in 2015, 2014 and 2011, Diatreme Resources in 2005, 2006 and Dalrymple Resources/Newcrest in 1992-1995.

The Gettysberg and Sellheim prospects are the most advanced prospects within the Pyramid Project and have been the target of a number of drilling campaigns by the Company and past explorers. More recent exploration has included structural interpretation studies assessing the geometry of gold mineralisation previously defined at Gettysberg and other prospects. High grade mineralisation at Gettysberg has been interpreted to form in as a series of north plunging shoots. The review has identified potential to test for high grade gold mineralization down dip from the interpreted plunging shoots as well as potential to define additional shoots. The structural studies also identified targets for follow up exploration at Marrakesh-Madras and Tandoori-Breccia Hill.

The Company completed a Reverse Circulation (RC) drilling program, consisting of 24 holes for 3,566m, at the Project in 2015. This drilling tested extensions to known mineralisation at Gettysberg as well as structural models at Gettysberg, Sellheim, Marrakesh and Pradesh (see

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MGT ASX announcement dated 11 August 2015 titled "More High Grade Gold Intersections at the Pyramid Project").

The drilling at Gettysberg returned broad zones of high grade gold mineralisation within and adjacent to a low grade envelope defined from earlier drilling. Better results included 35m at 6.1g/t from 33m, including 5m at 37.1g/t from 33m, in MGTRC016 and 34m at 2.83g/t from 15m, including 15m at 5.63g/t from 24m in MGTRC018. These are down hole widths which may not reflect true widths – the geometry of mineralisation is still uncertain. Drilling at Sellheim as part of the same program confirmed the presence of very broad low grade mineralisation, returning intersections such as 123m at 0.26g/t from 25m and 52m at 0.27g/t from 25m.

Review and recent analysis undertaken by Avira and its consultant technical experts supported a further program of targeted drilling designed to extend and expand on the interpreted high grade shoots, particularly at Gettysberg. Further geological prospecting and surface geochemical sampling to augment existing drill results may be required to assist in the definition of additional drill targets at Sellheim, Marrakesh, Pradesh and other prospects within this prospective belt.

2018 Exploration program

In the first half of 2018, Avira completed its phase 1 reverse circulation (RC) drilling program at the Gettysberg Prospect part of its wholly owned Pyramid Gold Project (EPM12887) in the highly productive Drummond Basin of Queensland. The drilling program was planned and managed by Terra Search Pty Ltd (a Townsville based minerals exploration contractor). The phase 1 RC program consisted of four (4) holes for 550m (see Figure 1 and Table 1 for collar details).

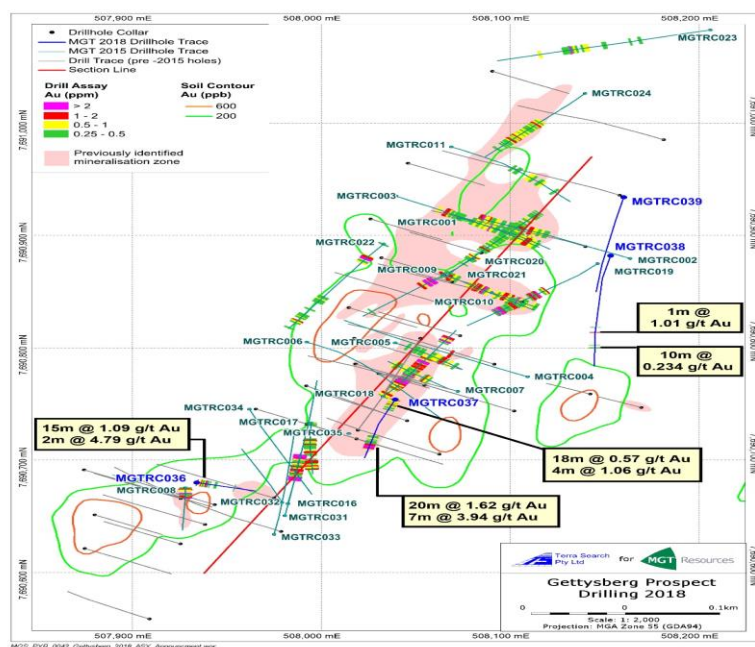


Figure 1: Map showing 2018 drillhole traces and Au assays at Gettysberg over previous drilling. MGTRC036 and MGTRC037 following up previous intersection in MGTRC016 (35m at 6.1g/t from 33m).

The drilling program was designed to infill and extend the previously defined mineralisation at Gettysberg, using the updated 3D model of the Gettysberg, which combined structural and

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lithological mapping and re-evaluation of two diamond core holes drilled in 2015, to identify areas of mineralisation with scope for extensions to known lenses and shoots. Gettysberg was previously drilled by the Company in 2012 and 2015. The Company is part way through a multi-phase exploration program to evaluate and progress its wholly owned Pyramid Gold Project.

Hole ID	Easting	Northing	RL	Azimuth	Dip	Hole Depth
MGTRC036	507934	7690680	208	103	-60	60
MGTRC037	508039	7690754	215	202	-55	90
MGTRC038	508153	7690882	211	192	-65	200
MGTRC039	508160	7690934	209	192	-65	200

Table 1: Gettysberg RC Drilling (170mm) Collar Table GDA94, MGA Zone 50.

B. Southern Queensland Projects

(Includes; Yarrol EPM8402, Mt Steadman EPM12834). No significant exploration work was undertaken on the Southern Queensland Project during the full year ended 30 June 2018.

Tenement Status

Lease	Current Area	Area Units	Grant Date	Expiry Date	Holder	EA
Pyramid						
EPM12887	16	Sub-Blocks	5-Aug-04	4-Aug-20	MGTM	EPSX00705113
EPM19554	14	Sub-Blocks	16-Dec-14	15-Dec-19	MGTM	EPSX00705113
EPM25154	49	Sub-Blocks	23-Feb-15	22-Feb-20	AVIR	EPSX00899513
Southern Queensland						
EPM12834	4	Sub-Blocks	17-Dec-99	16-Dec-18	MGTM	EPSX00600613
EPM8402	4	Sub-Blocks	13-Nov-91	12-Nov-18	MGTM	EPSX0060071

Abbreviations	
EPMA	Exploration Permit for Minerals Application
EPM	Exploration Permit for Minerals
MLA	Mining Lease Application
ML	Mining Lease
MGS	MGT Resources Limited
MGTM	MGT Mining Limited, an unlisted Australian public company
QLD	Queensland, Australia

C. Corporate and Significant Changes in State of Affairs

The following significant transactions and events occurred during the financial year:

Annual general meeting

Avira Resources Limited held its annual general meeting on 30 November 2017. All resolutions put to shareholders were passed.

General meeting

Avira Resources Limited held general meetings on 22 December 2017 and 31 August 2018. All resolutions put to shareholders were passed.

Board changes

On the 13 September 2018 the Company announced the resignation of Mr Jonathan Back as Non-Executive Chairman and the appointment of Mr David Wheeler as Non-Executive Chairman of the Company effective immediately. The Company intends to seek shareholder approval for the re-election as a Non-Executive Director that the forthcoming Annual General Meeting.

Funding

On 2 August 2017, the Company has issued 7,200,000 shares to Hong Kong Jinggaofengda Business Co., Limited (HK Jinggaofengda) for a consideration of \$100,000 at an issue price of \$0.01388 per share. Another share issuance was made to HK Jinggaofengda for a total placement of 4,560,000 at an issue price of \$0.00877 for a total consideration of \$40,000.

The Company completed combined rights issue and share placement issuing a total of 257,911,705 ordinary shares at an issue price of \$0.003 per share for a total consideration of \$778,734.

Though June 2018 the company entered into a series of Convertible Loan Agreements raising a total of \$519,000. On 13 September 2018 the company completed a share placement of 448,666,667 fully paid ordinary shares at an issue price of \$.003 for a total consideration of \$1,346,000.

Transfer of Tin tenements to MGT Minerals Pty Ltd

On 22 August 2017, MGT Mining Limited has entered into a Termination Deed with Niflheim Resources Pte Ltd whereby the \$1,800,000 converting note and all interests and fees payable will be extinguished via the transfer of MGT Mining Limited's tin assets and property, plant and equipment to Niflheim Resource Pte Ltd's associated entity, MGT Minerals Pty Ltd.

During the year, the Foreign Investment Review Board (FIRB) approval was received for the transfer of tin assets and property, plant and equipment from MGT Mining Limited to MGT Minerals Pty Ltd. On 9 February 2018, the Group has received notice of transfer of environmental authority on the tenements. The transfer of non-current assets held for sale and extinguishment of the related non-current liabilities resulted to a net gain of \$178,063.

Suspension and reinstatement of trading

On 2 February, the Company was suspended from quotation in accordance with Listing Rule 17.3, as ASX has determined that the Company does not have sufficient operations to warrant the continued quotation of its securities. Following the suspension, the Company was reinstated to official quotation on 19 July 2018.

D. Changes in Capital Structure

Issue of ordinary shares

Avira Energy Limited has issued a total of 269,671,705 ordinary shares for a total consideration of \$918,734. Refer to Funding discussion above.

Conversion of preference shares to ordinary shares

On 11 October 2017, the preference shares held by Cloud Adventurer Limited (Cloud), Marvel Network Limited (Marvel) and Armstrong Industries HK Limited (Armstrong) aggregating \$6,000,000 were converted to 27,021,655 ordinary shares at an issue price of \$0.33, \$0.33 and \$0.19 for Cloud, Marvel and Armstrong, respectively.

Conversion of a series of Convertible Loans to ordinary shares

On 22 December 2017, \$100,000 of Niflheim Resources Pte Ltd unsecured loan was converted into 33,333,333 ordinary shares.

On 13 September 2018 the Company announced that Lenders had converted a series of Loans totalling \$519,000 at a conversion price of \$0.003 for a total of 173,000,000 fully paid ordinary shares.

E. Annual Resources Statement

Table 1 Mineral Resource Estimates at 30 June 2018

PROJECT	JORC Resource	JORC Category	Date Reported	SG	Cut Off
Yarrol Gold	273 000 tonnes grading 1.5 g/t gold	Indicated	Gallo 1996, Murray 1997	2.5	0.5 and 20 g/t top cut
	877 000 tonnes grading 1.5 g/t gold	Indicated	Gallo 1996, Murray 1997	2.5	0.5 g/t gold
Mount Steadman Gold	1 170 000 tonnes grading 0.95 g/t gold	Indicated	Gallo 1996	2.5	0.5 g/t gold

Forward looking statements

This announcement contains forward-looking statements which are identified by words such as 'may', 'could', 'believes', 'estimates', 'targets', 'expects', or 'intends' and other similar words that involve risks and uncertainties. These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the date of this announcement, are expected to take place. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company, the directors and our management. We cannot and do not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this prospectus will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements. We have no intention to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this announcement, except where required by law. These forward looking statements are subject to various risk factors that could cause our actual results to differ materially from the results expressed or anticipated in these statements.

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 Ian Prentice. Mr Prentice is a consultant geologist for AVW and a member of the Australian Institute of Mining and Metallurgy. Mr Prentice has sufficient experience relevant to the styles of mineralisation and

DIRECTORS' REPORT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

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 Prentice consents to the inclusion in this announcement of the matters based on his information in the form and context in which it appears.

DIRECTORS' REPORT

The Directors of Avira Resources Limited submit herewith the annual financial report of the company for the financial year ended 30 June 2018. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

DIRECTORS

The names of the Directors in office at any time during or since the end of the financial year are:

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

Name	Particulars
David Wheeler	Non-Executive Chairman, appointed on 13 September 2018
Gary Kuo	Director, appointed 7 January 2011 Company Secretary, appointed on 3 October 2017 and resigned 28 November 2018
David Ross De Loub	Non-Executive Director, appointed on 30 November 2017
Jonathan Paul Back	Non-Executive Chairman, resigned on 13 September 2018
Christopher Chen	Non-Executive Director, resigned on 30 November 2017
Wenshan Zhang	Non-Executive Director, resigned on 30 November 2017
Rui Zhang	Non-Executive Director, resigned on 30 November 2017

PRINCIPAL ACTIVITIES

The principal activities of the company and its consolidated entities during the financial year included exploration and evaluation activities. There were no significant changes in the nature of the principal activities during the year.

DIVIDENDS

There were no dividends paid or declared by the consolidated entity during the financial year.

REVIEW OF OPERATIONS

A complete operating review can be found in Operations Report pages 4 to 8.

EVENTS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

Additional capital raising

Following the end of the financial year, Avira Energy Limited announced the completion of a share placement to sophisticated investors of 448,666,667 fully paid ordinary shares at an issue price of \$0.003 per share, to raise \$1,346,000 before costs on 13 September 2018.

Conversion of loan to equity

On 13 September 2018 pursuant to the Convertible Loan aggregating \$519,000 issued on 27 June 2018, the Company had issued 173,000,000 fully paid ordinary shares to these lenders at

DIRECTORS' REPORT
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

the same issue price as the shares issued under the Placement.

There has not been any other matter or circumstance 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.

LIKELY FUTURE DEVELOPMENTS

Disclosure of information regarding the likely developments in the operations of the consolidated entity in future financial years and the expected results of those operations is likely to result in unreasonable prejudice to the consolidated entity. Accordingly, this information has not been disclosed in this report.

ENVIRONMENTAL REGULATIONS

The operations and proposed activities of the consolidated entity are subject to laws and regulations concerning the environment. As with most exploration projects and mining operations, the consolidated entity's activities are expected to have an impact on the environment. It is the consolidated entity's intention to conduct its activities to the required standard of environmental obligation, including compliance with all applicable environmental laws. Mining operations may have previously been conducted on some of the Company's project areas and old workings including tailings dumps may remain from these operations. There may be a liability to rehabilitate these areas, details in relation to the abandonment and restoration obligation are included in Note 1 (o) of the Notes to the financial statements.

INDEMNIFICATION OF OFFICERS AND AUDITORS

The company has insured all the Directors of MGT Resources and its controlled entities against liabilities incurred while performing duties as Directors or Officers to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits the disclosure of the nature of the liabilities covered and amount the amount of the premium paid. The consolidated entity has not indemnified its auditor.

INFORMATION ON DIRECTORS AND SENIOR MANAGEMENT:

Mr David Wheeler – Non-Executive Chairman

Mr Wheeler has more than 30 years of Executive Management, Directorship, and Corporate Advisory experience. He is a foundation Director and Partner of Pathways Corporate a boutique Corporate Advisory firm that undertakes assignments on behalf of family offices, private clients, and ASX listed companies. David has successfully engaged in business projects in the USA, UK, Europe, NZ, China, Malaysia, Singapore and the Middle East. David is a Fellow of the Australian Institute of Company Directors and serves on public and private company boards currently holding a number of Directorships and Advisory positions in Australian ASX listed companies.

The Company advises that Mr Wheeler formally commenced as a director of the Company effective 13 September 2018. As a result, the Company intends to seek shareholder approval for the re-election of Mr Wheeler as director at the forthcoming Annual General Meeting.

Mr Gary Kuo – Non-Executive Director

With more than 10 years' experience in international import & exporting, Mr Gary Kuo has extensive experience in commodities trading, international business development and strategic alliance planning.

Having bases in both Australia and China, Gary specialises in dealing with corporations in the mining & producing sector. Gary works closely with his wide network of corporate and governmental contacts in countries such as China, Taiwan, Hong Kong, Singapore, Malaysia and Indonesia.

Mr Jonathan Paul Back (LLB, BCL) – Non-Executive Chairman

Mr Jonathan Back is a qualified solicitor in England and Wales. Prior to working as a lawyer, Jonathan graduated from Oxford University and was awarded the Vinerian Scholarship for the best performance in the Bachelor of Civil Laws degree.

Jonathan has over 18 years of experience in law and finance internationally, having spent significant periods in Europe, Hong Kong and Australia.

Jonathan first worked as a lawyer for the leading UK firm Linklaters for 4 years, specialising in large project finance transactions. This included the acquisition of the Gladstone Power Station in Queensland by a consortium expanding the Boyne Island aluminium smelter. Jonathan then worked for Schrodgers in the UK and in Hong Kong where he also focused on large infrastructure and Resources projects including large power station projects in Portugal and the UK as well as port and Resources projects across Australia and Asia.

Following this Jonathan worked with Goldman Sachs in Hong Kong focusing on raising equity capital for telecoms and technology companies. Jonathan was then recruited by JPMorgan to join their equity team in Hong Kong, which he ran until 2007. During this time he worked on numerous transactions across different industries.

Mr Christopher Chen – Executive Director and Chief Operating Officer

Mr Christopher Chen has a M.A in Administration from Central Queensland University. He worked for Otis Elevator Company, Tianjin, China, as Project Coordinator in 2002 and was sent to Egypt to work for Electricity de France (EDF) on their Suez Canal and the Port Said Power Plants. He returned to Australia in 2006 and was working as Business Banking Associate for Commonwealth Bank Australia (CBA). Chris left CBA in 2009 and has been involved in commodity trading and Financial Services to small and medium size companies in the resource sector and is now based in Beijing, China.

Mr Sonu Cheema – Chief Financial Officer and Company Secretary

Mr Cheema is a Certified Practising Accountant and has over 10 years experience as Company Secretary and Director of publicly listed companies within Australia and abroad.

DIRECTORS' MEETINGS

DIRECTORS' REPORT
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

The following table sets out the number of directors' meetings held during the financial year and the number of meetings attended by each director (while they were a director).

Directors	Directors' meetings eligible to attend	Attended
David Ross De Loub	2	2
Jonathan Paul Back	3	3
Gary Kuo	3	3
Wenshan Zhang	1	1
Christopher Chen	1	1
Rui Zhang	1	1

REMUNERATION OF DIRECTORS AND KEY MANAGEMENT PERSONNEL

Information about the remuneration of directors and key management personnel are set out in the following tables.

Details of key management personnel

The directors and other members of key management personnel of the Group during the year were:

Name	Particulars
Jonathan Paul Back	Director, appointed 4 September 2008 and appointed as Chairman 1 February 2010
Gary Kuo	Director, appointed 7 January 2011 Company Secretary, appointed on 3 October 2017 and resigned 28 November 2018
David Ross De Loub	Non-Executive Director, appointed on 30 November 2017
Christopher Chen	Non-Executive Director, resigned on 30 November 2017
Wenshan Zhang	Non-Executive Director, resigned on 30 November 2017
Rui Zhang	Non-Executive Director, resigned on 30 November 2017
Sonu Cheema	Company Secretary, appointed on 28 November 2017
Jacqueline Butler	Corporate Secretary, resigned on 3 October 2017

DIRECTORS' REPORT
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

(a)Key management personnel compensation

2018	Short-term employee benefit	Post-employment benefit	Long-term benefits	Share-based payments	Total
	Cash salary and fees	Superannuation	Termination benefit	Options	
	\$	\$	\$	\$	\$
Directors					
David De Loub	24,750	4,100	-	-	28,850
Jonathan Back	-	-	-	-	-
Gary Kuo	12,880	1,132	-	-	14,012
Christopher Chen	34,720	2,934	-	-	37,654
	72,350	8,166	-	-	80,516
Other key management personnel					
Sonu Cheema ¹	-	-	-	-	-
Jacqueline Butler	63,264	6,010	-	-	69,274
	63,264	6,010	-	-	69,274
Total	135,614	14,176	-	-	149,790

¹The Group entered into an agreement with Cicero Corporate Services Pty Ltd (an entity in which Sonu Cheema is shareholder and director) (Cicero) defining the terms of engagement for the provision of administration services by Cicero as a contractor to the Group. Cicero will provide the office rent, book-keeping, company secretarial and administration services to the Company for a monthly fee of \$10,000 plus GST.

2017	Short-term employee benefit	Post-employment benefit	Long-term benefits	Share-based payments	Total
	Cash salary and fees	Superannuation	Termination benefit	Options	
	\$	\$	\$	\$	\$
Executive Directors					
Jonathan Back	48,000	-	-	-	48,000
Gary Kuo	51,520	4,256	-	-	55,776
Christopher Chen	51,520	4,256	-	-	55,776
	151,040	8,512	-	-	159,552
Hai Jun Li (i)	10,664	-	-	-	10,664
Wenshan Zhang	11,667	-	-	-	11,667
Rui Zhang	-	-	-	-	-
	22,331	-	-	-	22,331
Other key management personnel					
Jacqueline Butler	186,792	17,745	-	-	204,537
	186,792	17,745	-	-	204,537
Total	360,163	26,257	-	-	386,420

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(b) Executive contracts

Remuneration arrangements for Key Management Personnel are formalised in employment agreements or service contracts. The key terms of the executive's agreements/contracts are:

Name	Contract duration	Notice period from Company	Notice period from the employee/contractor
Executive Directors			
David De Loub	Rolling service contract	1 month	1 month
Non-Executive Directors			
Jonathan Back	No fixed term	N/A	N/A
Gary Kuo	No fixed term	N/A	N/A

The Group entered into an agreement with Cicero Corporate Services Pty Ltd (an entity in which Sonu Cheema is shareholder and director) (Cicero) defining the terms of engagement for the provision of administration services by Cicero as a contractor to the Group. Cicero will provide the office rent, book-keeping, company secretarial and administration services to the Company for a monthly fee of \$10,000 plus GST.

(c) Share-based compensation

a) Issue of shares

There were no shares issued as part of compensation during the year ended 30 June 2018.

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c) Issue of option

There were no options issued during the year ended 30 June 2018.

	Financial year	Number of options granted	Grant date	Fair value per option at grant date	Exercise price	Expiry date	Vesting date	Number of options		
								Vested during the year	Exercised during the year	Lapsed during the year ended 30 June 2017
Executive Directors										
Jonathan Back	2014	3,500,000	7 Nov 2013	\$0.0288	\$0.15	7 Nov 2016	7 Nov 2013	-	-	3,500,000
Gary Kuo	2014	2,500,000	7 Nov 2013	\$0.0288	\$0.15	7 Nov 2016	7 Nov 2013	-	-	2,500,000
Christopher Chen	2014	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Non-Executive Directors										
Li Hai Jun*	2014	400,000	7 Nov 2013	\$0.0288	\$0.15	7 Nov 2016	7 Nov 2013	-	-	400,000
Wenshan Zhang	2014	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Rui Zhang	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Other key management personnel										
Jacqueline Butler	2014	400,000	17 Dec 2013	\$0.0288	\$0.15	17 Dec 2016	17 Dec 2015	-	-	400,000

* Li Hai Jun resigned as a Non-Executive Director on 30 November 2016.

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All of the share options granted to the directors and other key management personnel have lapsed as at 30 June 2017. No ordinary shares of Avira Resources Limited were issued during the year end 30 June 2018 on the exercise of options granted under the Avira Resources Limited's Employee Option Plan. No further shares have been issued since that date.

d) Key management personnel equity holdings

Fully paid ordinary shares of Avira Resources Limited

2018	Balance at the start of the year No.	Received during the year on exercise of options No.	10:1 share consolidation	Net other change No.	Balance at the end of the year No.
Executive Directors					
David Ross De Loub (Direct)	-	-	-	-	-
Non-Executive Directors					
Jonathan Back (Direct)	6,502,973	-	-	6,502,973	13,005,946
Jonathan Back (Indirect)	30,000	-	-	30,000	60,000
Gary Kuo (Direct)	4,000	-	-	-	4,000
Gary Kuo (Indirect)	1,787,000	-	-	1,773,000	3,560,000
2017					
	Balance at the start of the year No.	Received during the year on exercise of options No.	10:1 share consolidation	Net other change No.	Balance at the end of the year No.
Executive Directors					
Jonathan Back (Direct)	65,029,727	-	(58,526,754)		6,502,973
Jonathan Back (Indirect)	300,000	-	(270,000)		30,000
Gary Kuo (Direct)	50,000	-	(36,000)	(10,000)	4,000
Gary Kuo (Indirect)	17,878,000	-	(16,090,200)		1,787,800
Christopher Chen (Direct)	3,570,000	-	(3,213,000)	3,300,000	3,657,000
Non-Executive Directors					
Li Hai Jun (Indirect)	18,230,000	-	(16,407,000)	(3,000)	1,820,000
Wenshan Zhang	-	-	-	-	-
Rui Zhang	-	-	-	-	-
Other key management personnel					
Jacqueline Butler	-	-	-	-	-

TRADING IN THE COMPANY'S SECURITIES BY DIRECTORS, OFFICERS AND STAFF

Upon listing on the ASX, the Board adopted a share trading policy which applies to all directors, officers and employees of Avira Resources Limited and its subsidiary companies. The policy was set up in order to avoid 'insider trading.' The trading policy restricts employees, directors and officers from trading in AVW securities during certain 'prohibited periods.' A full copy of the policy can be found at www.aviraresourcesltd.com.au

NON-AUDIT SERVICES

During the year, \$15,000 exc GST (2017: \$15,250 exc GST) of fees were earned by the auditors for non-audit services in relation to taxation compliance.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied for leave of Court to bring proceedings on behalf of the consolidated entity or intervene in any proceedings to which the consolidated entity is a party for the purpose of taking responsibility on behalf of the consolidated entity for all or any part of these proceedings. The consolidated entity was not party to any such proceedings during the year.

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration is included on page 18 of the financial report.

This directors' report has been made and signed in accordance with a resolution of the directors made pursuant to s.298(2) of the Corporations Act 2001.

On behalf of the Directors



David Deloub
Executive Director

Dated: 28 September 2018

**AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF
THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF AVIRA
ENERGY LIMITED AND ITS CONTROLLED ENTITIES**

I declare that, to the best of my knowledge and belief during the year ended 30 June 2018 there have been:

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

MAZARS RISK AND ASSURANCE PTY LTD



Rose Megale
Director

Sydney, on this 28th day of September 2018

AVIRA RESOURCES LIMITED AND ITS CONTROLLED ENTITIES
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
 FOR THE FINANCIAL YEAR ENDED 30 June 2018

	Note	Consolidated 2018 \$	Consolidated 2017 \$
Continuing operations			
Other Revenue		-	-
Cost of sales		-	-
Gross gain		-	-
Investment income	3	257,731	3,422
Other losses	4	(1,053,728)	(71,132)
Employee benefits expense		(159,072)	(365,356)
Depreciation and amortisation expense		(7,551)	(4,782)
Impairment gain/(losses)	11	(57,654)	14,549
Interest expense		(143,126)	(510,422)
Administration expense		(542,983)	(217,558)
Share options expense	26	(60,263)	(2,138,182)
Other expenses	5	(204,789)	(325,709)
Loss before tax		(1,971,435)	(3,615,170)
Income tax expense/(benefit)	6	-	-
Loss for the period from continuing operations			
Discontinued operations			
Loss for the year from discontinued operations	7	(98,403)	(1,102,652)
Loss for the year		(2,069,838)	(4,717,822)
Loss for the year is attributable to:			
Owners of the parent		(2,014,935)	(4,500,074)
Non-controlling interest		(54,903)	(217,748)
		(2,069,838)	(4,717,822)

AVIRA RESOURCES LIMITED AND ITS CONTROLLED ENTITIES
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
 FOR THE FINANCIAL YEAR ENDED 30 June 2018

	Consolidated 2018 \$	Consolidated 2017 \$
Loss for the period	(2,069,838)	(4,717,822)
Other comprehensive income/(loss)		
<i>Items that may be reclassified to profit and loss</i>		
Changes in the fair value of available-for-sale financial assets	-	(541,112)
Total comprehensive loss for the period	(2,069,838)	(5,258,934)
Total comprehensive loss for the year is attributable to:		
Owners of the parent	(2,014,935)	(5,041,319)
Non-controlling interest	(54,903)	(217,615)
	(2,069,838)	(5,258,934)
Loss per share		
From continuing and discontinued operations		
Basic (cents per share) 20	(0.92)	(18.48)
Diluted (cents per share) 20	(0.80)	(8.41)
From continuing operations		
Basic (cents per share) 20	(0.87)	(14.42)
Diluted (cents per share) 20	(0.76)	(6.40)

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

AVIRA RESOURCES LIMITED AND ITS CONTROLLED ENTITIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
 FOR THE FINANCIAL YEAR ENDED 30 June 2018

	Note	Consolidated 2018 \$	Consolidated 2017 \$
Current assets			
Cash and cash equivalents	23(a)	401,311	138,552
Other receivables	9	25,996	47,963
Other financial asset	10	8,603	576,272
		<u>435,910</u>	<u>762,787</u>
Assets classified as held for sale	8	-	2,013,964
Total current assets		<u>435,910</u>	<u>2,776,751</u>
Non-current assets			
Other financial assets	10	2,869	2,869
Exploration and evaluation expenditure	11	883,053	870,421
Plant & equipment	12	-	7,551
Total non-current assets		<u>885,922</u>	<u>880,841</u>
Total assets		<u>1,321,832</u>	<u>3,657,592</u>
Total liabilities			
Trade and other payables	13	152,110	235,252
Unsecured borrowings	14	519,000	1,970,397
Secured borrowings	15	-	200,000
Provisions	16	-	26,368
		<u>671,110</u>	<u>2,432,017</u>
Secured and non secured liabilities directly associated with assets classified as held for sale	8	-	2,192,027
Total current liabilities		<u>671,110</u>	<u>4,624,044</u>
Non-current liabilities			
Provisions	16	-	47,719
Total non-current liabilities		<u>-</u>	<u>47,719</u>
Total liabilities		<u>671,110</u>	<u>4,671,763</u>
Net assets/(liabilities)		<u>650,722</u>	<u>(1,014,171)</u>

AVIRA RESOURCES LIMITED AND ITS CONTROLLED ENTITIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
 FOR THE FINANCIAL YEAR ENDED 30 June 2018

Equity			
Issued capital	17(a)	28,710,553	26,089,813
Reserves	18	2,189,583	1,164,575
Retained earnings/(losses)	19	(29,366,068)	(27,440,116)
Equity attributable to owners of the parent		1,534,068	(185,728)
Non-controlling interest		(883,346)	(828,443)
Total equity		650,722	(1,014,171)

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

AVIRA RESOURCES LIMITED AND ITS CONTROLLED ENTITIES
CONSOLIDATED STATEMENT OF CHANGES OF EQUITY
 FOR THE FINANCIAL YEAR ENDED 30 June 2018

	Fully paid ordinary shares \$	Retained earnings/ (losses) \$	Reserves \$	Non- controlling interest \$	Total \$
Balance at 1 July 2017	26,089,813	(27,440,116)	1,164,575	(828,443)	(1,014,171)
(Loss) for the period	-	(2,014,935)	-	(54,903)	(2,069,838)
Other comprehensive income					
-					
Reclassification adjustment for loss included in Profit & Loss	-	-	1,053,728	-	1,053,728
Options issued	-	-	60,263	-	60,263
Equity derivative converted	-	88,983	(88,983)	-	-
Issue of ordinary shares	1,018,735	-	-	-	1,018,735
Capital raising costs	(77,564)	-	-	-	(77,564)
Issue of preference shares	1,679,569	-	-	-	1,679,569
Balance at 30 June 2018	28,710,553	(29,366,068)	2,189,583	(883,346)	650,722

	Fully paid ordinary shares \$	Retained earnings/ (losses) \$	Reserves \$	Non- controlling interest \$	Total \$
Balance at 1 July 2016	19,095,000	(23,341,252)	(119,242)	(611,721)	(4,977,215)
(Loss) for the period	-	(4,500,073)	-	(217,750)	(4,717,822)
Other comprehensive income					
- revaluation gain	-	-	1,129	133	1,262
Other comprehensive income					
- revaluation loss	-	-	(542,374)	-	(542,374)
Share options issued	-	-	2,138,182	-	2,138,182
Share options expired – Avira Resources Limited	-	203,760	(203,760)	-	-
Share options expired – MGT Mining Limited	-	7,601	(8,496)	895	-
Equity derivative converted	-	189,847	(189,847)	-	-
Equity derivative issued	-	-	88,983	-	88,983
Issue of ordinary shares	1,000,000	-	-	-	1,000,000
Capital raising costs	(5,187)	-	-	-	(5,187)
Issue of preference shares	6,000,000	-	-	-	6,000,000
Balance at 30 June 2017	26,089,813	(27,440,116)	1,164,575	(828,443)	(1,014,171)

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 June 2018

	Note	Consolidated 2018 \$	Consolidated 2017 \$
Cash flows from operating activities			
Payments to suppliers and employees		(993,867)	(1,176,151)
Interest received		695	3,756
Net cash used in operating activities	23(b)	(993,172)	(1,172,395)
Cash flows from investing activities			
Payment for investment in other financial assets	10	-	-
Purchase of property, plant and equipment		-	-
Proceeds from disposal of property, plant and equipment		-	10,000
Payments for exploration costs		(70,286)	(205,204)
Net cash used in investing activities		(70,286)	(195,204)
Cash flows from financing activities			
Proceeds from issues of equity securities		1,098,304	1,000,000
Proceeds from borrowings – unsecured		519,000	500,000
Proceeds from borrowings – secured		-	2,000,000
Capital raising cost		(77,564)	(5,187)
Repayment of borrowings		(100,000)	(1,500,000)
Interest paid		(113,523)	(561,590)
Net cash provided by financing activities		1,326,217	1,433,223
Net (decrease)/increase in cash and cash equivalents		262,759	65,624
Cash at the beginning of the financial year		138,552	149,060
Cash at the end of the financial year	23(a)	401,311	214,684

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

1. Summary of significant accounting policies

The financial report is a general purpose financial report which has been prepared in accordance with the Corporations Act 2001, Accounting Standards and Interpretations, and complies with other requirements of the law.

Accounting Standards include Australian equivalents to International Financial Reporting Standards ('A-IFRS'). Compliance with A-IFRS ensures that the financial statements and notes of the group comply with international financial reporting standards.

These financial statements are for the consolidated entity consisting of Avira Resources Limited (the Company) and its subsidiaries (the Group).

(a) Basis of preparation

The financial report has been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. Historical cost is generally based on the fair values of the consideration given in exchange for goods and services. All amounts are presented in Australian dollars, unless otherwise noted.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

Going concern

The full-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 30 June 2018 the consolidated entity incurred a net loss after tax of \$2,069,839, cash outflows from operating and investing activities of \$993,172 and current liabilities exceeded current assets by \$235,203. The ability of the Group to continue as a going concern and to pay their debts as and when they fall due is dependent in the Group's ability to raise additional funds through either debt financing, capital raising arrangements, refinancing options or asset sale.

The Group has a solid history of obtaining support from investors, including in very difficult financial markets. During the year ended 30 June 2018, the Group has successfully completed the following capital raising and debt extinguishment initiatives:

AVIRA RESOURCES LIMITED AND ITS CONTROLLED ENTITIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 June 2018

- a. Issuance of 269,671,705 ordinary shares for a total cash consideration of \$918,734;
- b. Full settlement of \$200,000 unsecured borrowings from Niflheim Resources Pte Ltd through a combination of debt to equity conversion for \$100,000 and cash settlement of \$100,000;
- c. Extinguishment of \$1,800,000 loan from Niflheim Resources Pte Ltd through the transfer of tin assets and property, plant and equipment
- d. Settlement in cash of the remaining \$140,000 unsecured loans owing by MGT Mining Limited to Niflheim Resources Pte Ltd;
- e. Settlement of \$500,000 loan from Joseph Capital through the transfer of Cauldron Energy Limited shares.

Avira Resources Limited announced the completion of a share placement to sophisticated investors of 448,666,667 fully paid ordinary shares at an issue price of \$0.003 per share, to raise \$1,346,000 before costs on 13 September 2018.

On 13 September 2018 pursuant to the Convertible Loan aggregating \$519,000 issued on 27 June 2018, the Company had issued 173,000,000 fully paid ordinary shares to these lenders at the same issue price as the shares issued under the Placement. The funds raised from the Convertible Loan and the Placement have been applied to operational activities and working capital.

Having regard to the above, the Directors have a reasonable expectation that the entity will have adequate resources to continue operating for the foreseeable future. For this reason they continue to adopt the going concern basis in preparation of the accounts.

Critical accounting estimates and judgements

The preparation of 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:

Estimated useful lives of assets

The estimation of the useful lives of assets has been based on historical experience as well as manufacturers' warranties. In addition, the condition of assets is assessed at least once per year and considered against the remaining useful life. Adjustments to useful lives are made when considered necessary.

Impairment of capitalised exploration expenditure

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 require 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. Refer to Note 11.

Allowance for amounts due from subsidiary

The provision policy for doubtful debts of the Group is based on the ageing analysis and management's continuous evaluation of the recoverability of the outstanding receivables. In assessing the ultimate realisation of these receivables, management considers, among other factors, the creditworthiness and the past collection history of the

subsidiary. If the financial conditions of the subsidiary were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required.

Fair value of convertible notes

Convertible notes are measured at fair value at the initial recognition. Fair value is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the measurement date. In respect of the liability component of convertible bonds, the market rate of interest is determined with reference to similar liabilities that do not have a conversion option. Where the terms of the conversion option are such that the conversion feature offers the shares at a price equivalent to market price, the conversion options do not meet the definition of an embedded derivative and bifurcation is not necessary.

Fair value of financial instruments

Where the fair values of financial instruments recorded on the statement of financial position cannot be derived from active markets, they are determined using valuation techniques, including the discounted cash flow model. The inputs to these models are derived from observable market data where possible, but where this is not feasible, a degree of judgment is required in establishing the fair values. The judgments include considerations of liquidity and model inputs regarding the future financial performance of the investee, its risk profile, and economic assumptions regarding the industry and geographical jurisdiction in which the investee operates. Changes in assumptions about these factors could affect the reported fair value of financial instruments. The valuation of financial instruments is described in more details in Note 14.

(b) Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Avira Resources Limited ("company" or "parent entity") as at 30 June 2017 and entities controlled by the company for the year then ended. Avira Resources Limited and its subsidiaries together are referred to in this financial report as the Group or the consolidated entity.

Subsidiaries are all entities over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The Group applies a policy of treating transactions with non-controlling interests as transactions with parties external to the Group. Disposals to non-controlling interests result in gains and losses for the Group that are recorded in the statement of comprehensive income. Purchases from non-controlling interests result in goodwill, being the difference between any consideration paid and the relevant share acquired of the carrying value of identifiable net assets of the subsidiary.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the

transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated income statement, statement of comprehensive income, statement of changes in equity and statement of financial position respectively. Investments in subsidiaries are accounted for at cost in the individual financial statements of the Company.

(c) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Interest income

Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

(d) Income tax

Current tax

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

Deferred tax

Deferred tax is accounted for using the balance sheet liability method. Temporary differences are differences between the tax base of an asset or liability and its carrying amount in the balance sheet. The tax base of an asset or liability is the amount attributed to that asset or liability for tax purposes.

In principle, deferred tax liabilities are recognised for all taxable temporary differences.

Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither taxable income nor accounting profit. Furthermore, a deferred tax liability is not

recognised in relation to taxable temporary differences arising from the initial recognition of goodwill.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period(s) when the asset and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax for the period

Current and deferred tax is recognised as an expense or income in the income statement, except when it relates to items credited or debited directly to equity, in which case the deferred tax is also recognised directly in equity, or where it arises from the initial accounting for a business combination, in which case it is taken into account in the determination of goodwill or excess.

(e) Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash, which are subject to an insignificant risk of changes in value and have a maturity of three months or less at the date of acquisition.

(f) Financial assets

Investments are recognised and derecognised on trade date where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, net of transaction costs except for those financial assets classified as at fair value through profit or loss which are initially measured at fair value.

Subsequent to initial recognition, investments in subsidiaries are measured at cost in the company financial statements.

Other financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss', 'held-to-maturity investments', 'available-for-sale' financial assets, and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Available-for-sale financial assets

Available-for-sale financial assets, comprising principally marketable equity securities, are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of the investment within 12 months of the end of the reporting period. Investments are designated as available-for-sale if they do not have fixed maturities and fixed or determinable payments and management intends to hold them for the medium to long term.

Loans and receivables

Trade receivables, loans and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the reporting period which are classified as non-current assets.

Measurement

At initial recognition, the group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Loans and receivables are subsequently carried at amortised cost using the effective interest method. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value.

Impairment of financial assets

The group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator that the assets are impaired.

Assets carried at amortised cost

For loans and receivables, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the consolidated income statement. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the consolidated income statement.

Assets classified as available-for-sale

If there is objective evidence of impairment for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in profit or loss. Impairment losses on equity instruments that were recognised in profit or loss are not reversed through profit or loss in a subsequent period. If the fair value of a debt instrument classified as available-for-sale increases in a subsequent period and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through profit or loss.

(g) Financial liabilities

Compound instruments

The component parts of compound instruments (convertible notes) issued by the Group are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. Management and the Directors have assessed the terms and conditions of the convertible notes and have determined the conversion options are equity derivatives.

Conversion options that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is an equity instrument.

At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible instruments. This amount is recognised as a liability on an amortised cost basis using the effective interest method until extinguished upon conversion or at the instrument's maturity date (Refer to Note 14).

The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognised and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised, in which case, the balance recognised in equity will be transferred to share capital. Where the conversion option remains unexercised at the maturity date of the convertible note, the balance recognised in equity will be transferred to retained earnings. No gain or loss is recognised in profit or loss upon conversion or expiration of the conversion option.

(h) Property, plant and equipment

Property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to the income statement during the reporting period in which they are incurred.

Depreciation is calculated using the straight-line method to allocate their cost or re-valued amounts, net of their residual values, over their estimated useful lives. The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period, which the effect of any changes recognised on a prospective basis.

The following useful lives are used in the calculation of depreciation:

-Office equipment	3 – 10 years
-Mine infrastructure	20 years
-Motor Vehicle	5 – 8 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Refer to Note 1 (j))

(i) Leases

Leases are classified as finance leases when the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the leased asset to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are initially recognised at their fair value or, if lower, at amounts equal to the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation.

Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs. Contingent rentals are recognised as expenses in the periods in which they are incurred.

Finance leased assets are amortised on a straight-line basis over the estimated useful life of the asset. Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

(j) Impairment of tangible assets other than goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the

asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

When an impairment loss subsequently reverses, the carrying amount of the asset (or cash generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

(k) Exploration and evaluation of assets

Exploration and evaluation expenditure in relation to each separate area of interest are recognised as an exploration asset in the year in which they are incurred where the following conditions are satisfied:

- (i) The rights to tenure of the area of interest are current; and
- (ii) At least one of the following conditions is also met:
 - (a) the exploration and evaluation expenditures are expected to be recouped through successful development and exploitation of the area of interest, or alternatively, by its sale; and
 - (b) Exploration and evaluation activities in the area of interest have not at the reporting date 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 areas of interest are continuing.

Exploration and evaluation assets are initially measured at cost and include acquisition rights to explore, topographical, geological, geochemical and geophysical studies,

exploratory drilling, trenching, sampling and activities in relation to evaluating the technical feasibility and commercial viability of extracting a mineral resource. General and administrative costs are allocated to, and included in, the cost of an exploration and evaluation asset, but only to the extent that those costs can be related directly to operational activities in the area of interest to which the exploration and evaluation asset relates. (Refer to Note 1 (j)).

Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation of asset may exceed its recoverable amount.

(l) Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

(m) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

The fair value of the liability portion of a convertible bond is determined using a market interest rate for an equivalent non-convertible bond. This amount is recorded as a liability on an amortised cost basis until extinguished on conversion or maturity of the bonds. The remainder of the proceeds is allocated to the conversion option. This is recognised and included in shareholders' equity, net of income tax effects.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Where the terms of a financial liability are renegotiated and the entity issues equity instruments to a creditor to extinguish all or part of the liability (debt for equity swap), a gain or loss is recognised in profit or loss, which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued.

Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

(n) Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a first-in-first-out basis. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

(o) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Site Restoration

A provision for restoration and rehabilitation is recognised when there is a present obligation as a result of exploration and development activities undertaken, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the provision can be measured reliably. The Group records the estimated cost of legal and constructive obligations to restore operating locations in the period in which the obligation is incurred. The nature of restoration activities includes dismantling and removing structures, dismantling operating facilities, closure of plant and restoration, reclamation and revegetation of affected areas.

Additional disturbances or changes in rehabilitation costs will be recognised as additions or changes to the corresponding asset and rehabilitation liability when incurred.

The provision for future restoration costs is the best estimate of the expenditure required to settle the restoration obligation at the reporting date based on current legal and other requirements and technology. When the liability is initially recorded, the estimated cost is capitalised by increasing the carrying amount of the related mining assets. The carrying amount capitalised is amortised over the life of the related asset.

(p) Employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave, long service leave, and sick leave when it is probable that settlement will be required and they are capable of being measured reliably.

Liabilities recognised in respect of employee benefits expected to be settled within 12

months, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Liabilities recognised in respect of employee benefits which are not expected to be settled within 12 months are measured as the present value of the estimated future cash outflows to be made by the Group in respect of services provided by employees up to reporting date.

Termination benefit

A liability for a termination benefit is recognised at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognises any related restructuring costs.

(q) Share-based payments arrangements

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in note 26.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

(r) Contributed equity

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options for the acquisition of a business are not included in the cost of the acquisition as part of the purchase consideration.

If the entity reacquires its own equity instruments, for example as the result of a share buy-back, those instruments are deducted from equity and the associated shares are cancelled. No gain or loss is recognised in the profit or loss and the consideration paid including any directly attributable incremental costs (net of income taxes) is recognised directly in equity.

(s) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

- (i) Where the amount of GST incurred is not recoverable from the taxation authority. It is recognised as part of the cost of acquisition of an asset or as part of an item of expense. Or
- (ii) For receivables and payables which are recognised inclusive of GST.

AVIRA RESOURCES LIMITED AND ITS CONTROLLED ENTITIES
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 FOR THE FINANCIAL YEAR ENDED 30 June 2018

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

All cash outflows in respect of GST, including payments to suppliers and employees, payments for exploration and evaluation, property, plant and equipment, and payments for exploration inventory are included in payments to suppliers and employees from operation activities.

All cash inflows in respect of GST, including receipts from customers and receipts of GST paid by the company and subsequently refunded by taxation authorities are included in receipts from customers from operating activities.

All cash flows from investing activities and from financing activities are net of GST as all associated GST cash flows are included in operating activities.

(t) New accounting standards and interpretations

The accounting policies adopted are consistent with those of the previous financial years except the following which the Group adopted from 1 July 2017:

- AASB 2016-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107
- AASB 2016-1 Amendments to Australian Accounting Standards – Recognition of Deferred Tax Assets for Unrealised Losses
- AASB 2017-2 Amendments to Australian Accounting Standards – Further Annual Improvements 2014-2016 Cycle

The adoption of this standard did not have any impact on the current period or any prior period and is not likely to affect future periods.

(u) New accounting standards and interpretations issued but not yet effective

At the date of authorisation of the financial statements, the Standards and Interpretations listed below were in issue but not yet effective.

Standard/Interpretation	Effective date (annual periods beginning on or after)	Expected to be initially applied in the financial year ending
AASB 9 Financial Instruments and the relevant amending standards	1 January 2018	30 June 2019
AASB 15 Revenue from Contracts with Customers, AASB 2014-5, Amendments to Australian Accounting Standards arising from AASB 15 and AASB 2016-8 Amendments to Australian Accounting Standards – Effective date of AASB 15	1 January 2019	30 June 2019
AASB 16 Leases	1 January 2019	30 June 2020

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AASB 2016-1 Amendments to Australian Accounting Standards – Recognition Deferred Tax Assets for Unrealised Losses	1 January 2017	30 June 2018
AASB 2016-5 Amendments to Australia Accounting Standards – Classification and Measurement of Share-based Payment Transactions	1 January 2018	30 June 2019
AASB 2017-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107	1 January 2017	30 June 2018
AASB 2017-1 - Amendments to Australian Accounting Standards - Transfers of Investment Property, Annual Improvements 2014-2016 Cycle and Other Amendments	1 January 2018	30 June 2019
Interpretation 22 Foreign Currency Transactions and Advance Consideration	1 January 2018	30 June 2019

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 June 2018

(v) Comparative figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

Where the Group has retrospectively applied an accounting policy, made a retrospective restatement of items in the financial statements or reclassified items in its financial statements, an additional statement of financial position as at the beginning of the earliest comparative period will be disclosed.

2. Financial risk management

The Group's activities expose it to a variety of financial risks: market risk, credit risk, currency risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effect on the financial performance of the Group.

The Group hold the following financial instruments:

	Consolidated 2018 \$	Consolidated 2017 \$
Financial assets		
Cash and cash equivalents	401,311	214,684
Other receivables	25,996	47,963
Fair-value-through profit or loss financial asset	-	-
Available-for-sale financial asset	-	579,142
	<u>427,307</u>	<u>841,789</u>
	Consolidated 2018 \$	Consolidated 2017 \$
Financial liabilities		
Trade and other payables	152,110	235,252
Unsecured borrowings (Note 14)	519,000	1,970,397
Secured loan associated with non-current asset held for sale (Note 8, 15)	-	1,800,000
Secured borrowings (Note 15)	-	200,000
	<u>671,110</u>	<u>4,205,649</u>

(a) Market risk

i. Foreign exchange risk

Group sensitivity – foreign exchange risk

The consolidated entity has no foreign currency exposure risk as at reporting date.

ii. Price risk

The Group is exposed to equity securities price risk. This arises from investments held by the Group and classified on the balance sheet either as available-for-sale or at fair value through profit or loss. The Group is not exposed to commodity price risk as at reporting date.

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The majority of the group's equity investments are publicly traded on the Australian Stock Exchange.

iii. *Interest rate risk*

The Group's exposure to interest rate risk is summarised in the table below:

	Weighted average effective interest rate	Non interest bearing	Floating interest	Fixed interest rate	Total
	2018 %	2018 \$	2018 \$	2018 \$	2018 \$
<i>Financial assets</i>					
Bank	1.6%	401,311	-	-	401,311
<i>Financial liabilities</i>					
Borrowings	11.3%	-	-	519,000	519,000

	Weighted average effective interest rate	Non interest bearing	Floating interest	Fixed interest rate	Total
	2017 %	2017 \$	2017 \$	2017 \$	2017 \$
<i>Financial assets</i>					
Bank	1.6%	9,461	129,091	76,132	214,684
<i>Financial liabilities</i>					
Borrowings	11.3%	200,000	-	1,970,397	2,170,397

Group sensitivity – interest rate risk

The Group has no material exposure to interest rate sensitivity for financial years ended 2018 and 2017.

(b) Credit risk

Credit risk is managed on a group basis and reviewed regularly. Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions, including outstanding receivables and committed transactions. As at 30 June 2018 there were no trade receivable balances.

Credit risk from balances with banks and financial institutions is regularly monitored and reviewed by The Board. No material exposure is considered to exist as the Group's policy is to invest its cash and cash equivalents with financial institutions having a credit rating of at least AAA.

NOTES TO THE FINANCIAL STATEMENTS

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	Consolidated 2018 \$	Consolidated 2017 \$
Cash and bank balances:		
- Continuing operations	401,311	138,552
- Discontinued operations (Note 8)	-	76,132
	<u>401,311</u>	<u>214,684</u>

(c) Foreign currency risk

During the period and prior period, the Group was not exposed to any foreign currency risk.

(d) Liquidity risk

Liquidity risk arises from the possibility that there will be sufficient funds available to make payment as and when required. The Group manages liquidity risk by continuously monitoring forecast and actual cash flows.

Maturities of financial liabilities

The tables below analyses the Group's and the parent entity's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

30 June 2018	Less than 6 months \$	6-12 months \$	Between 1 & 2 years \$	Between 2 & 5 years \$	Over 5 years \$	Total \$
<i>Non interest bearing</i>						
Trade and other payables	152,110	-	-	-	-	152,110
<i>Fixed rate</i>						
Borrowings - unsecured	-	519,000	-	-	-	519,000

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 June 2018

30 June 2017	Less than 6 months \$	6-12 months \$	Between 1 & 2 years \$	Between 2 & 5 years \$	Over 5 years \$	Total \$
<i>Non interest bearing</i>						
Trade and other payables	49,560	3,644	-	-	-	53,204
Borrowings - secured	200,000	-	-	-	-	200,000
<i>Fixed rate</i>						
Insurance funding	587	-	-	-	-	587
Borrowings - unsecured	1,970,397	-	-	-	-	1,970,397
Borrowings – included in liabilities associated with assets classified as held for sale	1,800,000	-	-	-	-	1,800,000

(e) Fair value of financial instruments

The directors have determined the fair value of its available-for-sale equity securities held using quoted prices on an active market. The fair value of available-for-sale equity securities is therefore classified as Level 1 under the accounting standards.

The fair value of convertible notes is classified as Level 3 under the accounting standards due to there being one or more unobservable inputs (see Note 14).

	Consolidated 2018 \$	Consolidated 2017 \$
3. Investment income		
Interest revenue	866	3,422
Gain on extinguishment of loans (Note 8)	178,063	-
Loan forgiveness	62,131	-
Others	16,671	
	<u>257,731</u>	<u>3,422</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 June 2018

	Consolidated 2018 \$	Consolidated 2017 \$
4. Other gains and losses		
Loss for the year has been arrived at after crediting the following gains and losses:		
Gain/(loss) on disposal of property, plant & equipment	-	6,868
Recycling of other comprehensive income to profit or loss	(1,053,728)	-
Net loss arising on financial asset classified as fair value through profit or loss	-	(78,000)
	<u>(1,053,728)</u>	<u>(71,132)</u>

On 26 September 2017, it was approved that the 16,949,176 shares held in Cauldron Energy Ltd (CXU) with a book value of \$576,272 as at that date be used to settle the loan from Joseph Capital amounting to \$500,000. Consequently, the revaluation reserve attached to the available-for-sale financial assets were recycled to profit or loss at the date of transfer.

	Consolidated 2018 \$	Consolidated 2017 \$
5. Other expenses		
Vehicle and freight costs	-	433
Travel expense	8,463	57,945
Legal and professional expense	177,409	135,394
Directors fees	18,917	70,278
Other expenses	-	61,659
	<u>204,789</u>	<u>325,709</u>

	Consolidated 2018 \$	Consolidated 2017 \$
6. Income taxes		
Tax expense/(income) comprises:		
Current tax expense/(income) in respect of the current year	-	-

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(a) The prima facie income tax expense on pre-tax accounting profit from operations reconciles to the income tax expense in the financial statements as follows:

Loss before income tax	(2,069,838)	(4,717,822)
Income tax expense calculated at 30%	(620,951)	(1,415,347)
Effect of amounts that are not deductible (taxable) in determining taxable profit:		
Non-deductible/(taxable) items	20,161	827,154
	(600,790)	(588,193)
Tax losses and temporary difference not recognised	600,790	588,193
	-	-

(b) Unused tax losses for which no deferred tax assets has been recognised	30,065,428	29,464,638
Potential tax benefit at 30%	9,019,628	8,839,391

7. Discontinued operations

7.1 Plan to dispose of the Mount Garnet mine site

On 22 August 2017, Niflheim Resources Pte Ltd signed a deed of termination and a transfer agreement agreeing to extinguish the \$1,800,000 conditional secured converting note, via the transfer of the tin tenements and property, plant and equipment held at the Mount Garnet mine, to MGT Minerals Pty Ltd, an associated entity of Niflheim Resources Pte Ltd.

In 2017, an impairment loss of \$172,360 has been recognised in MGT Mining Limited in respect of the transfer of tin assets and property, plant and equipment to Niflheim Resources Pte Ltd to extinguish the \$1,800,000 conditional secured converting note. During the year, an additional \$98,403 impairment loss was recognised because capitalised expenses incurred in relation to the maintenance tin assets are not recoverable from Niflheim Resources Pte Ltd.

	Consolidated 2018 \$	Consolidated 2017 \$
Loss for the year from discontinued operations		
Revenue	-	-
Other gains	-	-
Expenses	98,403	1,102,652
Loss before tax	98,403	1,102,652
Attributable income tax expense	-	-
Post-tax loss for the financial year	98,403	1,102,652

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	Consolidated 2018 \$	Consolidated 2017 \$
Cash flow from discontinued operations		
Net cash outflow from operating activities	-	(226,812)
Net cash outflow from investing activities	-	(168,357)
Net cash inflow from financing activities	-	1,796,383
Net cash inflows	<u>-</u>	<u>1,401,214</u>

The Mount Garnet Mine site including all tin assets and property, plant and equipment has been classified and accounted for at 30 June 2017 as a disposal group held for sale (see note 8)

8. Assets classified as held for sale	Consolidated 2018 \$	Consolidated 2017 \$
Cash at bank	-	76,132
	-	76,132
Tin assets reclassified (Note 11)	-	1,180,677
Tin asset impairment	-	(96,438)
	-	1,084,239
Property, plant and equipment reclassified (Note 12)	-	929,515
Property, plant and equipment impairment	-	(75,922)
	-	853,593
Assets classified as held for sale	<u>-</u>	<u>2,013,964</u>
Liabilities associated with assets held for sale:		
Conditional secured converting note (Note 15)	-	(1,800,000)
Accruals	-	(230,274)
Repair & maintenance provision (Note 16)	-	(77,626)
Mine rehabilitation and restoration (Note 16)	-	(76,132)
Trade and other creditors	-	(7,995)
	-	(2,192,027)
Net liabilities classified as held for sale	<u>-</u>	<u>(178,063)</u>

On 9 February 2018, the tin assets and property, plant and equipment were transferred to MGT Minerals Pty Ltd thereby fully extinguishing the liabilities attached to the non-current assets held for sale. A gain on transfer of \$178,063 was recognised in the books.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 June 2018

9. Other receivables	Consolidated 2018 \$	Consolidated 2017 \$
Current		
Prepayments and deposits	-	25,616
Other receivables	-	-
GST refund	25,996	10,847
Rental bond	-	11,500
	<u>25,996</u>	<u>47,963</u>

10. Other financial assets	Consolidated 2018 \$	Consolidated 2017 \$
Current		
Fair Value through profit or loss financial asset:		
Quoted Shares	<u>8,603</u>	<u>576,272</u>
Non-Current		
Available for sale investments carried at fair value:		
Quoted shares	<u>2,869</u>	<u>2,869</u>

The investment held in Cauldron Energy Limited (CXU) was transferred to Joseph Capital Limited as settlement of the \$500,000 loans payable to said entity.

11. Exploration and evaluation expenditure	Consolidated 2018 \$	Consolidated 2017 \$
Balance at the beginning of the year	870,421	1,831,345
Tenement write-back/ (impairment)	(57,654)	14,549
Expenditure incurred during the year	70,286	205,204
Reclassified as held for sale (Note 8)	-	(1,180,677)
Balance at the end of the year	<u>883,053</u>	<u>870,421</u>

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 successful development and exploitation of the area of interest, or alternatively, by its sale.

During the year, the Group has recognised impairment loss of \$57,654 to zero-out the carrying amount of tenements whose grants were no longer renewed.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 June 2018

12. Plant and Equipment

	Office equipment \$	Mine infrastructure \$	Motor vehicle \$	Total \$
At 30 June 2018				
Cost	528,846	-	-	528,846
Accumulated depreciation	(466,304)	-	-	(466,304)
Disposal of assets	-	-	-	-
Reclassified as held for sale (Note 8)	(62,542)	-	-	(62,542)
Net book value	-	-	-	-

Year ended 30 June 2018

Balance at the beginning of the financial year:	93,215	-	-	93,215
Disposals	-	-	-	-
Depreciation expense	(30,673)	-	-	(30,673)
Reclassified as held for sale	(62,542)	-	-	(62,542)
Balance at the end of the financial year	-	-	-	-

	Office equipment \$	Mine infrastructure \$	Motor vehicle \$	Total \$
At 30 June 2017				
Cost	528,846	3,845,477	283,790	4,660,113
Accumulated depreciation	(458,753)	(2,981,791)	(280,281)	(3,720,825)
Disposal of assets	-	-	(2,222)	(2,222)
Reclassified as held for sale (Note 8)	(62,542)	(863,686)	(3,287)	(929,515)
Net book value	7,552	-	-	7,551

Year ended 30 June 2017

Balance at the beginning of the financial year:	93,215	1,425,069	21,266	1,539,550
Disposals	-	-	(2,222)	(2,222)
Depreciation expense	(23,122)	(115,729)	(15,757)	(154,608)
Reclassified as held for sale	(62,542)	(863,686)	(3,287)	(929,515)
Balance at the end of the financial year	7,551	-	-	7,551

The Mount Garnet Mine site including all property, plant and equipment held by MGT Mining Limited has been classified and accounted for at 30 June 2017 as a disposal group held for sale (see note 8) as its carrying value will be recovered principally through the transfer of assets

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FOR THE YEAR ENDED 30 June 2018

to MGT Minerals Pty Ltd as part of the a termination deed with Niflheim Resources Pte Ltd whereby the \$1,800,000 conditional secured converting note and all interest and fees payable will be extinguished via the transfer of tin assets and property, plant and equipment of MGT Mining Limited to MGT Minerals Pty Ltd (see Note 29).

	Consolidated 2018 \$	Consolidated 2017 \$
13. Trade and other payables		
Trade and other payables	112,786	41,891
Accrued expenses	39,324	193,361
	<u>152,110</u>	<u>235,252</u>

	Consolidated 2018 \$	Consolidated 2017 \$
14. Unsecured borrowings		
Current		
Convertible note (i)	-	1,486,000
Convertible note (ii)	-	484,397
Unsecured loan (iii)	519,000	-
	<u>519,000</u>	<u>1,970,397</u>

- (i) The parent entity Avira Resources Limited issued convertible notes to Armstrong Industries HK Limited on 11 November 2011 with a principal sum of \$1,500,000 and a term of 2 years. Interest on the convertible notes is payable at the rate of 8% per annum. The convertible note was extended on 11 November 2013 and rolled into a new convertible note for a further term of 3 years to 11 November 2016. On 15 September 2016, Armstrong Industries HK Limited agreed to extend the maturity of the convertible note of \$1,500,000 to 11 November 2017. The interest rate on the Armstrong Industries HK Limited convertible note increased to 15% in respect of the period on and from 12 November 2016. On 22 June 2017 Armstrong Industries HK Limited agreed to convert the \$1,500,000 convertible notes plus interest due and payable thereunder into preference shares on a dollar for dollar basis at a conversion price of \$0.19 per preference share.
- (ii) The parent entity, Avira Resources Limited issued a convertible note to Joseph Capital (Hong Kong) Limited on 19 October 2016 with a principal sum of \$500,000. The Convertible note matures 12 months after issue, being 19 October 2017. Interest on the convertible note is payable at 6% per annum, quarterly in arrears. On 22 June 2017, Joseph Capital (Hong Kong) Limited signed a termination deed agreeing to extinguish the \$500,000 convertible note and all remaining interest due and payable to Joseph Capital (Hong Kong) Limited via the transfer of 16,949,176 Cauldron Resources Limited ordinary shares held by Avira Resources Limited, to Joseph Capital (Hong Kong) Limited or its nominee. The transfer was completed on 26 September 2017.

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FOR THE YEAR ENDED 30 June 2018

- (iii) In June 2018, Avira Resources Limited has issued convertible notes aggregating \$519,000 to several lenders. The salient terms of the convertible loans follow:
- Nominal interest rate is 12%;
 - The loans mature on 31 August 2019;
 - The loans are convertible to ordinary shares of Avira Energy Limited at a conversion price of the shares issued pursuant to the company's Capital Raising;

Fair value measurement of the Group's borrowings

The directors have determined the fair value of its available-for-sale equity securities held using quoted prices on an active market. The fair value of available-for-sale equity securities is therefore classified as Level 1 under the accounting standards.

The initial fair value of the liability portion of the convertible notes issued to Armstrong Industries HK Limited, in previous periods was determined using an estimated market interest rate of 9% initially, then 14% upon rolling over the convertible note in 2013, then 18% upon rolling over the convertible note in 2017. These rates were determined to be an estimate of the benchmark rates for a similar organisation at that time.

The liability is subsequently recognised on an amortised cost basis until extinguished on conversion or maturity of the convertible notes. The difference between the principal and the present value component was taken to equity as an equity derivative and not subsequently remeasured.

The fair values of current convertible notes are based on discounted cash flows using the 18.00% rate described above. Convertible notes are classified as level 3 (If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3) fair values in the fair value hierarchy due to the use of unobservable inputs, including own credit risk. Refer to note 12 for more disclosure. The directors consider that the carrying amounts of current trade and other receivables and payables recognised in the consolidated financial statements approximate their fair values.

The fair value of current convertible notes are based on discounted cash flows using the 18% rate described above. Convertible notes are classified as level 3 (If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3) fair values in the fair value hierarchy due to the use of unobservable inputs, including own credit risk.

	Consolidated 2018 \$	Consolidated 2017 \$
15.Secured borrowings		
Current		
Opening balance(i)	200,000	1,500,000
Repayment (ii)	-	(1,500,000)
Secured loan repayment (iii)	(200,000)	200,000
Conditional Secured Converting Note (iv)	-	1,800,000
Reclassified to held for sale (Note 8) (iv)	-	(1,800,000)
	-	200,000

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 June 2018

(i) On 6 February 2015, MGT Mining Limited signed a secured loan agreement with Taimetco International Co., Limited for \$1,500,000 with a term of 2 years at an interest rate of 6.5% per annum.

(ii) The Taimetco International Co., Limited secured loan of \$1,500,000 plus interest was paid in full on 6 April 2017, following an agreed extension, using the majority of the funds received from the \$1,800,000 conditional secured converting note between MGT Mining Limited and Niflheim Resources Pte Ltd (see iv below). Following this, the security over the MGT Mining Limited assets held by Taimetco International Co., Limited were released.

(iii) On 17 May 2017, Avira Resources Limited signed a \$200,000 secured loan agreement with Niflheim Resources Pte Ltd, secured against the 95,638,256 shares that Avira Resources Limited holds in MGT Mining Limited. The secured loan expires within 3 months of issue. On 14 August 2017 Niflheim Resources Pte Ltd granted an extension to 22 August 2017. On 22 August 2017 a further extension was granted until 30 October 2017. The loan was paid back in full in January 2018, partly in cash and through the issue of 33,333,333 Shares (issued pursuant to resolution 3 as approved by shareholders at the general meeting held on 22 December 2017).

(iv) On 24 March 2017, MGT Mining Limited entered into a \$1,800,000 conditional secured converting note with Niflheim Resources Pte Ltd.

As part of the security arrangement with Niflheim Resources Pte Ltd, MGT Mining Limited has registered mortgages with the Queensland Government over the following tenements:

- ML 20547 Summer Hill
- ML 4349 Mt Veteran
- EPM 16948 Nymbool
- EPM 25433 Nanyetta
- EPM 25690 Nymbool West
- EPM 25716 Fuzzy Hill
- EPM 25347 Nymbool Extended

On 22 August 2017, MGT Mining Limited entered into a deed of termination with Niflheim Resources Pte Ltd whereby the \$1,800,000 convertible note will be extinguished via the transfer of tin, property, plant and equipment at the Mount Garnet site to MGT Minerals Pty Ltd, an associated entity of Niflheim Resources Pte Ltd. The tin assets and property, plant and equipment were transferred on 9 February 2018, effectively extinguishing the loans payable to Niflheim Resources Pte Ltd.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 June 2018

	Consolidated 2018 \$	Consolidated 2017 \$
16. Provisions		
Current		
Employee benefits (i)	-	26,368
Repair & maintenance (iii)	-	77,626
Reclassified to held for sale (Note 8)	-	(77,626)
	-	26,368
Non – current		
Employee benefits (i)	-	47,719
Mine rehabilitation and restoration (ii)	-	76,132
Reclassified to held for sale (Note 8)	-	(76,132)
	-	47,719
Disclosed in the financial statements as:		
Current provisions	-	26,368
Non-current provisions	-	47,719
	-	74,087

(i) Employee benefits

Represents annual leave and long service leave. All of the Group's permanent employees have resigned as at 30 June 2018; hence, the provision for employee benefits were either paid out to or used by the employees.

As stipulated in the Asset Transfer Agreement entered into between MGT Mining Limited and MGT Minerals Pty Ltd (see Note 29), MGT Minerals Pty Ltd will assume liabilities in respect of the assets transferred and the assets' associated costs, which existed or accrued prior to the transfer completion date and which may exist on or after completion, other than excluded liabilities specifically stipulated in the Agreement. For clarity, transferred liabilities include environmental obligations and liabilities. As the provisions for mine rehabilitation and repair and maintenance of tailings storage facility are specifically attached to the tin assets, these provisions are reclassified to held for sale.

	Consolidated 2018 \$	Consolidated 2017 \$
17. Issued capital		
(a) Share capital		
378,333,333 fully paid ordinary shares (2017: 48,306,640)	28,710,553	20,089,813
Fully paid convertible preference shares (30 June 2017: 6,000,000)	-	6,000,000
	28,710,553	26,089,813

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 June 2018

	No. of shares	Issue price	No. of shares
(b) Movements in ordinary share capital			
Opening balance	48,306,640		452,763,101
July 2016 issue of shares	-	0.033	30,303,030
July 2017 issue of shares for cash	269,971,705	0.003	-
Conversion of loan to equity	33,333,333	0.003	-
Conversion of preference shares to ordinary shares	18,181,820	0.033	-
	8,839,835	0.019	-
10: 1 share consolidation (i)	-		(434,759,491)
Total	<u>378,333,333</u>		<u>48,306,640</u>

	No. of shares	Issue price	Share Capital \$
(c) Movements in convertible preference shares			
Opening balance	18,181,820		-
Issue of preference shares (iii)	8,839,835	0.019	-
Conversion of convertible notes into preference shares (ii)	-	0.033	181,818,181
Conversion of preference shares into fully paid ordinary shares (ii)(iii)	(27,021,655)	0.033	-
10:1 share consolidation (i)	-		(163,636,361)
Total	<u>-</u>		<u>18,181,820</u>

(i) Following the Annual General Meeting on 30 November 2016 shareholders approved a 10:1 Share Consolidation whereby every 10 fully paid shares were consolidated into 1 fully paid share. Where the share consolidation resulted in an entitlement to a fraction, that fraction was rounded up to the nearest whole number of shares.

(ii) Following the general meeting of shareholders on 16 September 2016, \$3,000,000 convertible notes owing to Marvel Network Limited were converted to \$3,000,000 preference shares. Holders of preference shares rank equally with the holders of ordinary share in respect of dividends. On a return of capital on liquidation, preference shareholders have the right to be paid in priority to any return of assets in respect of any other class of shares.

Preference shareholders have the right to convert all or some of the preference shares into ordinary shares at any time up to the final conversion date being 16 September 2021, on a one for one basis.

Following the 10:1 Share Consolidation, the number of redeemable preference shares on issue was reorganised to 18,181,820. Avira Resources Limited may, at its sole discretion, elect to redeem the preference shares by payment of a redemption amount equal to \$0.33 per preference share, at any time prior to the final conversion date on 16 September 2021. Conversion to fully paid ordinary shares occurred in October 2017.

(iii) 8,839,835 Fully Paid Preference Shares issued to Armstrong Industries HK Limited following shareholder approval at a general meeting held on 26th September 2017. These shares are then converted to ordinary shares at a conversion price of \$0.19 per share.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 June 2018

Capital risk management

The group's objectives when managing capital are to safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. Consistent with others in the industry, the group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'borrowings' and 'trade and other payables' as shown in the statement of financial position) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the statement of financial position (including non – controlling interests) plus net debt.

Whilst the group strategy remains to maintain a lower gearing ratio, tight financial markets did not assist with raising debt free capital and in order to continue to carry out strategic objectives, a secured loan and conditional secured converting note (see Note 15). Subsequent to year end and following shareholder approval on 26 September 2017, the group has subsequently restructured part of the debt by converting \$1,500,000 of the Armstrong Industries HK Limited convertible notes into preference shares and eliminated the \$500,000 convertible note owing to Joseph Capital (Hong Kong) Limited via the transfer of Cauldron Resources Limited shares to a nominee entity of Joseph Capital (Hong Kong) Limited. MGT Mining Limited also entered into a deed of termination with Niflheim Resources Pte Ltd to terminate the \$1,800,000 conditional secured converting note via the transfer of tin, property, plant and equipment from the Mount Garnet site to MGT Minerals Pty Ltd, a nominee entity of Niflheim Resources Pte Ltd (refer to note 29).

The gearing ratios at 30 June 2018 and 30 June 2017 were as follows:

	Consolidated 2018 \$	Consolidated 2017 \$
Total borrowings, excluding provisions	671,111	2,405,649
Total secured and non-secured liabilities directly associated with assets classified as held for sale	-	2,038,168
Total borrowings	671,111	4,443,817
Cash and cash equivalents	(401,311)	(138,552)
Net debt	269,800	4,305,265
Total equity	650,722	(1,014,171)
Total capital	920,522	3,291,094
Net debt to equity ratio	29%	131%

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 June 2018

18. Reserves

	Consolidated 2018 \$	Consolidated 2017 \$
Revaluation reserves on available for sale securities		
(a)	(8,862)	(1,062,590)
Share options reserve (b)	2,198,445	2,138,182
Embedded derivative on equity components (c)	-	88,983
	<u>2,189,583</u>	<u>1,164,575</u>
 (a) Revaluation Reserve		
Balance at beginning of financial year	(1,062,690)	(521,344)
Revaluation decrements	-	(541,256)
Recycling to profit or loss (Note 4)	1,053,728	-
	<u>(8,862)</u>	<u>(1,062,690)</u>
 (b) Share options reserve		
Balance at beginning of financial year	2,138,182	212,255
Options expired during the year	-	(212,255)
Share options issued and vested (Note 29)	60,263	427,636
Share options issued and unvested	-	1,710,546
	<u>2,198,445</u>	<u>2,138,182</u>
 (c) Equity derivative		
Balance at beginning of financial year	88,983	189,847
Equity derivative derecognized on expiry of convertible note or converted	(88,983)	(189,847)
Equity derivative created on issue of convertible loan	-	88,983
	<u>-</u>	<u>88,983</u>

19. Retained Earnings

Balance at beginning of financial year	(27,440,116)	(23,341,252)
Transfer to retained earnings	88,983	401,209
Net loss attributed to members of the parent entity	(2,104,935)	(4,500,073)
	<u>(29,366,068)</u>	<u>(27,440,116)</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 June 2018

	Consolidated 2018	Consolidated 2018
20. Earnings per share	Cents per share	Cents per share
Basic earning per share		
From continuing operations	(0.87)	(14.42)
From discontinued operations	(0.005)	(4.06)
Total basis earnings per share	<u>(0.92)</u>	<u>(18.48)</u>
	Cents per share	Cents per share
Diluted earnings per share		
From continuing operations	(0.76)	(6.40)
From discontinued operations	(0.004)	(2.01)
Total diluted earnings per share	<u>(0.80)</u>	<u>(8.41)</u>
Basic earning per share	\$	\$
The earning and weighted average number of ordinary shares used in the calculation of basis earning per share are as follows:		
Net loss for the year	1,966,645	4,500,073
Earning used in the calculation of basic earning per share	<u>1,966,645</u>	<u>4,500,073</u>
Loss for the year from discontinued operations used in the calculation of basis earnings per share from discontinued operations	-	(986,653)
Earnings used in the calculation of basic earnings per share from continuing operations	<u>(1,966,645)</u>	<u>3,513,420</u>
	No.	No.
Weighted average number of ordinary shares for the purpose of basic earnings per share	219,300,649	24,351,829
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 for the year	2,069,838	4,500,073
Interest on convertible notes	-	(379,962)
Earning used in the calculation of diluted earnings per share	<u>2,059,838</u>	<u>4,120,111</u>
Loss for the year from discontinued operations used in the calculation of diluted earnings per share from discontinued operations	-	(986,653)
Earnings used in the calculation of diluted earnings per share from continuing operations	<u>2,069,838</u>	<u>3,133,458</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 June 2018

	No.	No.
Weighted average number of ordinary shares for the purpose of diluted earnings per share	251,093,925	48,998,020

Options attached to converting financial instruments were excluded from the diluted weighted average number of ordinary shares calculation as their effect would have been anti-dilutive.

*The prior year weighted average number of ordinary shares has been adjusted for the 10:1 share consolidation which completed on 5 December 2016 in order to be consistent with current year presentation (Refer to Note 1).

21. Commitments

(a) Future exploration

MGT Mining Limited has certain uncontracted obligations to expend minimum amounts on exploration in tenement areas. These obligations may be varied from time to time and are expected to be fulfilled in the normal course of operations.

The uncontracted commitments to be undertaken are as follows:

	Consolidated 2018 \$	Consolidated 2017 \$
No later than 1 year	418,025	526,564
Later than 1 year and not later than 5 years	370,000	1,413,528
Later than five years	105,000	
	<u>893,025</u>	<u>1,940,092</u>

To keep tenements in good standing, work programs should meet certain minimum expenditure requirements. If the minimum expenditure requirements are not met, MGT Mining Limited has the option to negotiate new terms or relinquish the tenements. MGT Mining Limited also has the ability to meet expenditure requirements by joint venture or farm-in agreements.

22. Subsidiaries

Details of the Group's subsidiaries at the end of the reporting period are as follows:

Name of subsidiary	Country of incorporation	Proportion of ownership interest and voting power held by the Group	
		2017 %	2016 %
MGT Mining Limited	Australia	89.48%	89.48%
Garimperos Pty Limited	Australia	100.00%	100.00%
(i) Avira Australia Pty Ltd	Australia	100%	-
(ii)			

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 June 2018

- (i) Garimperos Pty Limited is 100% owned by MGT Mining Limited.
- (ii) MGT Resources Pty Ltd was registered as a wholly owned subsidiary of Avira Resources Limited on 2 September 2016. On 31 January 2017, MGT Resources Pty Ltd changed its name to Avira Australia Pty Ltd.

22.1 Non-controlling interests (NCI)

Set out below is summarised financial information for MGT Mining Limited that has non-controlling interests that are material to the group. The amounts disclosed for MGT Mining Limited are before inter-company eliminations.

MGT Mining Limited

Summarised balance sheet

	2018 \$	2017 \$
Assets		
Current assets	28,681	44,586
Non-current assets classified as held for sale	-	2,013,964
Total current assets	28,681	2,058,550
Non-current assets	811,264	849,285
Total assets	839,945	2,907,835
Liabilities		
Current liabilities	(9,236,765)	(8,590,734)
Liabilities directly associated with non-current assets classified as held for sale	-	(2,192,027)
Total current liabilities	(9,236,765)	(10,782,761)
Non-current liabilities	-	-
Total liabilities	(9,236,765)	(10,782,761)
Net (liabilities)	(8,396,820)	(7,874,926)

MGT Mining Limited (continued)

	2018 \$	2017 \$
Accumulated NCI	(883,346)	(828,442)
Summarised statement of comprehensive income		
Loss for the year	(521,894)	(967,199)
Loss for the year from discontinued operations	-	(1,102,652)
Total loss for the year	(521,894)	(2,069,851)
Other comprehensive income	-	1,262
Total comprehensive income	(521,894)	(2,068,589)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 June 2018

Loss allocated to NCI	(54,903)	(217,748)
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Summarised cash flows

Cash flow from operating activities	(606,315)	(223,626)
Cash flow from investing activities	-	(191,111)
Cash flow from financing activities	622,123	413,849
Net increase/(decrease) in cash and cash equivalents	<u>15,808</u>	<u>(888)</u>

23. Notes to the cash flow statement

(a) Reconciliation of cash and cash equivalents

For the purpose of the cash flow statement, cash and cash equivalents included cash on hand and in bank. Cash and cash equivalents at the end of the financial year follows:

	Consolidated 2018 \$	Consolidated 2017 \$
Cash and cash equivalents	<u>401,311</u>	<u>138,552</u>
	<u>401,311</u>	<u>138,552</u>

For the purpose of presenting the consolidated statement of cash flows, cash and cash equivalents comprise the following at the end for the financial year:

	Consolidated 2018 \$	Consolidated 2017 \$
Cash and bank balances:		
- Continuing operations	401,311	138,552
- Discontinued operations (Note 8)	-	76,132
	<u>401,311</u>	<u>214,684</u>

(b) Reconciliation of loss for the period to net cash flows from operating activities

	Consolidated 2018 \$	Consolidated 2017 \$
Loss for the year	<u>(2,069,838)</u>	<u>(4,717,822)</u>
Interest expense	143,126	510,422
Non-cash flow items		
Gain on disposal of property, plant and equipment	-	(6,868)
Accrued interest expenses	-	-
Impairment (gain)/loss	57,654	(14,549)
Related to discontinued operations	-	767,841
Recycling of other comprehensive income to profit or loss	1,053,728	-
Depreciation expense	7,551	4,782

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 June 2018

	Consolidated 2018 \$	Consolidated 2017 \$
Issue of share options	60,263	2,138,182
Gain on extinguishment of loan	(178,063)	-
Expiry of share options	-	78,000
Interest adjustment on borrowings	-	20,601
Loss on transfer of CXU shares	76,272	-
Decrease in other current assets and other receivables	13,364	7,133
Increase/(decrease) in trade and other payables	(83,142)	26,560
Increase/(decrease) in Provisions	(74,087)	13,323
Net cash from operating activities	<u>(993,172)</u>	<u>(1,172,395)</u>

(c) Non-cash Transactions

Non-cash transactions as at 30 June 2018 pertain to the following:

- (i) Conversion of loan to equity aggregating to \$1,600,000
- (ii) Settlement of \$500,00 loan through the transfer of Cauldron Energy Limited shares
- (iii) Transfer of non-current assets held for sale of \$2,013,964

24. Parent entity disclosure

(a) Financial position	2018 \$	2017 \$
Assets		
Current assets	9,626,983	8,713,573
Less provision for bad debt (Intercompany)	(8,571,642)	(8,571,642)
Non-current assets	11,652,463	12,185,632
Less provision for impairment of MGT Mining Ltd	(10,940,564)	(10,940,564)
Total assets	<u>1,767,240</u>	<u>1,386,999</u>
Liabilities		
Current liabilities	(654,101)	(2,412,925)
Non-current liabilities	-	(47,719)
Total liabilities	<u>(654,101)</u>	<u>(2,460,644)</u>
Equity		
Issued equity	28,710,551	26,089,812
Retained earnings	(29,796,520)	(28,336,893)
Reserves	2,199,108	1,173,436
Total equity	<u>1,113,139</u>	<u>(1,073,645)</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 June 2018

	Consolidated 2018 \$	Consolidated 2017 \$
(b) Financial performance		
Management fee income	355,807	240,000
Loss for the year	(1,836,529)	(671,789)
Bad debt provision (Intercompany)	-	(1,149,622)
Impairment of investment in MGT Mining Ltd	-	(799,976)
Fair value loss	-	(78,000)
Share options issued	(60,263)	(2,138,182)
Total comprehensive income	<u>(1,540,985)</u>	<u>(4,597,569)</u>

(c) Contingent liabilities of the parent entity

The parent entity did not have any contingent liabilities during the current or prior periods.

(d) Guarantees entered into by the parent entity in relation to the debts of its subsidiaries

The parent entity has not entered into any guarantees in relation to the the debts of its subsidiaries.

	Consolidated 2018 \$	Consolidated 2017 \$
25. Auditors remuneration		
Audit services		
Audit and review of financial reports	53,000	59,900
Non-audit services	15,000	15,250
Total auditor's remuneration	<u>68,000</u>	<u>75,150</u>

26. Share-based payments

(a) Employee share option plan

The Group has an ownership-based compensation scheme for executives and senior employees. In accordance with the terms of the plan, as approved by shareholders at a previous annual general meeting, executives and senior employees may be granted options to purchase ordinary shares at various exercise prices.

Each employee share option converts into one ordinary share of Avira Resources Limited (formerly MGT Resources Ltd) on exercise. No amounts are paid or payable by the recipient on receipt of the option. The options carry neither rights to dividends nor voting rights. Options may be exercised at any time from the date of vesting to the date of their expiry.

The following share-based payment arrangements were in existence during the current and prior reporting periods:

Option series	Grant date	Expiry date	Exercise price \$	Fair value at grant date	Vesting date
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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 June 2018

					\$
A	7 Nov 2013	7 Nov 2016	0.15	0.0288	Vests at the date of grant
B	17 Dec 2013	17 Dec 2016	0.15	0.0288	Vests 17 Dec 2015 provided the eligible recipient is employed by the group on that date

(b) Movements in share options during the year

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

	2018		2017	
	No. of options	Weighted average exercise price \$	No. of options	Weighted average exercise price \$
Balance at beginning of year	7,727,728	0.010	7,850,000	0.150
Granted during the year (i)	50,000,000	0.010	72,727,274	0.001
Exercised during the year	-	-	-	-
Expired or cancelled during the year	-	-	(7,850,000)	0.150
Adjusted as part of 10:1 share consolidation (ii)	-	-	(65,454,546)	0.010
Balance at end of the year	<u>57,727,728</u>		<u>7,727,728</u>	0.010
Exercisable at end of year	57,727,728		1,454,546	

(i) On 16 September 2016, Cloud Adventurer Limited were issued with 36,363,637 unquoted options and Marvel Network Limited were issued with 36,363,637 unquoted options, all at nil consideration, exercisable at \$0.001 each, into one ordinary share per option, on or before 16 September 2021, as approved by shareholders at a general meeting on 16 September 2016.

One fifth of options will vest cumulatively each year in the following manner:

- (a) 1/5 of the options vested on 16 September 2016 and are exercisable from that date up until and including 16 September 2021.
- (b) A further 1/5 of the options vest on 16 September 2017 and are exercisable from that date up until and including 16 September 2021.
- (c) A further 1/5 of the options vest on 16 September 2018 and are exercisable from that date up until and including 16 September 2021.
- (d) A further 1/5 of the options vest on 16 September 2019 and are exercisable from that date up until and including 16 September 2021.
- (e) A further 1/5 of the options vest on 16 September 2020 and are exercisable from that date up until and including 16 September 2021.

Grant date	Expiry date	Exercise price	Fair value at grant date	Vesting date
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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 June 2018

16 Sep 2016	16 Sep 2021	\$0.001	\$0.0294	-1/5 vest on 16 Sept 2016
				-1/5 vest on 16 Sept 2017
				-1/5 vest on 16 Sept 2018
				-1/5 vest on 16 Sept 2019
				-1/5 vest on 16 Sept 2020

The options were valued at \$2,138,182 using the Black-Scholes pricing model. The key assumptions applied are set out below:

Volatility	116%
Risk free rate	2.01%
Exercise price	\$0.001

(ii) Following the Annual General Meeting on 30 November 2016, shareholders approved a 10:1 Share Consolidation. In line with this, the unquoted options issued to Cloud Adventurer Limited and Marvel Network Limited were reorganised in line with Listing Rule 7.22.

Non-Employee Share Options	Before consolidation	After the 10:1 consolidation
Number of options issued	72,727,274	7,272,728
Exercise price	\$0.001	\$0.01

27. Key management personnel compensation

The aggregate compensation made to directors and key management personnel of the company and the Group is set out below:

	Consolidated 2018 \$	Consolidated 2017 \$
Short-term employee benefits	149,790	360,163
Post-employment benefits	-	26,257
Other long-term benefits	-	-
Termination benefits	-	-
Share-based payment	-	-
	<u>149,790</u>	<u>386,420</u>

28. Related party transactions

- (i) During the period to 30 June 2018, Jonathan Back, a Director of Avira Resources Limited in his capacity as Chairman through his company, Ocean Central Limited received no fees during the period.
- (ii) Gary Kuo, provided employment services to Avira Resources Limited in his capacity as Managing Director. During the period to 30 June 2018, Gary Kuo received a salary of \$12,880 and superannuation benefits of \$1,132.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 June 2018

- (iii) Christopher Chen provided employment services to Avira Resources Limited in his capacity as Chief Operating Officer. During the period to 30 June 2018, Christopher Chen received a salary of \$34,720 and superannuation benefits of \$2,934.
- (iv) 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 \$22,000 during the period to 30 June 2018.
- (v) During the year, the Group has settled amounts payable to directors aggregating \$60,000.
- (vi) The Group entered into an agreement with Cicero Corporate Services Pty Ltd (an entity in which Sonu Cheema is shareholder and director) (Cicero) defining the terms of engagement for the provision of administration services by Cicero as a contractor to the Group. Cicero will provide the office rent, book-keeping, company secretarial and administration services to the Company for a monthly fee of \$10,000 plus GST.

29.Events occurring after the reporting period

Additional capital raising

Following the end of the financial year, Avira Energy Limited announced the completion of a share placement to sophisticated investors of 448,666,667 fully paid ordinary shares at an issue price of \$0.003 per share, to raise \$1,346,000 before costs on 13 September 2018.

Conversion of loan to equity

On 13 September 2018 pursuant to the Convertible Loan aggregating \$519,000 issued on 27 June 2018, the Company had issued 173,000,000 fully paid ordinary shares to these lenders at the same issue price as the shares issued under the Placement.

There has not been any other matter or circumstance 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.

DIRECTOR'S DECLARATION
FOR THE YEAR ENDED 30 June 2018

The directors declare that:

- (a) In the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable;
- (b) In the directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the company and the consolidated entity;
- (c) In the directors' opinion, the financial statements and notes thereto are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board; and
- (d) The directors' have been given the declarations required by s.295A of the Corporations Act 2001.

Signed in accordance with a resolution of the directors made pursuant to s.295(5) of the Corporations Act 2001.

On behalf of the Directors



David De Loub
Executive Director

Dated: 28 September 2018

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AVIRA RESOURCES LIMITED AND ITS CONTROLLED ENTITIES

Report on the Financial Report

Opinion

We have audited the accompanying financial report of Avira Resources Ltd and its controlled entities (the "Group"), which comprises the consolidated statement of financial position as at 30 June 2018 and consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended on that date, other selected explanatory notes and the directors' declaration as set out on pages 19 to 63.

In our opinion, the accompanying financial report of the Group is in accordance with the Corporations Act 2001, including:

- (i) giving a true and fair view of the Group's financial position as at 30 June 2018 and of its performance for the year ended on that date; and
- (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis of Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the 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 and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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 report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1(a) to the financial statements which describe the uncertainty related to going concern. As at 30 June 2018 the consolidated entity incurred a net loss after tax of \$2,069,838, cash outflows from operating and investing activities of \$993,172 and current liabilities exceeded current assets by \$235,203. The ability of the Group to continue as a going concern is dependent upon the Group's ability to raise additional funds through either debt financing or capital raising arrangements. Should the group fail to raise sufficient funds 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.

Key Audit Matters

The key audit matters are those matters that, in our professional judgement Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How our audit addressed the matter
Impairment assessment of capitalised exploration costs	
<p>A substantial amount of the Group's total assets (68%) relate to identifiable intangible assets which are subject to impairment assessment in accordance with AASB 136, Impairment of Assets.</p> <p>These assets pertain to mining tenements and capitalised exploration and evaluation costs totalling approximately \$0.94million.</p> <p>Management's impairment assessment of these assets are considered as key audit matter as they involve a high degree of management judgment as well as reliance on third party valuation experts.</p>	<p>Our audit procedures included:</p> <ul style="list-style-type: none"> • Evaluating the competency and objectivity of experts who produced the valuation estimates on tenements by considering their professional qualification, experience, use of industry accepted methodology and reporting lines; • Testing the reasonableness of inputs to the valuation report such as the commodity prices and foreign exchange rates; • Comparing the latest exploration findings with the information used in the valuation report.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the annual report for the year ended 30 June 2018, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Directors for the Financial Report

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

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for the auditor's opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the director's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If the auditor concludes that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient and appropriate evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that the auditor identifies during the audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our audit report unless law or regulation precludes public disclosure about the matter or when, in extreme rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included on pages 12 to 14 of the directors' report for the year ended 30 June 2018.

In our opinion, the Remuneration Report of Avira Resources Limited for the year ended 30 June 2018, complies with section 300A of the Corporations Act 2001.

Responsibilities

The directors of the Group are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

MAZARS RISK & ASSURANCE PTY LIMITED



R. Megale

Director

Signed in Sydney this 28th day of September 2018

ADDITIONAL STOCK EXCHANGE INFORMATION

The shareholder information set out below was applicable as at 26 September 2018.

A. Distribution of equity securities

Analysis of numbers of equity security holders by size of holding:

Holding	Class of equity security			
	Ordinary shares	Options	Redeemable preference shares	Convertible notes
1 – 1,000	65	-	-	-
1,001 – 5,000	162	-	-	-
5,001 – 10,000	45	-	-	-
10,001 – 100,000	117	-	-	-
100,001 and over	168	3	-	-
	<u>557</u>	<u>3</u>	<u>-</u>	<u>-</u>

B. Equity security holders

Twenty largest quoted equity security holders

The names of the twenty largest holders of quoted equity securities are listed below:

Name	Ordinary Shares	
	Number held	Percentage of issued shares (%)
TWENTIETH CENTURY MOTOR COMPANY PTY LTD <TWENTIETH CENTURY MC SF A/C>	75,000,000	7.50
SUNSET CAPITAL MANAGEMENT PTY LTD <SUNSET SUPERFUND A/C>	67,000,000	6.70
FERNLAND HOLDINGS PTY LTD <THE CELATO A/C>	33,333,333	3.33
GEMELLI NOMINEES PTY LTD <GEMELLI FAMILY A/C>	25,000,000	2.50
SABRELINE PTY LTD <JPR INVESTMENT A/C>	25,000,000	2.50
MR ANTONY WILLIAM PAUL SAGE + MS LUCY FERNANDES SAGE <EGAS SUPER FUND A/C>	25,000,000	2.50
SCINTILLA STRATEGIC INVESTMENTS LTD	25,000,000	2.50
STATION NOMINEES PTY LTD <STATION SUPER FUND A/C>	25,000,000	2.50
MR JONATHAN MARK WILD	25,000,000	2.50
RANCHLAND HOLDINGS PTY LTD	24,666,667	2.47
HONG KONG JINGAOFENGDA BUSINESS CO LIMITED	23,520,000	2.35
JOSEPH ENERGY (HONG KONG) LTD	19,190,909	1.92
MS LORAIN VON DER WEID-DE WECK	17,816,664	1.78
ZAMBEZI ENTERPRISES PTY LTD	17,500,000	1.75
RAVENHILL INVESTMENTS PTY LTD <HOUSE OF EQUITY A/C>	17,000,000	1.70
SAYERS INVESTMENTS	16,666,667	1.67
SURF COAST CAPITAL PTY LTD <MINNIE P/F A/C>	16,666,667	1.67
MR IAN ALASTAIR LEETE + MRS HELEN LEETE <THE LEETE FAMILY S/F A/C>	16,577,986	1.66
SACCO DEVELOPMENTS AUSTRALIA PTY LIMITED <THE SACCO FAMILY A/C>	15,000,000	1.50
WIMALEX PTY LTD <TRIO S/F A/C>	15,000,000	1.50

ADDITIONAL STOCK EXCHANGE INFORMATION

C. Substantial Shareholders

The names of shareholders with relevant interests of 5% or more (of the voting power of those shares) are listed below:

Name	Ordinary Shares	
	Number held	Percentage of issued shares (%)
TWENTIETH CENTURY MOTOR COMPANY PTY LTD <TWENTIETH CENTURY MC SF A/C>	75,000,000	7.50
SUNSET CAPITAL MANAGEMENT PTY LTD <SUNSET SUPERFUND A/C>	67,000,000	6.70

D. Unquoted Securities (Options)

Unlisted Options		
	Number of Holders	Number on Issue (28 September 2017)
Options over ordinary shares issued	2	7,727,728
Options over ordinary shares issued	1	50,000,000

E. Schedule of Mineral Tenements

Tenement Status

Lease	Current Area	Area Units	Grant Date	Expiry Date	Holder	EA
Pyramid						
EPM12887	16	Sub-Blocks	5-Aug-04	4-Aug-20	MGTM	EPSX00705113
EPM19554	14	Sub-Blocks	16-Dec-14	15-Dec-19	MGTM	EPSX00705113
EPM25154	49	Sub-Blocks	23-Feb-15	22-Feb-20	AVIR	EPSX00899513
Southern Queensland						
EPM12834	4	Sub-Blocks	17-Dec-99	16-Dec-18	MGTM	EPSX00600613
EPM8402	4	Sub-Blocks	13-Nov-91	12-Nov-18	MGTM	EPSX0060071