



AVIRA RESOURCES LIMITED

HALF-YEAR FINANCIAL REPORT

31 DECEMBER 2018

ACN 131 715 645

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Directors' Report

Your directors submit their report for the half-year ended 31 December 2018.

Directors

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

<u>Name</u>	<u>Particulars</u>
David Wheeler	Non-Executive Chairman, appointed on 13 September 2018
Maciej Rosiewicz	Non-Executive Director, appointed on 30 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
Gary Kuo	Non-Executive Director, resigned 28 November 2018
Sonu Cheema	Company Secretary, appointed on 28 November 2017

Principal activities

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

Operating and financial review

(a) Review of operations

The phases of exploration undertaken in the second half of 2018 consisted of;

1. Detailed surface sampling and geological prospecting within the East Pyramid Range area. In order to delineate geochemical anomalism and drill targets in the East Pyramid Range, a systematic surface sampling program was undertaken to cover the Tandoori to Sugarloaf prospect areas, in a similar fashion to the 2014 coverage over the West Pyramid Range.

The key components of the survey were sieved soil samples at a 200m line spacing x 50m sample spacing, in order to delineate gold target areas and multi-element metal zoning. Results indicate several areas with coincident Au-As-Pb anomalism. The most prominent was the Au anomalous zone at the northern end of the survey area with sericite altered rhyolite (Sugarloaf Hill).

2. Additional lag sampling including sub sampling prior to completing Au assays was subsequently completed including XRF return pulp analysis and updating of the geological maps with soil, Lag and rock chip Au and multi element data surface sampling and geological prospecting within the East Pyramid Range area.

Results of the recent surface geochemical sampling and geological prospecting over the East Pyramid Range has highlighted the prospectivity for intrusive related gold mineralisation.

Directors' Report

(b) Significant changes in state of affairs

Share Placement

During the half year the Company completed a share placement of 448,666,667 fully paid ordinary shares at an issue price of \$0.003 per share raising a total of \$1,346,000 before costs

Conversion of Convertible Loans

In addition to the placement, all of the lenders elected to convert their loans totalling \$519,000 to 173,000,000 fully paid ordinary shares at the conversion price of \$0.003.

Shareholders approved the issue of the shares under the placement and pursuant to the Convertible Loan at the General Meeting of Shareholders held on 31st August 2018.

Shareholder approval was received to refresh the company's 10% placement capacity allowing the company to issue up to 100,000,000 ordinary shares in accordance with ASX listing rule 7.1A.2.

Board & management & AGM

On the 13th September the Company announced the resignation of Mr Jonathan Back and the appointment of Mr David Wheeler as the Non-Executive Chairman. Mr Wheeler has more than 30 years of executive management, directorship and corporate advisory experience. David is a Fellow of the Australian Institute of Company Directors and serves on a number of public and private company boards and currently holds a number of directorships and advisory positions in Australian ASX listed companies.

In addition, Mr Kou did not seek re-election as a Non-Executive Director and was subsequently replaced by Mr Maciej Rosiewicz at the Company's AGM held on the 30th November with all resolutions carried in accordance with Section 251AA of the Corporations Act.

Re-quotation of the company's securities on the ASX.

The suspension of trading in the Company's securities was lifted on the 19th July 2018 as the ASX determined that the Company had sufficient operations for the purposes of Listing Rule 12.1.

Financial update

The consolidated net loss for the half-year after providing for income tax was \$444,597 (2017: loss of \$1,737,739).

Changes to securities

- Completion of a placement of 448,666,667 ordinary shares AT \$0.003 to raise a total of \$1,346,000 before fees.
- Conversion of \$519,000 of Convertible Loans at \$0.003 to 173,000,000 ordinary shares.

Refer to the notes for total number of securities on issue.

Directors' Report

(c) Exploration and evaluation activities

The Company has invested significant time and resources into reviewing and planning for an exploration program. Additional detail on the parameters of the planned exploration program are provided in the Exploration Program section below.

Pyramid Gold Project, Queensland

The Pyramid Gold Project is located approximately 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 are 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.

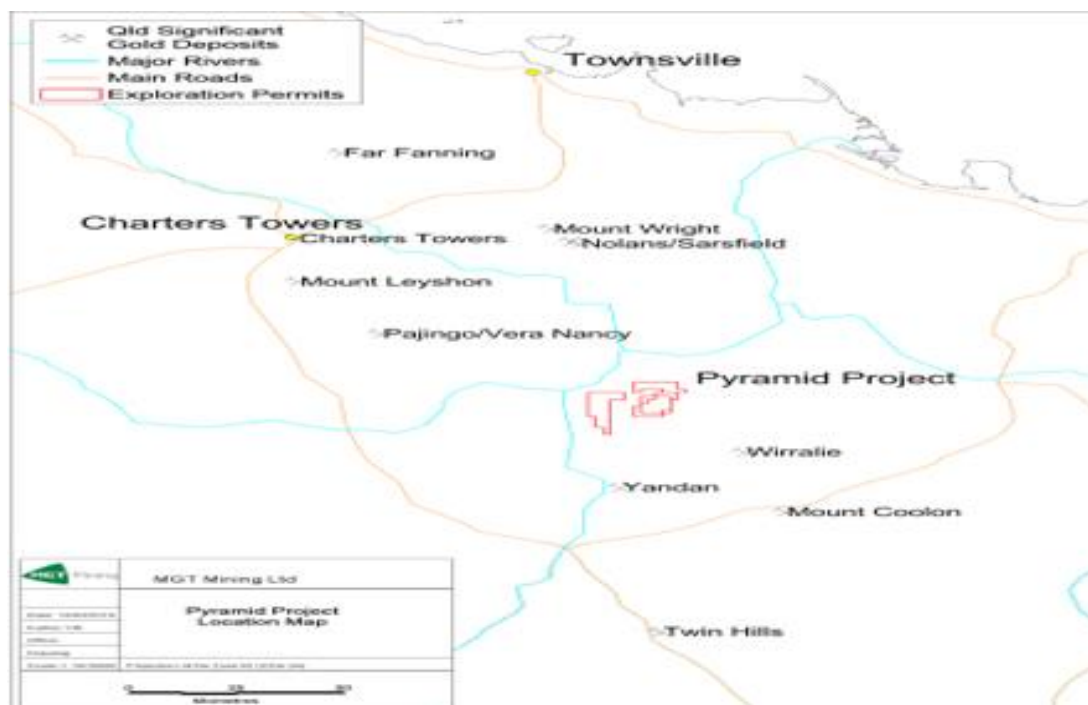


Figure 1. Location of the Pyramid Project.

Pyramid exploration program

The East Pyramid Range contains clear cut high level intrusive related gold targets sharing similar surface expressions, mineralisation and alteration settings to the large scale, bulk

Directors' Report

tonnage gold systems of north Queensland, for example Mt Leyshon, Mt Wright, Kidston. The structures identified to date are gold bearing, but of a generally low tenor, geochemical zoning is evident in wide space sampling undertaken over 20 years ago. More chemical elements and more efficient surveys are now possible because of advances in technology, satellite positioning and instrumentation.

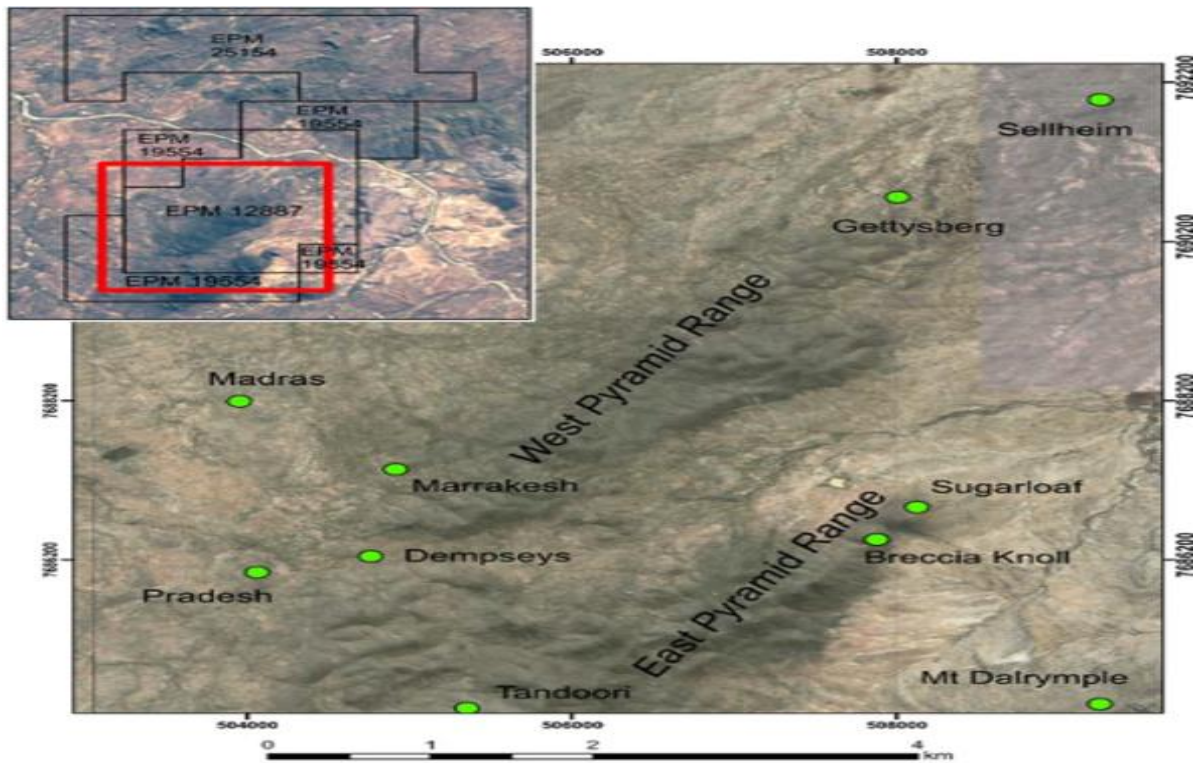


Figure 2. Location East Pyramid Range in relation to Pyramid Project area

The current phase of exploration undertaken in the December quarter consisted of additional lag sampling including sub sampling prior to completing Au assays. XRF return pulp analysis and updating of geology mapping with soil, Lag and rock chip Au and multi element data surface sampling and geological prospecting within the East Pyramid Range area.

Geochemical and mineralogical data has now all been received for the 2018 soil survey over the highly prospective East Pyramid Range, within Avira Limited's (originally MGT Resources Ltd.) 100% owned Pyramid EPM12887 & EPM19554.

In order to delineate geochemical anomalism and drill targets in the East Pyramid Range, a systematic surface sampling program was undertaken to cover the Tandoori to Sugarloaf prospect areas, in a similar fashion to the 2014 coverage over the West Pyramid Range. The key components of the survey were sieved soil samples and coarse fraction Lag samples collected at a 200m line spacing x 50m sample spacing, in order to delineate gold target areas and multi-element metal zoning. QA/QC standards, blanks and duplicates were also analysed. The field teams concurrently collected both sample types and geological information from a total of 375 sites. The geological teams followed up any potential mineralized float or outcrop with rock chip sampling. Samples were transported to Townsville, the first portion of each sample was forwarded to ALS Laboratories for Au analysis. After sample preparation a powdered portion of each sample was analysed for multielement geochemistry utilizing Portable XRF (PXRF) analyser in bench top mode under stable conditions at Terra Search's sample processing facility.

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Soil and Lag samples were collected in the northern half of the East Pyramid Range area and the southernmost three lines. Coarse lag samples have proven to enhance gold and multi-element surveys because they result in the analysing of material that may contain significant mineralisation, but are discarded in a -80 mesh silt fraction soil survey. Systematic descriptions of the lag samples show that mineralised material in the form of gossanous and iron oxide fragments, ferruginous iron stained fragments and altered felsic material are present. In the East Pyramid Range survey 345 lag samples have been described and sent away for analysis.

Additionally, 23 rock chip samples were taken where field geologists identified particularly prospective veins/gossans. These samples consist of gossanous quartz veined, sericite altered rhyolitic porphyries and sediments. These were analysed for gold by fire assay ICP and multi elements by ICP-MS. Anomalous Pb , As, S, and spotty Au values were returned.

Exploration Results

The results of the -80-mesh soil sampling survey confirm anomalous Au-As-Pb along the previously identified north east trending series of volcanic breccia, gossanous rhyolite dykes and sericite altered porphyritic rhyolite intruding into bleached and altered country rock sediments. Anomalous zones are clearly delineated in the geochemical results obtained from the soil samples using both the portable XRF for multi-elements, and commercial laboratory for gold analysis.

There are several areas with coincident Au-As-Pb anomalism (Fig 3.)

- The most prominent is the Au anomalous zone at the northern end of the survey area with sericite altered rhyolite (Sugarloaf Hill). The highest soil sample here is 380ppb Au.
- The central section of the grid is a zone of sporadically elevated Au-As-Pb associated with the altered gossanous rhyolitic dyke zones previously drilled by Newcrest in 1996... The maximum soil Au value here is 102ppb Au.
- In the southern section of the grid, around the Tandoori prospect, the southernmost gridline contains a highly anomalous Au-As zone, with Au values in soil up to 214 ppb Au coincident with breccia outcrop.

Directors' Report

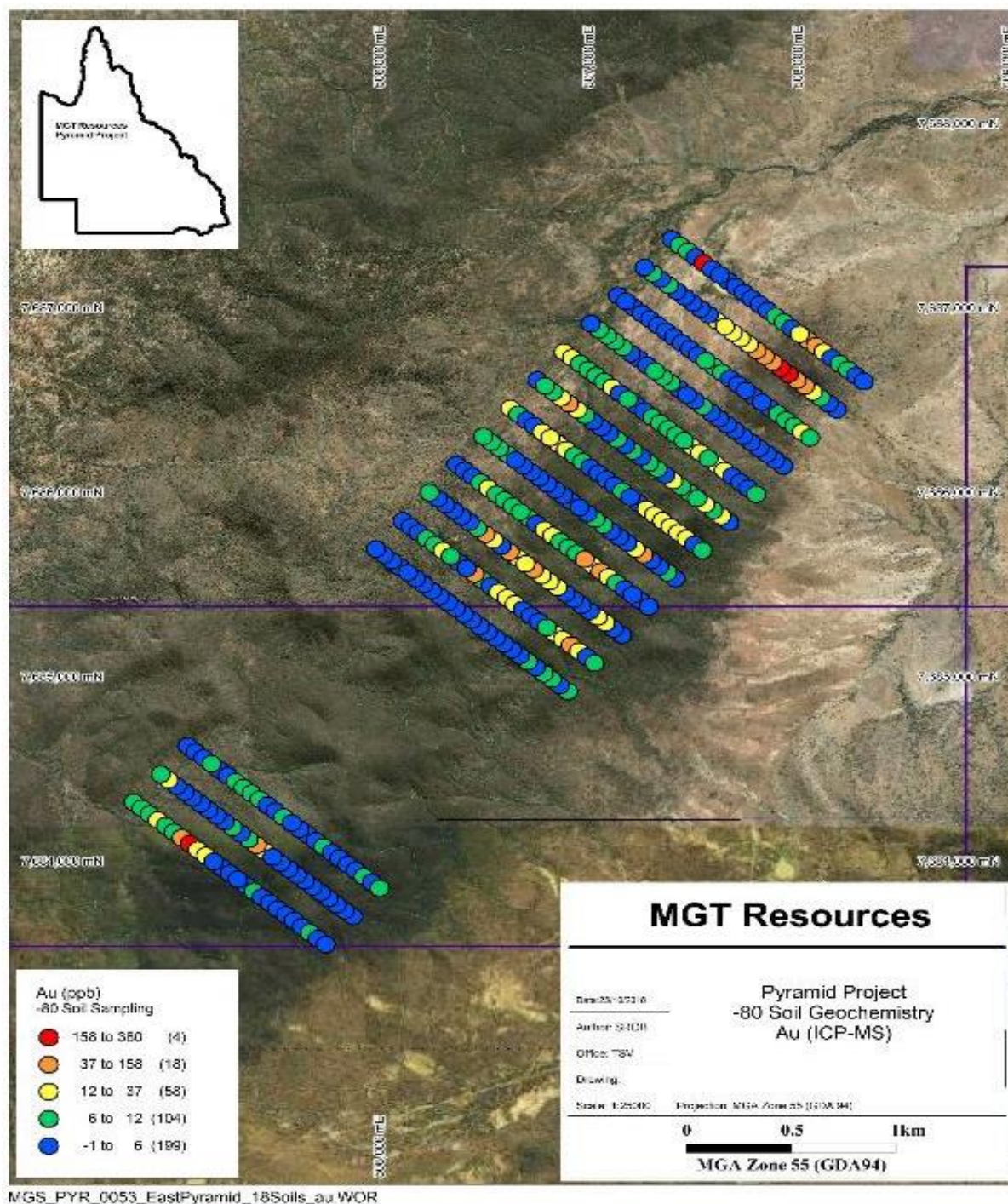


Figure 3. Au in soil East Pyramid Range 2018 survey (-80 mesh lab data).

Directors' Report

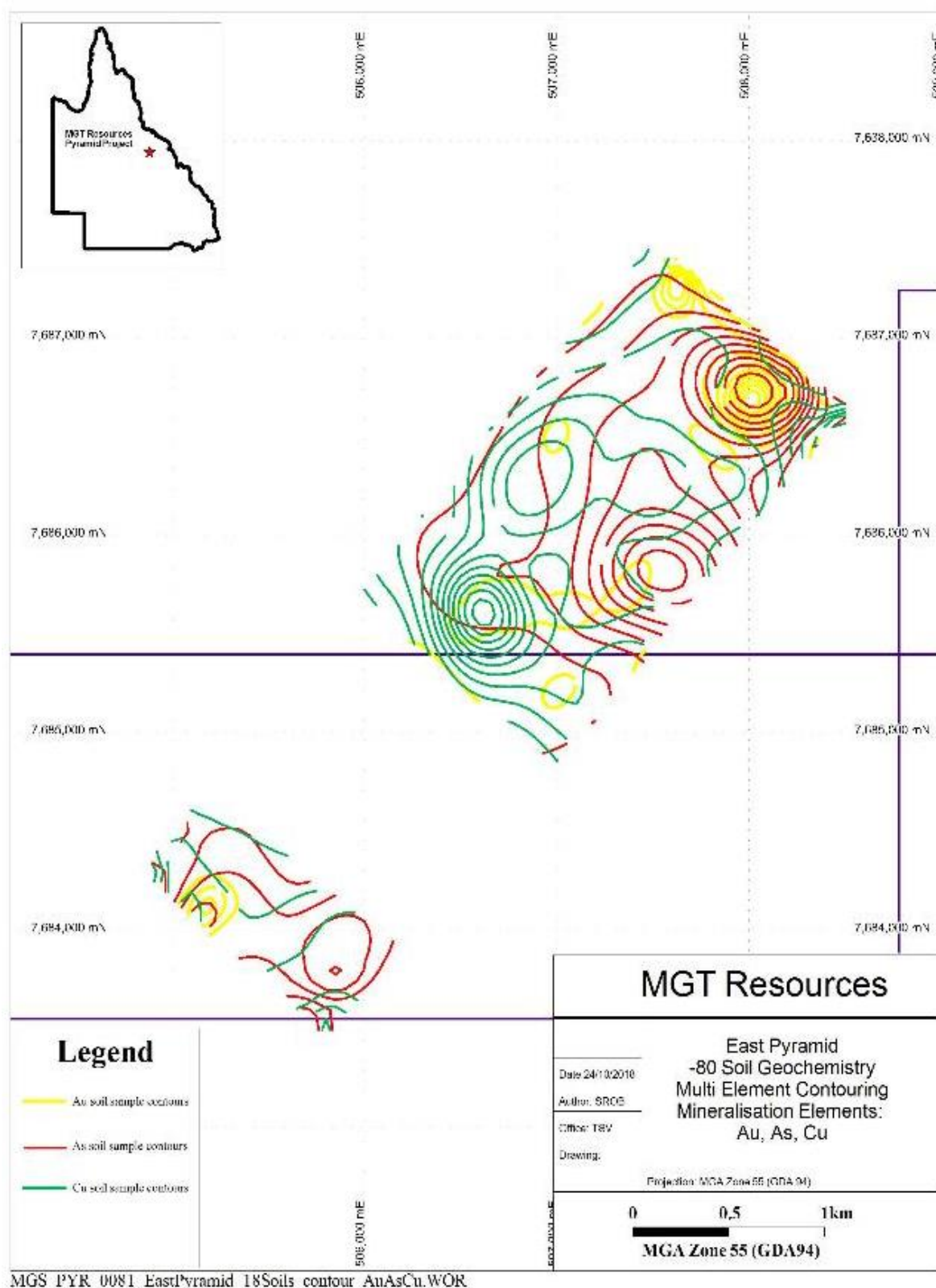


Figure 4. Au,As,Cu soil contours in East Pyramid Range 2018 survey

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Lag Data Set

Some very distinctive patterns are evident in the Lag data set which support the use of the coarse fraction as an effective exploration tool to target mineralisation trends. Although, the Lag data does show similar features to the -80 mesh there are key differences which are expected to lead to enhanced targeting. For example, there is a reasonable correspondence of Au anomalism between the -80 mesh and Lag survey. This is illustrated in the plot below which shows -80 mesh soil contours and Lag point data.

The Lag sampling results have highlighted an anomalous zone in the south east corner of the survey area which was not noted in the -80 mesh data. The combination of As, Fe, S, Pb more than likely reflects a mineralized structure which corresponds to a bounding fault or ring dyke structure. All these features are encouraging and warrant ground follow up and extension of the soil and lag coverage.

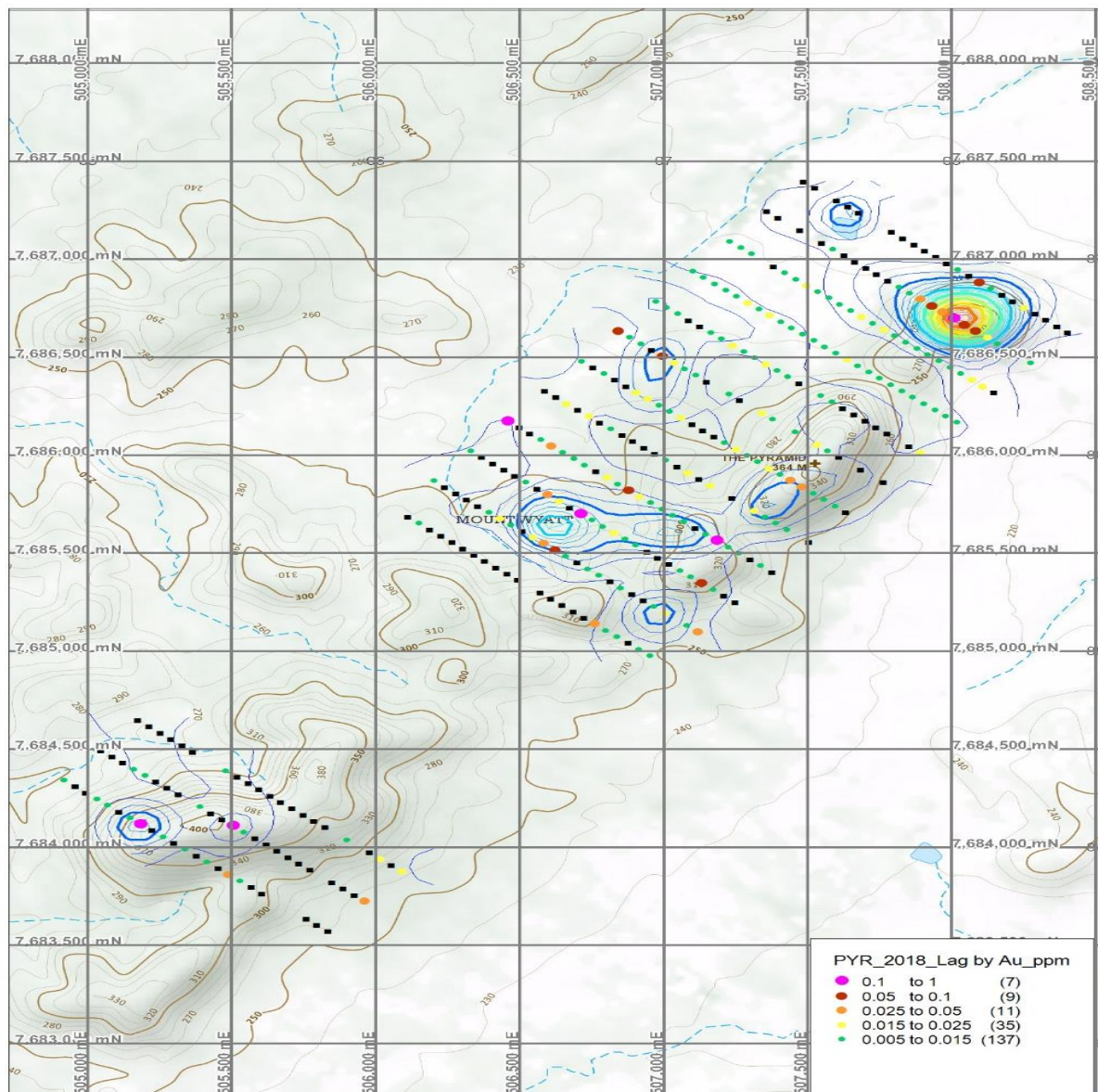


Figure 5. Au in Lag point data plotted on gold contours from -80 mesh sampling.

Directors' Report

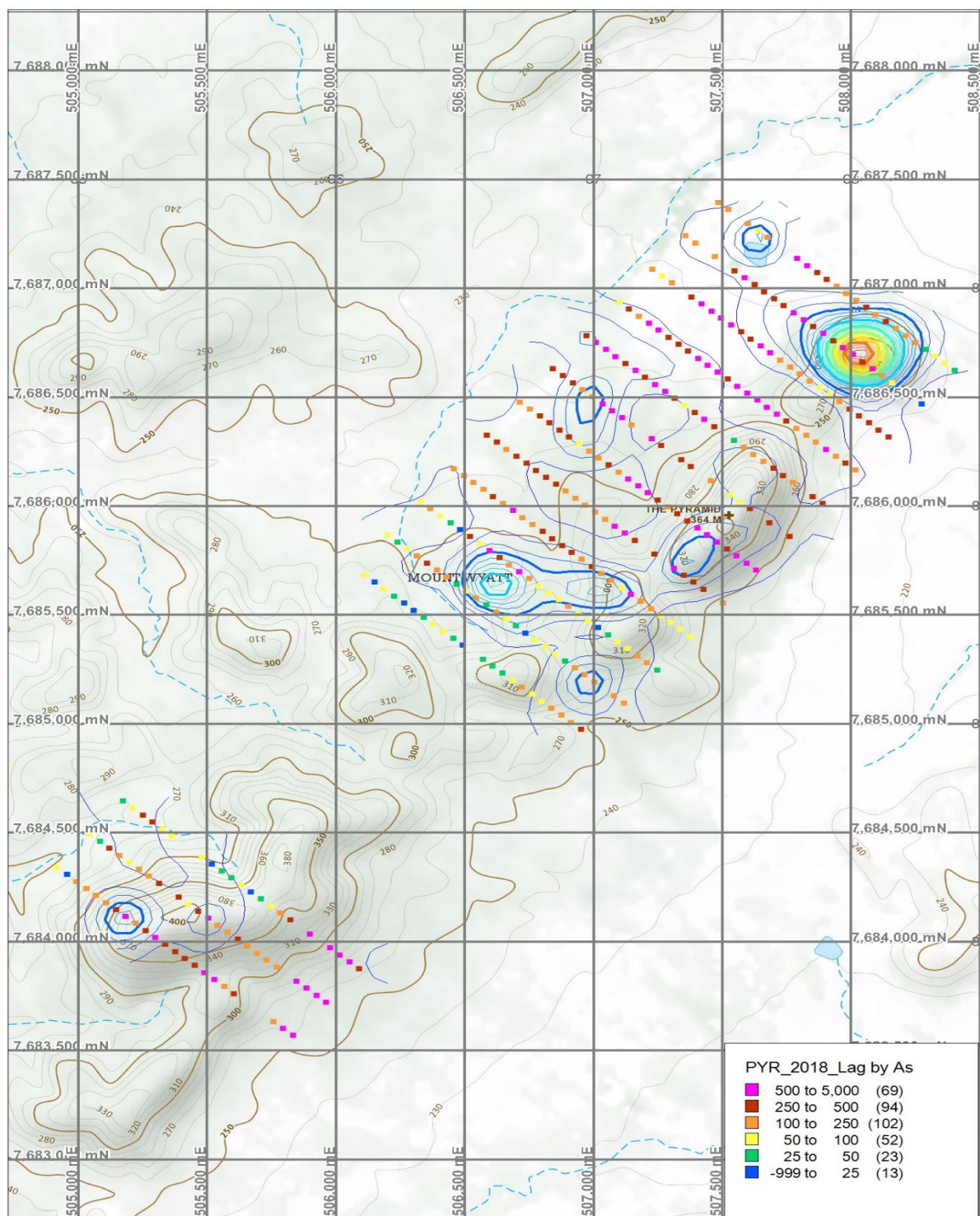


Figure 6. As in Lag point data plotted on gold contours from -80 mesh sampling.

Directors' Report

Rock Chip Data Set.

Rock chip sampling follow up during soil survey traversing has shown that prominent alteration zones and gossanous veining occur at Sugarloaf, Pyramid, Breccia Hill and the western gossanous rhyolite zones.

Significant results include:

- In the Sugarloaf area rock chip sampling of jarosite veined sericite altered rhyolite returned 0.13 g/t Au. 2.4% sulphur, 0.1% Pb, and two samples taken to the NE (just outside the soil sample area), returned 0.29 g/t Au (1.97% sulphur, 0.58% Cu) and another sample with 0.11 g/t Au (.3.91% sulphur, 0.66% As)
- The central section of the grid is a zone of sporadically elevated Au-As-Pb-Cu associated with the altered gossanous rhyolitic dyke zones previously drilled by Newcrest in 1995. The maximum soil Au value here was 102ppb, while a gossanous vein rock chip sample returned 0.41 g/t Au. (1.97% sulphur, 0.58% Cu).

The breccia and sulphidic nature of the outcrop rocks in the area, (as illustrated in the images below) is evidence for the development of a prominent mineralised intrusive related system along the East Pyramid Range.

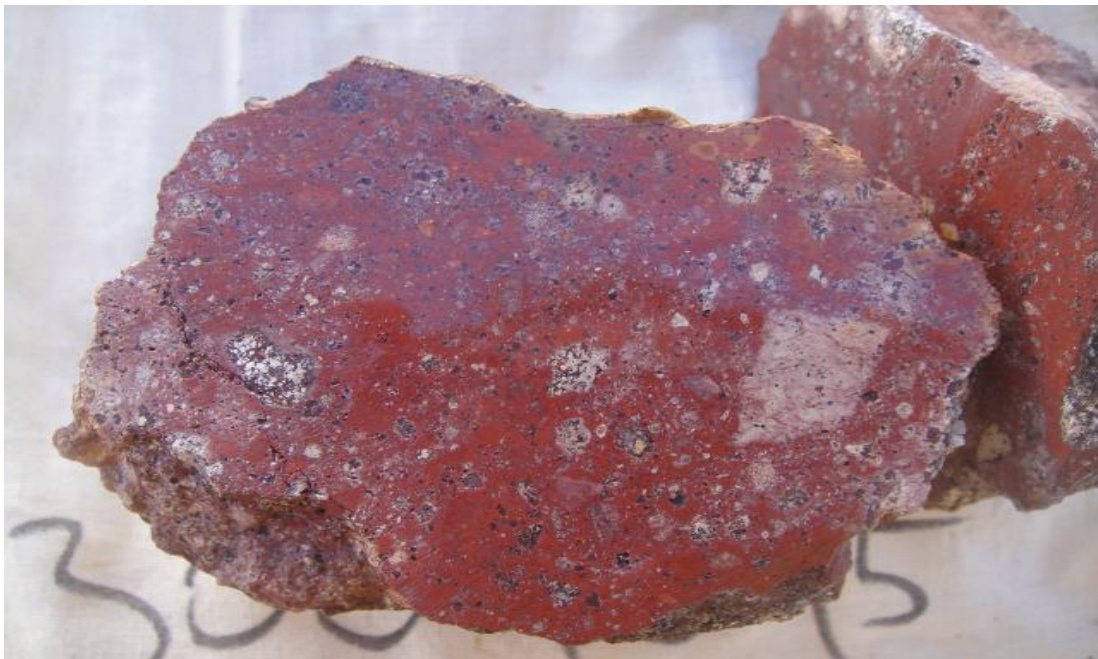


Image1. Sample # 3004095 Fe stained, polymict breccia

Directors' Report



Image 2. Sample #3004098 Bleached sericite altered rhyolite porphyry. cut by gossanous vein with ferruginous selvage.



Image 3. Sample #3004100 Gossanous veins cutting porphyry.

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Image 4. Sample #3004086 Sulphate vein cutting sericite altered rhyolite porphyry.

Distribution of multi-element geochemistry in recent soil and rock chip sampling has confirmed historical exploration which indicated that large scale intrusive related gold systems may have developed along the East Pyramid Range. Au and Pb in rock chip sampling highlight the zone at the northern end of the range.

Directors' Report

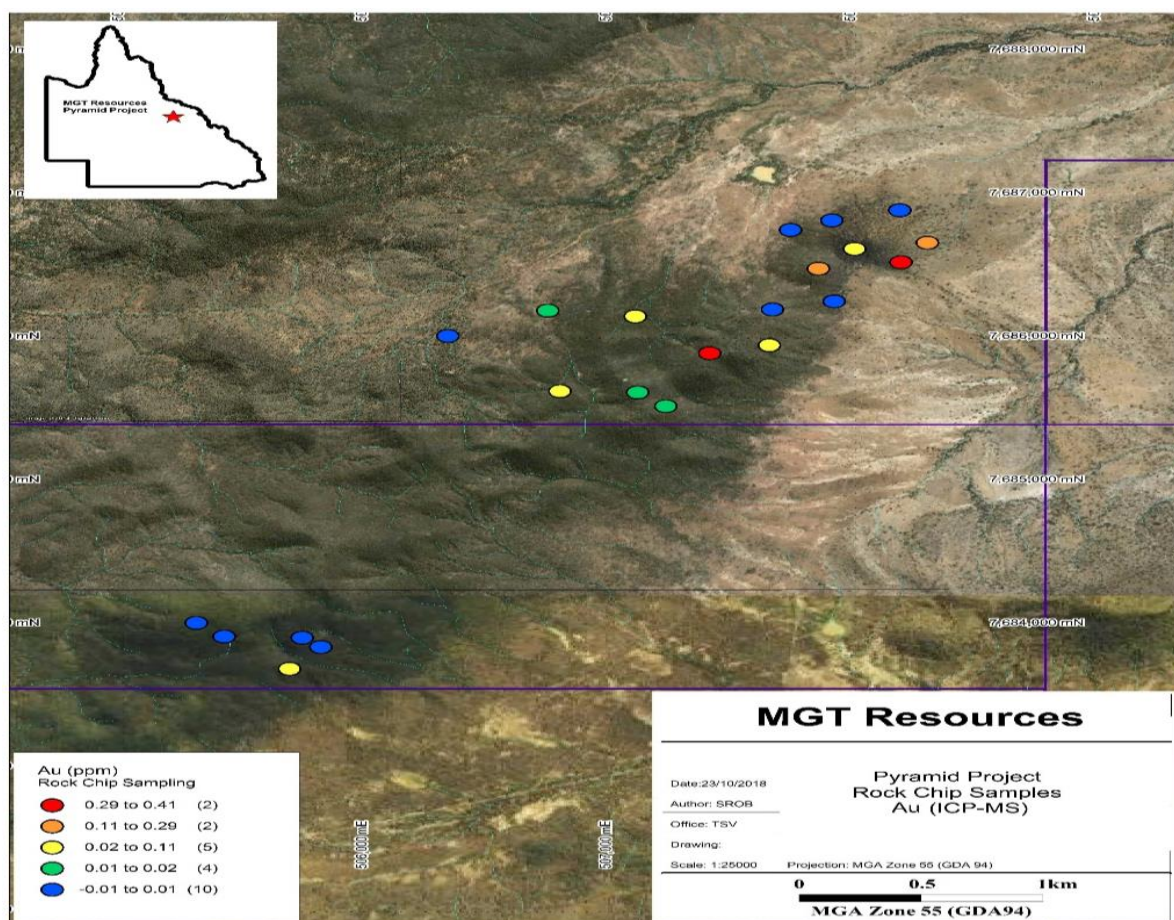


Figure 7. Au in rock chip sampling highlighting prospectively of Sugarloaf , Breccia Hill zone at northern end of East Pyramid Range.

Directors' Report

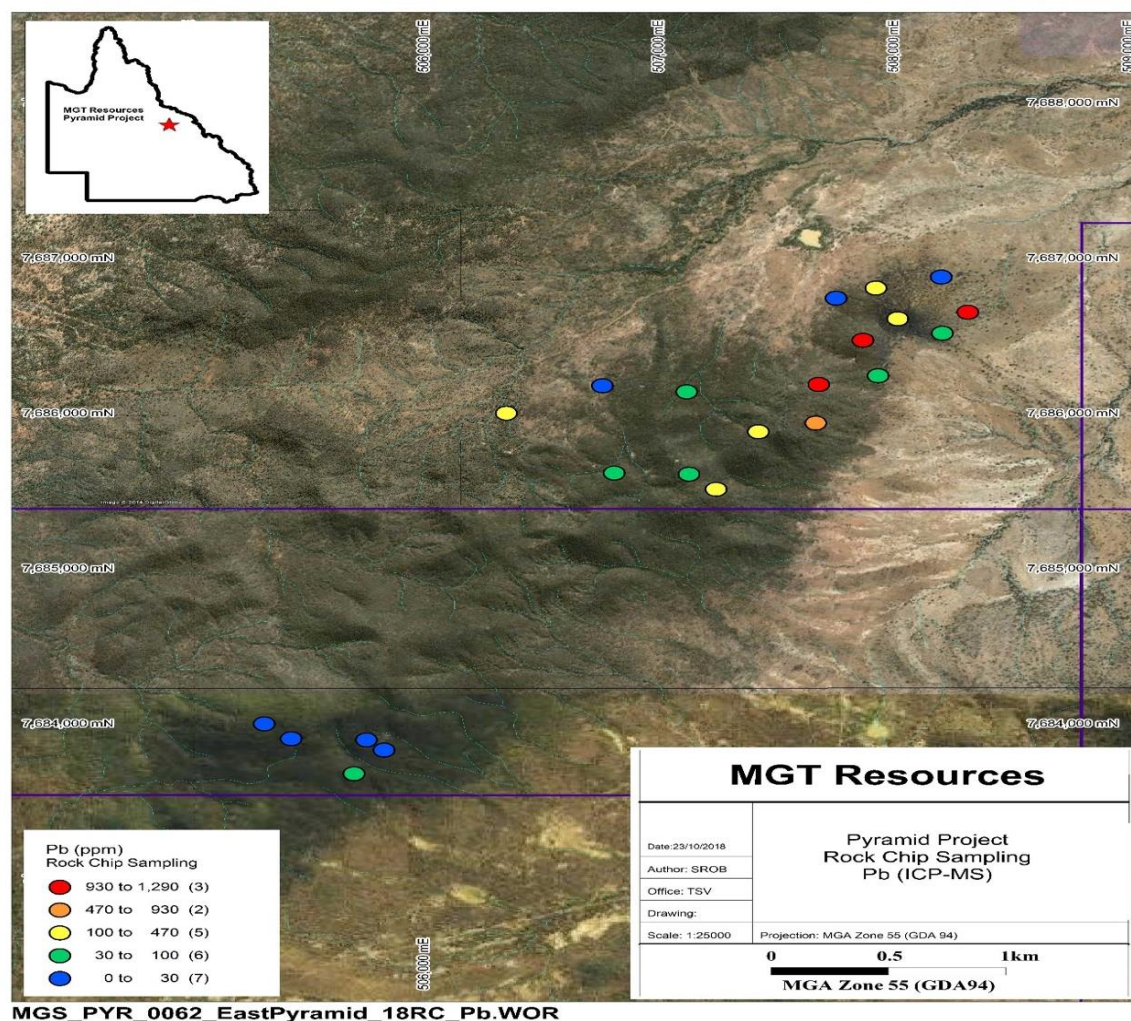


Figure 8. Pb in rock chip sampling highlighting perspective of Sugarloaf , Breccia Hill zone at northern end of East Pyramid Range.

Conclusions.

Results of the recent surface geochemical sampling and geological prospecting over the East Pyramid Range has highlighted the prospectivity for intrusive related gold mineralisation. Zoning is evident in the multi-element geochemistry. Gold zones correlate with As and Pb and are often associated with high level felsic intrusive with well-developed sericitic and sulphidic alteration. Lag geochemical sampling has helped identify a multi-element anomaly in the south east corner of the survey area , where high As, Fe, Pb, S suggest a mineralised potential structure that warrants follow up. Interestingly , this anomaly is only subtly present in the -80 mesh data and confirms the value of coarse fraction lag sampling.

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Proposed Follow up.

- Extension of soil survey to infill missing lines and extend lines in south east anomaly area.
- Principal Component Analysis (PCA) will be used to identify multi-element correlations and potentially discriminate between major lithological subdivisions and their relationship to mineralised samples.
- A combination of PCA, existing geological mapping, and remote sensing may be used to better delineate geological boundaries and potentially mineralising structures.
- Given that anomalous Au soil results were encountered on each edge of the grid, it is recommended to expand the area of coverage with a further soil sampling program. At the same time, the 1.4km gap could be filled, and ground follow up should occur on the best geochemical anomalies.
- Given the strong association between the anomalous gold and rhyolite dykes in this locality, it may be appropriate to undertake a ground magnetics survey over the area. It would have the potential to not only track the dykes under cover, but may also identify important altered zones which were a focus for mineralisation.
- The sulphidic nature of mineralisation in the East Pyramid Range area indicates that electrical geophysics IP , Sub Audio Magnetism (SAM) and EM would be effective exploration tools to develop targets with bulk size potential.

Additional phases of exploration planned for the Pyramid Project.

In addition to the exploration programs at Gettysberg-Sellheim and Breccia Hill -Tandoori, the Company has reviewed previous exploration data associated with two other prospects located within the greater Pyramid project at **Marrakesh-Madras** and **Pradesh**.

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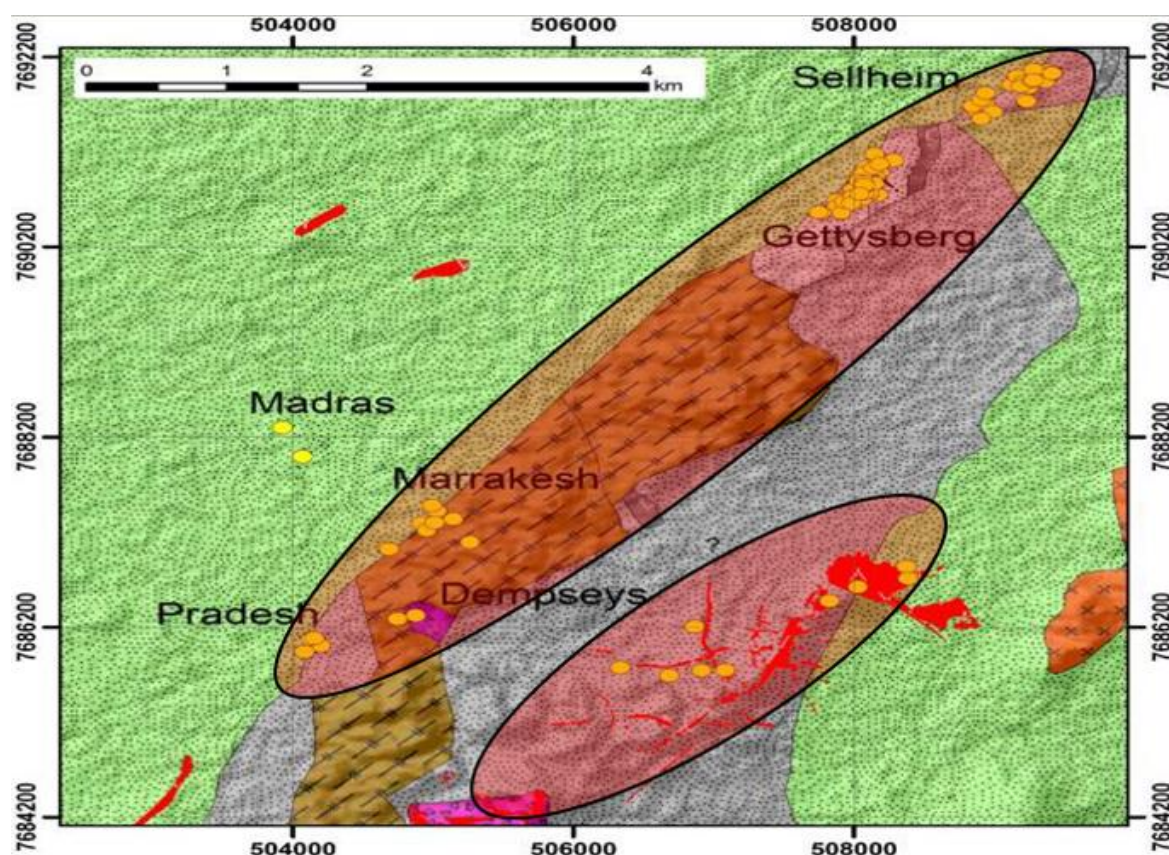


Figure 9. Western Pyramid range – Marrakesh Prades and Madras.

Field mapping has been planned to verify the existence of the interpreted structures as well as clarify kinematics and any offsets.

Prades, at the southern end of the West Pyramid Range area, is located along the boundary between the Drummond Basin and the Anakie Inlier or Ukalunda beds. ERA Maptec (1999) considered it to be associated with primarily NNE trending sinistral faulting, based on Anakie foliation trends along the Anakie-St Anns boundary. Their interpretation of NNE trending sinistral faulting is consistent with reported outcrops of breccia and cataclasite in the area .

These outcrops are located about 750 m southeast of Prades on a trend parallel to the identified faulting . Prades also seems to be located westwards along the projection of an indeterminate fault. Overall, the geology and structural context of the substantial soil anomaly located at Prades is poorly understood.

Southern Queensland Projects

(Includes; Yarrol EPM8402, Mt Steadman EPM12834). No significant exploration work was undertaken on the Southern Queensland Project during the period.

Directors' Report

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-20	MGTM	EPSX00600613
EPM8402		4	Sub-Blocks	13-Nov-91	12-Nov-18*	MGTM	EPSX0060071

Table 1. Tenement Status

*Renewal application lodged.

(d) Subsequent events

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.

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 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.

Auditor's independence declaration

The auditor's independence declaration is included on page 20 of the financial report.

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

On behalf of the Director



David De Loub
Executive Director
Dated: 14 March 2019

Auditors' Independence Declaration

In relation to our review of the financial report of Avira Resources Limited and its controlled entity for the half-year ended 31 December 2018, to the best of my knowledge and belief, there have been:

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

This declaration is in respect of Avira Resources Limited and its controlled entity during the half-year ended 31 December 2018.

MAZARS RISK & ASSURANCE PTY LIMITED



Rose Megale
Director

Dated in Sydney, this 14th day of March 2019.

MAZARS RISK & ASSURANCE PTY LIMITED.

ABN: 39 151 805 275

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EMAIL: mail@mazars.com.au

LIABILITY LIMITED BY A SCHEME, APPROVED UNDER THE PROFESSIONAL STANDARDS LEGISLATION

Directors' Declaration

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

(a) The financial statements and notes of Avira Resources Limited and its controlled entities for the half-year ended 31 December 2018 are in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2018 and of its performance for the half-year ended on that date; and

(ii) complying with Accounting Standard AASB 134 Interim Financial Reporting.

(b) There are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

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

On behalf of the Directors

A handwritten signature in black ink, appearing to read 'David De Loub', followed by a period.

David De Loub
Director

Dated: 14 March 2019

**Condensed Consolidated Statement of Comprehensive Income
As at 31 December 2018**

		Consolidated Half-year ended	
		31/12/2018	31/12/2017
	Notes	\$	\$
Revenues			
Other revenue		1,429	289
Expenses			
Other losses		-	(1,053,063)
Employee benefits expense		(75,893)	(133,183)
Depreciation and amortisation expense		-	(7,551)
Interest expense		(15,189)	(75,648)
Impairment loss		-	(71,415)
Administration expense		(250,325)	(295,322)
Other expense		(89,166)	(101,846)
Exploration and evaluation expenditure		(17,694)	-
Loss before tax		(446,838)	(1,737,739)
Income tax (expense) benefit		-	-
Loss after tax		(446,838)	(1,737,739)
Loss for the year is attributable to:			
Owners of the parent		(446,838)	(1,677,953)
Non-controlling interest		2,241	(59,786)
		(444,597)	(1,737,739)
Loss for the period		(444,597)	(1,737,739)
Other comprehensive loss			
<i>Items that may be reclassified to profit and loss</i>			
Changes in the fair value of available-for-sale financial assets		-	-
Total comprehensive loss for the period		(444,597)	(1,737,739)
Total comprehensive loss attributable to:			
Owners of the parent		(446,838)	(1,677,953)
Non-controlling interest		2,241	(59,786)
		(444,597)	(1,737,739)
Loss per share (cents per share)			
Basic EPS for the half-year	9	(0.059)	(2.45)
Diluted EPS for the half-year	9	(0.059)	(2.21)

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

Condensed Consolidated Statement of Financial Position
As at 31 December 2018

		Consolidated	
		31/12/18	30/06/18
	Notes	\$	\$
ASSETS			
Current assets			
Cash and cash equivalents	6	1,127,154	401,311
Other receivables		20,663	25,996
Other financial assets		-	8,603
Total current assets		1,147,817	435,910
Non-current assets			
Exploration and evaluation expenditure	4	888,335	883,053
Other financial asset		2,870	2,869
Total non-current assets		891,206	885,922
TOTAL ASSETS		2,039,023	1,321,832
LIABILITIES			
Current liabilities			
Trade and other payables		77,933	152,110
Unsecured borrowings	11	3,645	519,000
Secured borrowings	12	-	-
Provisions		-	-
Total current liabilities		81,578	671,110
Non-current liabilities			
Provisions		-	-
Non-current liabilities Total		-	-
TOTAL LIABILITIES		81,578	671,110
NET ASSETS/(LIABILITIES)		1,947,445	650,722
EQUITY			
Issued capital	7	30,464,114	28,710,553
Reserves	8	2,189,583	2,189,583
Retained earnings		(29,810,665)	(29,366,068)
Equity attributable to owners of the parent		2,843,032	1,534,068
Non-controlling interest		(885,587)	(883,346)
TOTAL EQUITY		1,947,445	650,722

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

**Condensed Consolidated Statement of Changes in Equity
As at 31 December 2018**

CONSOLIDATED	Attributable to equity holders of the parent				
	Fully paid ordinary shares	Retained Earnings	Reserves	Non- controlling interests	Total equity
	\$	\$	\$	\$	\$
At 1 July 2018	28,710,553	(29,366,068)	2,189,583	(885,587)	648,481
(Loss) for the period	-	(444,597)	-	-	(446,597)
Equity derivative converted	-	-	-	-	-
Issue of ordinary shares	1,753,561	-	-	-	1,753,561
Issue of preference shares	-	-	-	-	-
At 31 December 2018	30,464,114	(29,810,665)	2,189,583	(885,587)	1,957,445
At 1 July 2017	26,089,813	(27,440,116)	1,164,575	(828,443)	(1,014,171)
(Loss) for the period	-	(1,677,953)	-	(59,786)	(1,737,739)
Other comprehensive income –	-	-	-	-	-
Reclassification adjustment for loss included in Profit & Loss	-	-	1,053,063	-	1,053,063
Equity derivative converted	-	88,983	(88,983)	-	-
Issue of ordinary shares	866,593	-	-	-	866,593
Issue of preference shares	1,679,569	-	-	-	1,679,569
At 31 December 2017	28,635,975	(29,029,086)	2,128,655	(888,229)	847,315

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

**Condensed Consolidated Statement of Cash Flow
For The Half-Year Ended 31 December 2018**

	Consolidated	
	31/12/2018	31/12/2017
	\$	\$
Cash flows from operating activities		
Payments to suppliers and employees	(579,066)	(475,066)
Interest received	695	293
Net cash flows from (used in) operating activities	(578,371)	(474,773)
Cash flows from investing activities		
Payments for exploration costs	(22,976)	-
Net cash flow from (used in) investing activities	(22,976)	-
Cash flows from financing activities		
Proceeds from issues of equity securities	1,753,561	866,593
Proceeds from secured and unsecured borrowings	3,645	202,374
Repayment of borrowings	(430,017)	-
Net cash flow from (used in) financing activities	1,327,189	1,068,967
Net (decrease)/increase in cash and cash equivalents	725,843	594,194
Cash and cash equivalents at beginning of period	401,311	138,552
Cash and cash equivalents at end of period	1,127,154	732,746

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

Notes to the Financial Statements

FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

(a) Basis of preparation

This condensed financial report for the half-year ended 31 December 2018 has been prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*. Compliance with AASB 134 *Interim Financial Reporting* ensures compliance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*.

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

It is recommended that the half-year financial report be read in conjunction with the annual report for the year ended 30 June 2018 and considered together with any public announcements made by Avira Resources Limited during the half-year ended 31 December 2018 in accordance with the continuous disclosure obligations of the ASX listing rules.

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

(b) Changes in accounting policies

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

As a result of this review, the Group has initially applied AASB 15 Revenue from Contracts with Customers and AASB 9 Financial Instruments from 1 July 2018. The adoption of these standards has not materially impacted the financial report, and as a result the financial information has not been adjusted, including financial information relating to the comparative period.

2. GOING CONCERN

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

As at 31 December 2018 the consolidated entity incurred a net loss after tax of \$444,597, cash outflows from operating and investing activities of \$601,347 and net assets of \$1,947,445. 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.

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.

3. DIVIDENDS PAID OR PROPOSED

No dividends have been provided for or paid at the reporting date (30 June 2018: Nil).

Notes to the Financial Statements

For The Half-Year Ended 31 December 2018

4. EXPLORATION AND EVALUATION ASSETS

	31/12/2018	30/6/2018
	\$	\$
Balances at the beginning of the period	883,053	870,421
Tenement impairments	-	(57,654)
Expenditure incurred during the period	5,282	70,286
Reclassified as held for sale	-	-
Balances at the end of the period	<u>888,335</u>	<u>883,053</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.

The review led to the recognition of an impairment loss of \$nil in the Condensed Consolidated Statement of Comprehensive Income in the half year to 31 December 2018 for exploration assets.

5. SEGMENT INFORMATION

Avira Resources Limited (the "Group") operates predominantly in one business segment and one geographical segment being the mining industry in Australia. The Group has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (the chief operating decision makers) in assessing performance and in determining the allocation of resources.

No revenue from this activity was earned in the six months to 31 December 2018 or the prior period.

6. CASH AND CASH EQUIVALENTS

For the purposes of the Condensed Cash Flow Statement, cash and cash equivalents comprise the following at 31 December 2018:

	31/12/2018	30/6/2018
	\$	\$
Cash and cash equivalents	<u>1,127,154</u>	<u>401,311</u>
	<u>1,127,154</u>	<u>401,311</u>

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.

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.

Notes to the Financial Statements

For The Half-Year Ended 31 December 2018

7. ISSUED SHARE CAPITAL

	31/12/2018	30/6/2018
	\$	\$
1,000,000,000 paid ordinary shares (30 June 2018: 378,333,333)	30,464,114	28,710,553
Share capital as at the end of period	30,464,114	28,710,553

7.1 Fully paid ordinary shares

	No of shares	Share capital
		\$
As at beginning of period	378,333,333	28,710,553
December 2018 issue of ordinary shares	621,666,667	1,753,561
Capital raising costs	-	-
As at the end of period	1,000,000,000	30,464,114

Convertible preference shares

	No of shares	Share capital
		\$
Balance as at beginning of period	-	-
Issue of preference shares	-	-
Conversion of preference shares into ordinary shares	-	-
Share capital as at the end of period	-	-

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.

During period ending 31 December 2018, no preference shares were converted into ordinary shares.

Notes to the Financial Statements

For The Half-Year Ended 31 December 2018

8. OPTION RESERVE

(a) Movements in share options during the year

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

	31/12/2018		30/6/2018	
	No. of options	Weighted average exercise price \$	No. of options	Weighted average exercise price \$
Balance at beginning of period	2,189,583	0.010	2,129,320	0.010
Granted during the year (i)	-	-	60,263	0.010
Exercised during the year	-	-	-	-
Balance at end of the period	2,189,583	0.010	2,189,583	0.010
Exercisable at end of year	2,189,583	-	2,189,583	-

9. LOSS PER SHARE

	Half-year ended 31/12/2018 Cents per share	Half-year ended 31/12/2017 Cents per share
Basis earning per share	(0.059)	(2.45)
Diluted earnings per share	(0.059)	(2.21)
Basis earning per share	\$	\$
The earning and weighted average number of ordinary share used in the calculation of basis earning per share are as follows:		
Net loss	(444,597)	(1,737,739)
Earning used in the calculation of basic EPS from continuing operations		
	No.	No.
Weighted average number of ordinary shares for the purpose of basic earnings per share	751,994,681	68,582,814

Notes to the Financial Statements

For The Half-Year Ended 31 December 2018

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	(444,597)	(1,737,739)
Earning used in the calculation of diluted EPS from continuing operations	(444,597)	(1,737,739)
	No.	No.
Weighted average number of ordinary shares for the purpose of diluted earnings per share	751,944,681	75,855,542

10. RELATED PARTY TRANSACTIONS

The following table provides the total amount of transactions which have been entered into with related parties during the six month period ending 31 December 2018 and 31 December 2017 as well as balances with related parties as of 31 December 2018 and 30 June 2018:

(a) Subsidiaries

Name of subsidiary	Country of incorporation	Ownership interest 31/12/2018 %	Ownership interest 30/6/2018 %
MGT Mining Limited	Australia	89.48%	89.48%
Garimperos Pty Limited (i)	Australia	100.00%	100.00%
Avira Australia Pty Ltd (ii)	Australia	100.00%	100.00%

- i) Garimperos Pty Limited is 100% owned by MGT Mining Limited.
- ii) Avira Australia Pty Ltd was registered as a wholly owned subsidiary of Avira Resources Limited on 2 September 2016.

(b) Transactions with related parties

- (i) Avira Resources Limited provided key management personnel services to MGT Mining Limited, the 89.48% subsidiary of Avira Resources Limited for a total value of \$22,000 during the period to 31 December 2018.

11. UNSECURED BORROWINGS

		31/12/2018 \$	30/6/2018 \$
<u>Current</u>			
Unsecured loan	(i)	3,645	519,000
		<u>3,645</u>	<u>519,000</u>

Notes to the Financial Statements

For The Half-Year Ended 31 December 2018

- (i) 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;

The convertible notes have been accounted for in accordance with AASB 9: Financial Instruments:

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 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. 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.

12. SECURED BORROWINGS

	31/12/2018 \$	30/6/2018 \$
<u>Current</u>		
Opening balance (i)	-	200,000
Secured loan Repayment(i)	-	(200,000)
	<u>-</u>	<u>-</u>

(i) 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).

Notes to the Financial Statements

For The Half-Year Ended 31 December 2018

13. SUBSEQUENT EVENTS

There has not been any other matter or circumstance apart from the above, occurring subsequent to the end of the financial period that has significantly affected, or may significantly affect, the operations of the consolidated entity, the results of those operations, or the state of affairs of the Group in future financial years.

Independent Auditor's Review Report to the members of Avira Resources Limited

Conclusion

We have reviewed the accompanying half-year financial report of Avira Resources Limited and its controlled entities (the "Group"), which comprise the statement of financial position as at 31 December 2018, statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies, other selected explanatory notes and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Avira Resources Limited and its controlled entities is not in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2018 and of its performance for the half-year ended on that date; and
- (ii) complying with Accounting Standard *AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

Material Uncertainty in respect of Going Concern - Emphasis of matter

Without qualification to the conclusion expressed above, we draw attention to Note 2 to the financial statements which contemplates the continuation of the Group as a going concern. The Group has incurred recurring losses from operations. 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.

Directors' responsibility for the half-year financial report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements *ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2018 and its performance for the half-year ended on that date; and complying with Accounting Standard *AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Avira Resources Limited and its controlled entities during the half-year ended 31 December 2018, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with independence requirements of the *Corporations Act 2001*.

MAZARS RISK & ASSURANCE PTY LIMITED



Rose Megale
Director

Dated in Sydney, this 14th day of March 2019.