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INTERIM FINANCIAL REPORT
For the half-year ended 31 DECEMBER 2017

CONTENTS

DIRECTORS' REPORT

For the half-year ended 31 December 2017

The Directors of Blue Energy Limited and its controlled entities ("the Company" or "Blue Energy") submit herewith their report on the financial statements of the Company for the half-year ended 31 December 2017.

DIRECTORS

The names of the Directors who held office during or since the end of the half-year and to the date of this report:

John Ellice-Flint (Chairman)	(Appointed 5 April 2012)
John Phillips	(Appointed 28 June 2010)
Karen Johnson	(Appointed 30 September 2011)
Rodney Cameron	(Appointed 15 November 2011)
Seungsoo Han	(Resigned 31 October 2017)
Insu Woo (Alternate Non-Executive Director)	(Resigned 31 October 2017)

REVIEW OF OPERATIONS

Blue Energy is subject to continuous disclosure rules, and as such, anything materially affecting the Company and its exploration assets in the preceding 6 month period has been disclosed to the market.

Reserve and Resource Position

There were no material change to the Company's Reserve and Resource position during the period. Blue Energy's Bowen Basin 2P and 3P Reserves are currently estimated (by the independent consultancy Netherland, Sewell and Associates) to be 71PJ and 298PJ respectively. The 3C Contingent Resource estimate is 3,942PJ. The Gas Reserves are confined to ATP814P, whilst the Contingent Resources are estimated in ATP814, ATP813 and ATP854P. The current Reserve and Resource estimate by NSAI is tabled below (Table 1)

Table 1

Permit	Block	Assessment Date	Announcement Date	Methodology	Certifier	1P (PJ)	1C (PJ)	2P (PJ)	2C (PJ)	3P (PJ)	3C (PJ)
ATP854P		30/06/2012	19/03/2013	SPE/PRMS	NSAI	0	22	0	47	0	101
ATP813P		29/10/2014	30/10/2014	SPE/PRMS	NSAI	0	0	0	61	0	830
ATP814P	Sapphire	5/12/2015	8/12/2015	SPE/PRMS	NSAI	0	66	59	108	216	186
ATP814P	Central	5/12/2015	8/12/2015	SPE/PRMS	NSAI	0	50	12	99	75	306
ATP814P	Monslatt	5/12/2015	8/12/2015	SPE/PRMS	NSAI	0	0	0	619	0	2,054
ATP814P	Lancewood	5/12/2015	8/12/2015	SPE/PRMS	NSAI	0	5	0	23	1	435
ATP814P	South	30/06/2013	29/07/2013	SPE/PRMS	NSAI	0	15	0	27	6	30
Total (PJ)						**0**	**158**	**71**	**984**	**298**	**3,942**
Total MMBOE						**0**	**27**	**12**	**168**	**51**	**672**

Competent Person Statement

The estimates of reserves and contingent resources have been provided by Mr John Hattner of Netherland, Sewell and Associates Inc (NSAI). Mr Hattner is a full-time employee of NSAI, has over 30 years' of industry experience and 20 years' of experience in reserve estimation, is a licensed geologist, and has consented to the use of the information presented herein. The estimates in the report by Mr Hattner have been prepared in accordance with the definitions and guidelines set forth in the 2007 Petroleum and Resource Management System (PRMS) approved by the Society of Petroleum Engineers (SPE), utilising a deterministic methodology.

Global LNG Demand

During the period to 31 December 2017, the Brent oil price rise (neared US$70/bbl) translated into higher LNG prices for both oil linked long term contracts and also LNG Spot Prices. This has been good news for the Gladstone LNG producers, as we have seen higher production levels achieved from the three plants in 2017, with well above nameplate capacity production runs. 2017 saw the average realized price for some producers increase by 20%, whilst as of December 2017, the Japanese LNG spot price was approximately A$14.00/mmbtu, which will give producers the ability to improve cash flow significantly through spot cargo sales. This opportunity impacts the decision of Gladstone LNG producers whether to supply a spot cargo, or the domestic gas market.

As we have noted previously, China is key to understanding the Global LNG demand puzzle. Domestic fuel switching mandated by the Party (from the highest level) can rapidly impact global demand. The mandated component of gas in the Chinese Energy mix is 10%. It is currently at 7%. Indeed, in the last quarter China recorded a 40% increase in imported LNG volumes. This fuel switching was driven from the highest levels of the Chinese Government to ensure the eastern coastal cities improve their air quality by switching from coal to gas. This fact clearly demonstrates the importance of China to the global LNG supply/demand picture and shows just how quickly consumption growth in China can turn around the demand side of the equation for LNG. Every 1% of the Chinese energy mix that moves from coal to LNG, is the equivalent to the combined annual Gladstone LNG production capacity. As China's domestic coal production declines, air quality concerns in the burgeoning coastal cities will continue to be the reason to fuel switch, and therefore drive up gas demand significantly. The growth of the developing populous nations (China and India) logically drives energy and resource demand, as their populations not only grows, but who demand improved living standards. At the end of 2017, China was the second biggest importer of LNG in the world, behind Japan.

The EIA forecasts Chinese gas demand to triple by 2040 to nearly 57 BCF per day (approximately 22,000 PJ/year) from the current 20 BCF per day (7,700 PJ/year). For perspective, the entire Australian East Coast Gas demand is approximately 2,000 PJ per year (domestic gas + LNG export volumes). Whilst not all China's gas is imported, it will only take problems with its domestic shale gas production to require a massive increase in imported gas. As can be seen from Figure 1, current shale gas production is relatively minor, whereas by 2040 it is projected to be approximately 25 bcf/day.

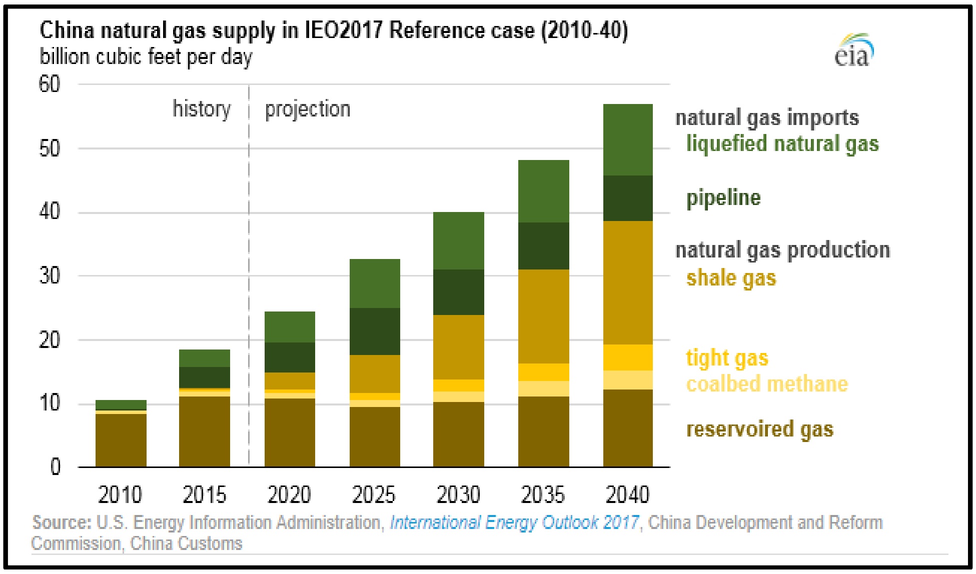

Figure 1: Forecast Chinese Gas demand to 2040. Source: EIA International Energy Outlook 2017

Some analysts see the Chinese 10% gas usage target as having the capacity to remove the current global LNG oversupply in the near term.

More recently Royal Dutch Shell published their "LNG Outlook 2018" in which they broadly support the ideas laid out above, and agree with the figures of the IEA on Chinese demand Growth

The ramifications of this projected demand growth for the eastern Australia gas sector could be significant. Should this projected demand materialise, LNG exporters on the East Coast will have the opportunity to ship more cargoes into the growing Chinese market on a spot basis (which traditionally is the most economically attractive option) and run their plants at optimised capacity (i.e. above nameplate). This will require field gas development to be sequenced properly to maximise feed gas supply. Therefore CAPEX decisions to increase field gas supply need to be taken now. However, with the demonstrated lack of depth of proved developed 2P reserves on the east coast of Australia, this level of CAPEX spend is somewhat problematic for some operators. Given the choice, a gas producer will push gas into the higher priced market, so for Domestic gas users, locked in long term contracts now would probably prove advantageous, if the view of future oil prices is bullish.

As many observers have noted, the solution to high gas prices is more supply. Opening up new acreage for exploration and development of new supply is a solution, and at this stage, Queensland seems one of the few jurisdictions that is actively undertaking this process.

Bowen Basin

ATP814P (Blue Energy 100% and Operator)

This permit currently has 2P reserves of 71 PJ, 3P reserves of 298 PJ and 3,011 PJ of Contingent Resources (as independently estimated by Netherland, Sewell and Associates Inc (NSAI)). It consists of 7 separate blocks, with the Sapphire Block holding the majority of the 2P and 3P reserves.

Blue Energy continues to pursue commercialisation of the gas held in this permit. Accordingly, the Company is in ongoing discussions with several potential buyers who are interested in securing gas supply. The parties include both existing gas users and new entrants. These activities are being undertaken in conjunction with work on the optimal pipeline route from Moranbah to Gladstone jointly with the APA Group.

ATP814P (Blue Energy 100% and Operator) - continued

During the period, 4 separate Production Licence Applications (PLA's) were lodged covering the 2P and 3P reserves held in the Permit (Sapphire, Central, Monslatt and Lancewood Blocks), together with 3 separate Potential Commercial Area Applications (PCA's) which cover the remaining contingent resource base in the ATP814P permit area. Upon grant, this tenure will secure the gas resources for a further 12 to 20 years. As a matter of protocol, Blue Energy also lodged an application to renew the underlying ATP, as is required to validly apply for PCA's on exploration tenure. The distribution of PLA's and PCA's can be seen in Figure 2.

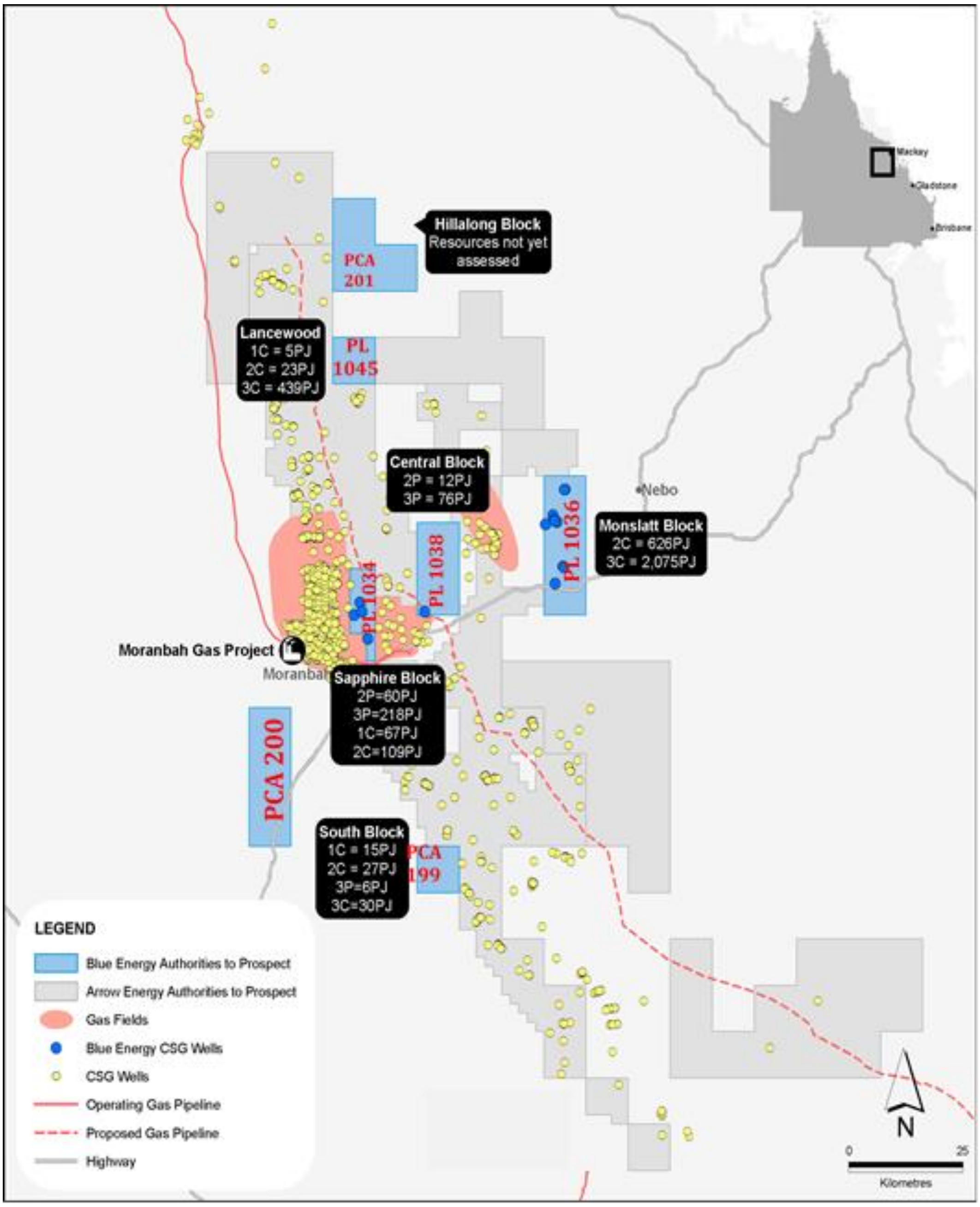

Figure 2: Location of ATP814P and the PCA and PL Applications

Galilee Basin

ATP813P Blue Energy 100% and Operator)

During the period to 31 December 2017, Blue Energy applied for a total of 9 PCA's covering the ATP8143P permit. To date, the work conducted by Blue Energy has resulted in 830 PJ of Contingent Resource being assessed by Netherland, Sewell and Associates. Accordingly, this resource has been secured, on approval, by the application of the PCA's and the renewal of the underlying ATP813P for a further 12 years.

ATP813P Blue Energy 100% and Operator) - continued

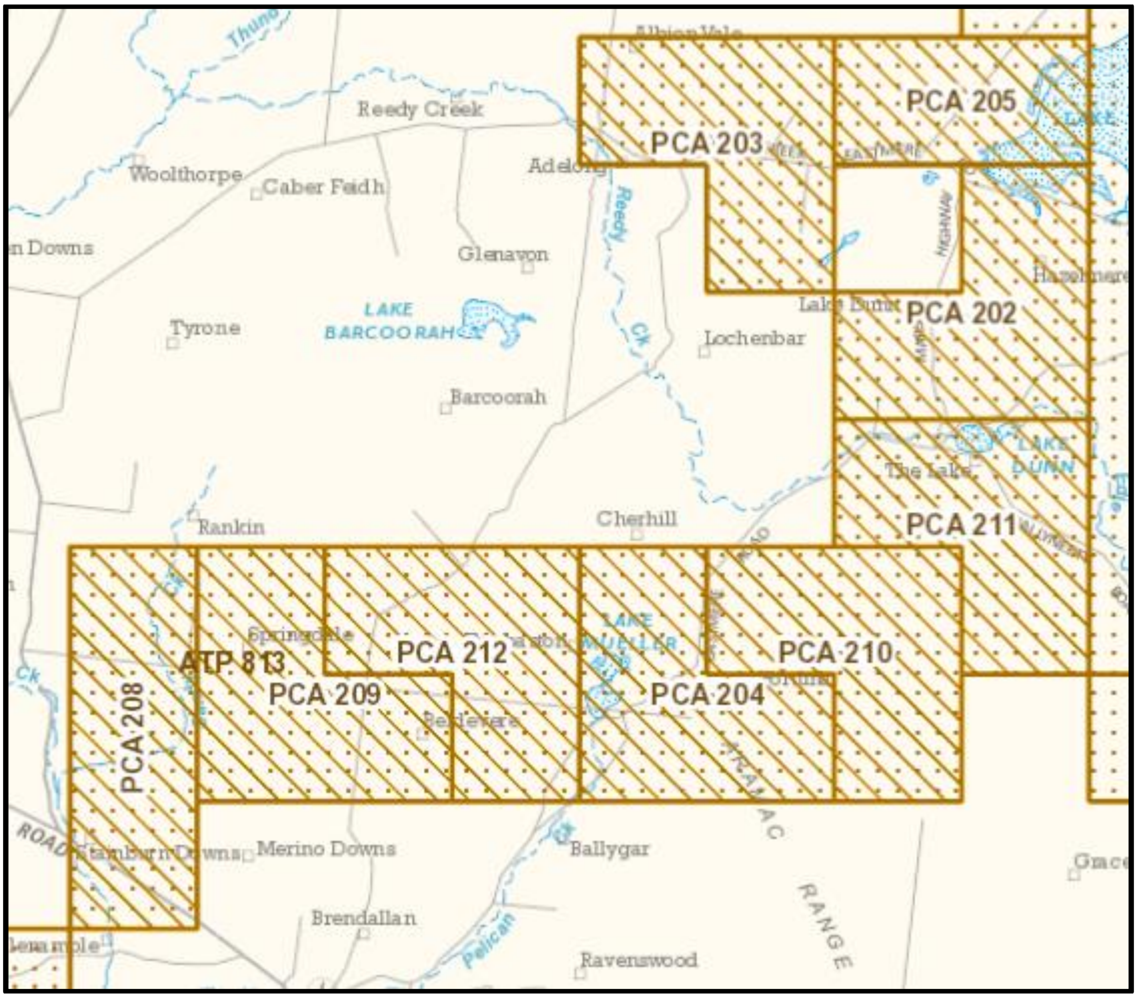

Figure 3: ATP 813P Galilee Basin and its 9 PCA Applications

Greater McArthur Basin, Northern Territory
EP199A, 200, 205, 206A, 207, 208A, 209A, 210A, 211A (Blue Energy Ltd farming in and Operator)

The Northern Territory Scientific Inquiry into Hydraulic Fracture Stimulation and the Unconventional Gas industry has reached the point of a Draft Final Report. This Draft has been open for public comment and the Inquiry Chair Justice Rachel Pepper has committed to deliver a Final Report to Government in March 2018 after the final rounds of community consultation and submission in response to the draft final report.

It is clear from the draft final report that there will certainly be additional regulation applied to the sector, assuming the NT Government adopts the recommendations presented. To act on the recommendations, it is likely that regulatory changes will need to be enacted, and therefore the final form of the Regulation governing the sector is as yet unknown. The Draft Report makes no recommendation regarding the lifting of the Moratorium or what areas if any the industry will be permitted to operate in.

CORPORATE

Financial Position

The net assets of the Company have decreased by $668,000 from 30 June 2017 to 31 December 2017 to $66,439,000. The decrease has largely resulted from the application of funds to evaluation and exploration expenditure and corporate and administration expenditure.

The Company posted a loss after income tax for the period of $838,000 (31 December 2016: $737,000). Cash expenditure on exploration and evaluation for the period was $354,000 (31 December 2016: $354,000).

Share & Option Issues

978,000 (2016: Nil) Employee Incentive performance rights were granted during the period to an existing employee under the current Employee Incentive Rights Plan. The fair value of the rights was $58,034 (2016: Nil).

SUBSEQUENT EVENTS

Subsequent to 31 December 2017,

On 12 January 2018, Blue raised approximately $2 million (net of fees) through a targeted share placement to a global investor. 13,000,000 fully paid ordinary shares were issued at an issue price of $0.155/share (further details on www.blueenergy.com.au/announcements).
There have not been any other matters or circumstances, other than that referred to above and in the financial statements or notes thereto, that has arisen since the end of the half-year, 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 consolidated entity in future financial periods.

AUDITOR'S DECLARATION

The auditor's independence declaration under section 307C of the Corporations Act 2001, for the half-year ended 31 December 2017, is set out on page 6.

This report is signed in accordance with a resolution of the Board of Directors.

John Phillips
Director

Dated this 14th day of March 2018
Brisbane, Queensland

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Auditor's Independence Declaration to the Directors of Blue Energy Limited

As lead auditor for the review of Blue Energy Limited for the half-year ended 31 December 2017, I declare to the best of my knowledge and belief, there have been:

a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and

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

This declaration is in respect of Blue Energy Limited and the entities it controlled during the financial period.

Ernst & Young

Tom du Preez
Partner
14 March 2018

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the half-year ended 31 December 2017

	Note	31 Dec 2017 $'000	31 Dec 2016 $'000
Financial income	2	22	45
Other income	2	-	16
Total income		22	61
Operating and administration expenses	3a	(654)	(768)
Asset impairment reversal/(expense)	3b	(36)	-
Options expense		(170)	(30)
(Loss) before income tax		(838)	(737)
Income tax benefit		-	-
(Loss) for the half-year attributable to the owners of the parent		(838)	(737)
Other comprehensive income		-	-
Total comprehensive (loss) for the half-year attributable to the owners of the parent		(838)	(737)
Earnings per share (cents per share):			
- basic		(0.07)	(0.06)
- diluted		(0.07)	(0.06)

The above Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2017

	Note	31 Dec 2017 $'000	30 June 2017 $'000
ASSETS			
Current Assets			
Cash and cash equivalents	10	1,583	2,536
Trade and other receivables		65	44
Inventories		46	82
Total Current Assets		1,694	2,662
Non-Current Assets			
Property, plant and equipment		27	33
Trade and other receivables		169	169
Exploration and evaluation expenditure	4	65,620	65,308
Total Non-Current Assets		65,816	65,510
TOTAL ASSETS		67,510	68,172
LIABILITIES			
Current Liabilities			
Trade and other payables		357	314
Provisions		-	-
Total Current Liabilities		357	314
Non-Current Liabilities			
Provisions		714	751
Total Non-Current Liabilities		714	751
TOTAL LIABILITIES		1,071	1,065
NET ASSETS		66,439	67,107
EQUITY			
Issued capital	5	130,767	130,767
Reserves		10,081	9,911
Accumulated losses		(74,409)	(73,571)
TOTAL EQUITY		66,439	67,107

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

As at 31 December 2017

	Issued Capital $'000	Accumulated losses $'000	Reserves $'000	Total $'000
Balance at 1 July 2016	130,711	(72,117)	9,655	68,249
Total comprehensive loss				
(Loss) for the half-year	-	(737)	-	(737)
Total comprehensive loss for the half-year	-	(737)	-	(737)
Transaction with owners in their capacity as owners				
Transfer from options reserve to share capital	56	-	(56)	-
Share-based payments	-	-	30	30
Total transactions with owners	56	-	(26)	30
Balance at 31 December 2016	130,767	(72,854)	9,629	67,542
Balance at 1 July 2017	130,767	(73,571)	9,911	67,107
Total comprehensive loss				
(Loss) for the half-year	-	(838)	-	(838)
Total comprehensive loss for the half-year	-	(838)	-	(838)
Transaction with owners in their capacity as owners				
Transfer from options reserve to share capital	-	-	-	-
Share-based payments	-	-	170	170
Total transactions with owners	-	-	170	170
Balance at 31 December 2017	130,767	(74,409)	10,081	66,439

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the half-year ended 31 December 2017

	Note	31 Dec 2017 $'000	31 Dec 2016 $'000
Cash flows from operating activities			
Receipts of refunds for GST		50	44
Payments to suppliers and employees		(672)	(933)
Interest received		23	46
Receipt of R&D Refund		-	-
Net cash used in operating activities		(599)	(843)
Cash flows from investing activities			
Funds provided for exploration and evaluation		(354)	(354)
Proceeds from disposal of property, plant and equipment		-	16
Net cash used in investing activities		(354)	(338)
Cash flows from financing activities			
Proceeds from share issue		-	-
Capital raising costs		-	-
Net cash flows provided by financing activities		-	-
Net increase / (decrease) in cash and cash equivalents held		(953)	(1,181)
Cash and cash equivalents at beginning of half-year		2,536	4,595
Cash and cash equivalents at end of half-year	10	1,583	3,414

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

1. BASIS OF PREPARATION

The half-year consolidated financial report is a general purpose financial report prepared in accordance with the requirements of the Corporations Act 2001 and Australian Accounting Standards AASB 134: Interim Financial Reporting.

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2017 and any public announcements made by the Company and its controlled entities, during the half-year, in accordance with the continuous disclosure requirements arising under the Corporations Act 2001.

The Company and its controlled entities is of a kind referred to in Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/91, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the Directors' Report and Financial Report. Amounts are rounded off to the nearest thousand dollars.

The half-year report does not include full disclosures of the type normally included in annual financial statements.

The half-year consolidated financial report was authorised for issue by the Board of Directors on 14 March 2018.

Reporting Basis and Conventions

The interim financial report has been prepared on an accruals basis and is based on historical cost modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

New standards, interpretations and amendments thereof, adopted by Blue Energy

The accounting policies adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the financial report for the financial year ended 30 June 2017.

The Group has not adopted any standards, interpretations or amendments since the 30 June 2017 annual financial statements that have a material impact on the Group.

Going concern

As the Company's assets are in the exploration and evaluation phase, Blue Energy Limited is currently non-revenue generating. As such, a major focus of the Board and management is on ongoing cash flow forecasting and management of cash flows to ensure that the Company has sufficient funds to cover its planned activities and any ongoing obligations.

At 31 December 2017, the Company had $1.6 million in cash and cash equivalents. The Board is satisfied that the Company's current cash resources and return from cash investments are sufficient to fund the Company's minimum expenditure commitments for a period of at least 12 months from the date of signing this report.

However, the Company's cash and cash equivalents at 31 December 2017 are not sufficient for it to meet its full exploration expenditure commitments for its various tenements prior to the tenure lapsing or facilitate an expanded exploration program should the Company elect to do so. This being the case, the Company is:

a) Negotiating with government on revised work programs and extensions of tenure;
b) Considering Joint Venture partners to enable it to meet required exploration commitments, in exchange for an interest in the tenements, and
c) Considering other alternative funding options including equity funding options.

In addition to the close management of cash inflows, the Company has significant ability to slow or defer spending on its major activities to ensure it is able to meet its obligations when they fall due, including deferring expenditure on the planned exploration program for the 2018 financial year.

On the basis of the above, the Directors are of the opinion the Company has sufficient funds to meet its debts as and when they fall due and realise its assets and settle its liabilities in the ordinary course of business. Accordingly, the financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities may be necessary should the Company be unsuccessful in renegotiating or deferring its exploration expenditure commitments, attracting joint venture partners the Company's exploration expenditure commitments and/or raising additional capital.

2. INCOME

	31 Dec 2017 $'000	31 Dec 2016 $'000
Financial income		
Interest received	22	45
	22	45
Other income		
Gain on sale of property, plant and equipment	-	16
	-	16
Total Revenue	22	61

3. PROFIT/(LOSS) FOR THE HALF YEAR

	31 Dec 2017 $'000	31 Dec 2016 $'000
(a) Operating and administration expenses		
Employee benefit expenses	161	240
Superannuation	30	37
Legal fees and settlements	59	110
Consultants fees	34	16
Business development costs	-	-
Depreciation expense	6	15
Travel costs	23	23
Directors' fees	60	60
Accounting and compliance fees	143	122
Occupancy costs	99	96
Insurance costs	19	22
Information systems costs	15	19
Communications costs	8	14
Investor relations costs	8	11
Other	(11)	(17)
	654	768
(b) Asset impairment (reversal)/expense		
Adjustment to provisions for inventory write-down	36	-
	36	-

4. EXPLORATION AND EVALUATION EXPENDITURE

	31 Dec 2017 $'000	30 June 2017 $'000
Exploration and evaluation expenditure acquired and recognised on consolidation	13,648	13,648
Other exploration and evaluation expenditure	78,027	77,715
Restoration asset	739	739
Impairment of exploration and evaluation expenditure asset	(26,794)	(26,794)
Total exploration and evaluation expenditure brought to account	65,620	65,308

5. ISSUED CAPITAL

	31 Dec 2017		30 June 2017	
	Shares	$'000	Shares	$'000
Ordinary shares:				
Issued and fully paid	1,141,891,882	130,767	1,141,891,882	130,767
Movements in ordinary shares on issue:				
Opening balance	1,141,891,882	130,767	1,140,993,237	130,711
Issued shares on exercise of rights	-	-	898,645	56
Closing balance	1,141,891,882	130,767	1,141,891,882	130,767

6. SEGMENT INFORMATION

The Company operates in a single operating segment, being the oil and gas exploration industry. The Company's activity is carried out in a single geographical segment, being Australia.

7. CONTINGENT LIABILITIES

The Directors are not aware of any contingent liabilities or contingent assets at 31 December 2017, which are not otherwise disclosed in this report.

8. SUBSEQUENT EVENTS

Subsequent to 31 December 2017, on 12 January 2018, Blue raised approximately $2 million (net of fees) through a targeted share placement to a global investor. 13,000,000 fully paid ordinary shares were issued at an issue price of $0.155/share (further details on www.blueenergy.com.au/announcements). There have not been any other matters or circumstances, other than that referred to above and in the financial statements or notes thereto, that has arisen since the end of the half-year, 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 consolidated entity in future financial periods.

9. DIVIDEND PAID OR PROVIDED FOR ON ORDINARY SHARES

There was no dividend paid or provided for at the reporting date (31 December 2016: $nil).

10. CASH AND CASH EQUIVALENTS

Included in cash and cash equivalents are bank guarantees totaling $665,458 relating to financial assurances for ATPs.

11. FINANCIAL INSTRUMENTS

The financial assets and liabilities consist of trade and other receivables and trade and other payables. The financial assets and liabilities are carried at amortised cost, the carrying value is assumed to approximate their fair value.

DIRECTORS' DECLARATION

The directors of the Company declare that:

(1) The financial statements and notes, as set out on pages 7 to 13, are in accordance with the Corporations Act 2001;

   (a) comply with Accounting Standards and

   (b) give a true and fair view of the consolidated entity's financial position as at 31 December 2017 and of its performance for the half-year ended on that date.

(2) 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.

This declaration is made in accordance with a resolution of the Board of Directors.

John Phillips
Director

Dated 14 March 2018

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Independent Auditor's Review Report to the Members of Blue Energy Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of Blue Energy Limited (the Company) and its subsidiaries (collectively the Group), which comprises the statement of financial position as at 31 December 2017, the 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 and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half-year financial report of the Group is not in accordance with:

a) the *Corporations Act 2001*, including:

   i. giving a true and fair view of the consolidated financial position of the Group as at 31 December 2017 and of its consolidated financial performance for the half-year ended on that date; and

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

Emphasis of Matter – Material Uncertainty in respect of going concern

We draw attention to Note 1 in the financial report which describes the principal conditions associated the entity's ability to meet its exploration and evaluation commitments with its existing cash reserves and as a result uncertainty regarding the Group's ability to continue as a going concern. These conditions indicate the existence of a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern and therefore whether it will realise its assets and discharge its liabilities in the normal course of business. The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the Group not continue as a going concern. Our conclusion is not modified in respect of this matter.

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, anything has come to our attention that causes us to believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's consolidated financial position as at 31 December 2017 and its consolidated financial performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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

Ernst & Young

Tom du Preez
Partner
Brisbane
14 March 2018