KALINA POWER LIMITED

AND ITS CONTROLLED ENTITIES

ABN 24 000 090 997

APPENDIX 4E

PRELIMINARY FINAL REPORT

FINANCIAL YEAR ENDED 30 JUNE 2018

Results for Announcement to the Market **31 August 2018**

Current Period: **1 July 2017 to 30 June 2018**

Previous corresponding period: **1 July 2016 to 30 June 2017**

Results				AUD$
Revenues from ordinary activities	Up	>100%	to	98,740
Loss from ordinary activities after tax attributable to members	Down	57%	to	4,536,590
Net loss for the period attributable to members	Down	57%	to	4,536,590

Dividends	Amount per security	Franked amount per security
Final dividend – no dividend is proposed	n/a	n/a
Previous corresponding period – no dividend declared	n/a	n/a
+Record date for determining entitlements to the dividend, (in the case of a trust, distribution) *(see item 15.2)*	n/a	

Net Tangible Assets per security	Current Period	Previous Period
Net tangible asset backing per ordinary security	0.16 cents	0.29 cents

Please refer to the review of operations below for further information in regards to the operations of the Group.

Audit of Financial Report

This Appendix 4E is based on accounts that are in the process of being audited. The Company anticipates that the Independent Auditors Report in the Audited Accounts may include an Emphasis of Matter with regard to its Going Concern note to the Accounts. This Going Concern note is expected to be similar to that set out in Note 1 below.

COMMENTARY OF RESULTS

REVIEW OF OPERATIONS

During the financial year the Company continued to focus on markets with opportunities for multiple projects and supportive policies for the deployment of renewable energy. This has led to initial development work on a number of projects in Canada in which KALiNA has substantial control of the timing and implementation of the projects.

Restructuring has been undertaken in China to enable KALiNA's Hong Kong based team to effectively deploy the KALiNA Cycle in a highly prospective market. The basis for the restructure is to enable KALiNA to raise third party capital at our subsidiary level, principally from Asian investors and specifically for operations in China. This is expected to lessen the ongoing funding requirements for KALiNA in this region.

Canada

KALiNA's North American business development team, largely comprised of former Pristine Power executives in Canada has developed a strategy for the deployment of Combined Cycle Power Plants using KALiNA Cycle technology as the bottoming Cycle ('KALiNA CCGT').

The business development team has identified a regional market opportunity to utilise the significant performance advantages of the KALiNA Cycle to enhance the performance and profitability of gas fired power plants. KALiNA's feasibility and market analysis indicates an addressable market for the Company of over 500 MWe of gas fired production that would require up to 165 MWe of KALiNA Cycle capacity. Additional acquisition opportunities also exist within this market for the KALiNA Cycle to be utilised to leverage the value of existing power plants.

The team, with the support of KALiNA's engineers have now completed a thorough feasibility analysis and development plan (Development Plan) on some of these opportunities.

The project economic analysis indicates a capital cost of C$50 million for each of the first projects with an IRR which meets the investment criteria of project equity funders, while also providing for royalties and engineering services to KALiNA as well as a carried interest in each project.

Klamath Hills Geothermal, USA

KALiNA executed formal definitive agreements with Klamath Hills Geothermal LLC ("KHG") which govern KALiNA's equity interest in KHG and management of project development of the initial 10MWe KALiNA Cycle geothermal project in Oregon USA, along with other potential geothermal projects being pursued by KHG in the Klamath Falls region in which the KALiNA Cycle will be used exclusively.

The agreements provide the framework under which KALiNA can acquire up to 50% of the equity in KHG (as well as a majority interest under certain circumstances) and an opportunity to share in a carried interest along with investment rights in operating projects. KHG's geothermal projects will exclusively use the KALiNA Cycle on terms comparable to those provided to other new project licensees under KALiNA's new licensing program

The Klamath Hills Project has progressed to a point where a "standard," Qualified Facility ("QF") Power Purchase Agreement is required. The previous 'standard' PPA pricing by the utility has been reduced significantly under the terms of the new, current PPA pricing regime and will not support further development of the Klamath Project as is.

KHG and its legal team are in discussions with the local utility in an attempt to either grandfather the original higher pricing or provide alternative concessions. Research conducted by KHG and its legal team have discovered instances of similar concessions provided to other projects following complaints by such other project owners.

KHG is considering its various options with the utility and the utility's state governing body which may include the issue of a similar complaint or taking legal action.

New Energy Asia Limited (NEA)

In July 2017 Mr. Peter Littlewood was appointed to the KALiNA Board as a Non-Executive Director. Mr. Littlewood has over 40 years' experience in the power industry, including 36 years with China Light and Power ("CLP Group"), one of the largest power companies in the Asia-Pacific region. Peter was the Group Director of Operations at CLP Group.

KALiNA has also recruited 3 senior management executives who had worked together at Meiya Power (renamed CGN New Energy Holdings Co), a leading foreign independent power producer ("IPP") in China and North Asia. They are led by Meiya Power's former Chief Operating Officer, Nigel Chea, who has been appointed as KALiNA's President for Greater China.

The Company's senior management team for China continued to make progress in several important areas. Completion of the construction and start-up of the KALiNA Cycle plant at Sinopec Hainan occurred during November 2017. Engagement with Sinopec Engineering on the optimisation phase of the plant was undertaken through the middle of the financial year.

KALiNA has continued its discussions with Sinopec and SSNE (KALiNA's long standing licensee in China) with regard to Hainan and the ongoing business in China. Delays at the Hainan plant in China have contributed to delays in receiving payments that are due from SSNE to KALiNA for previous work. Details of all payments due to KALiNA were submitted to SSNE during the final quarter of the financial year for inclusion in the invoice to Sinopec, and as required under State Owned Enterprise laws in China, are currently being reviewed by specialist engineering firms in accordance with the EPC agreement between SSNE and Sinopec. We have most recently been advised by SSNE representatives to anticipate payment of these sums in the coming months.

Contrary to our view, SSNE has continued to insist that the market in China cannot be properly developed without the Sinopec project at Hainan being successfully completed. We believe we can no longer delay pursuing these opportunities given the scale of China's interest in clean technologies. KALiNA has begun to implement steps that will enable its senior Hong Kong based team to fully execute its comprehensive business plan for China and to properly run operations in China without limitation.

Key to this new business plan is the intention to raise third party capital at a subsidiary level, principally from Asian investors and specifically for operations in China. This will not only lessen the ongoing funding requirement for KALiNA, but also access meaningful capital in a region that is familiar with the opportunities for technologies such as the KALiNA Cycle Technology and is adopting such technologies at a prolific pace.

We have provided SSNE with a reasonable deadline in which they must pay us for certain outstanding amounts and provide evidence that they are financially solvent. If they are not able to do so they will lose their licensing rights and KALiNA will continue its plans to obtain finance for a new and appropriate corporate structure in China. KALiNA has indicated its willingness to permit SSNE shareholders a minor yet meaningful interest in a new structure for China that would be led by senior members of our Hong Kong based team.

KALiNA has previously identified to Sinopec the key areas to complete the Hainan project successfully and has continued to indicated its willingness to assist with the next phase of the required work at the site at Hainan in an effort to eventually resolve outstanding issues and professionally guide them to understand how best to deploy the KALiNA Cycle Technology in future projects.

Recurrent Engineering

Recurrent Engineering (RE) is the Company's 100% owned subsidiary that provides specialist engineering services to projects around the world. During the year the team provided support to SSNE on the Sinopec Hainan project to identify the issues with the plant and propose suitable steps to maximise the power output from the site. Given RE was not involved in the design, procurement or construction of the plant until it was nearly complete a number of these solutions now require significantly more work now than if they had been implemented when suggested by RE in late 2015. SSNE and its local service providers believed that their design would work materially to the design parameters and therefore chose not to implement any of the major suggestions of RE. The plant has not produced power to the necessary output, due primarily to an incorrect heat exchanger design.

The optimisation works on the plant are continuing however RE is now limited in the time it is spending on the project.

The other key focus of RE during the period was the technical support to assess the Canada project opportunities. This included preparation of the Development plan and Design Based Memorandum that forms the basis of the KALiNA Cycle design requirements for the Canadian projects and which will be used by Phoenix for plant design and construction.

Intellectual Property (IP)

The Company currently has over 320 granted patents representing 17 different patent families. The Company is constantly seeking to add to its intellectual property portfolio with new inventions and documentation of its tremendous body of proprietary know-how and process knowledge.

The Company is continuing with its overall IP strategy, of assessing maintenance of existing patents and technical know-how and trade secrets being documented in such a way as to afford comprehensive protection and maximum effect in aggressively staking the Company's claims in the sector.

Dividends

No dividends have been paid or declared since the start of the year

Consolidated statement of profit and loss and other comprehensive income
for the financial year ended 30 June 2018

	Note	Consolidated 2018 $	Consolidated 2017 $
Revenue	3	98,740	29,503
Cost of Sales		-	-
Gross profit/(loss)		98,740	29,503
Other revenue	5(a)	287,314	486,861
Finance income	5(a)	125,565	208,279
Employee benefits expenses	5(b)	(4,149,541)	(6,346,951)
Administration expenses		(451,895)	(661,434)
Depreciation and amortisation expenses	5(b)	(4,441)	(5,559)
Doubtful debts		(31,137)	(1,850,763)
Travel expenses		(575,753)	(617,816)
Gain/(loss) on revaluation of financial assets fair valued through profit and loss		(71)	(60,000)
Gain/(Loss) recognised on disposal of a subsidiary		629,771	(497,241)
Borrowing costs		-	(711,734)
Legal and professional fees		(772,609)	(1,017,226)
Patent costs		(309,869)	(363,566)
Foreign exchange gain/(loss)		292,350	(208,240)
Finance costs		(161,409)	(198,426)
Profit/(loss) before tax		(5,022,985)	(11,814,313)
Income tax benefit/(expense)		-	-
(Loss)/Profit for the year		(5,022,985)	(11,814,313)
Attributed to:			
Owners of the parent		(4,536,590)	(10,688,207)
Non-controlling interest		(486,395)	(1,126,106)
		(5,022,985)	(11,814,313)
Other comprehensive income			
Exchange reserve arising on translation of foreign operations		(356,181)	354,223
Other comprehensive income for the period net of tax		(356,181)	354,223
Total comprehensive income/(loss) for the period		(5,379,166)	(11,460,090)
Total comprehensive income/(loss) attributable to:			
Owners of the parent		(4,876,494)	(10,044,654)
Non-controlling interest		(502,672)	(1,415,436)
		(5,379,166)	(11,460,090)
(Loss) per share			
From continuing and discontinued operations:			
Basic (cents per share)	15	(1.1)	(3.6)
Diluted (cents per share)	15	(1.1)	(3.6)

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	Note	2018 $	2017 $
Current assets			
Cash and cash equivalents		3,127,403	4,343,365
Trade and other receivables	6	67,151	132,226
Other financial assets	7	-	71
Total current assets		**3,194,554**	**4,475,662**
Non-current assets			
Trade and other receivables	8	14,577	-
Investments accounted for using the equity method	9	9,200	9,200
Property, plant and equipment		20,155	21,593
Total non-current assets		**43,932**	**30,793**
Total assets		**3,238,486**	**4,506,455**
Current liabilities			
Trade and other payables	10	680,891	953,780
Borrowings	11	-	60,238
Provisions	12	281,187	151,315
Total current liabilities		**962,078**	**1,165,333**
Non-current liabilities			
Trade and other payables	13	1,539,361	1,359,858
Borrowings		-	863,690
Provision	12	31,291	78,649
Total non-current liabilities		**1,570,652**	**2,302,197**
Total liabilities		**2,532,730**	**3,467,530**
Net assets/(liabilities)		**705,756**	**1,038,925**
Equity/(net deficiency)			
Issued capital	14	108,055,758	101,720,362
Reserves		1,811,322	3,925,441
Accumulated losses		(99,329,166)	(94,792,576)
Total equity attributable to equity holders of the company		10,537,914	10,853,227
Non-controlling interest		(9,832,158)	(9,814,302)
Total equity/(net deficiency)		**705,756**	**1,038,925**

Consolidated

	Issued capital and contributed equity $	Foreign currency translation reserve $	Share based payments reserve $	Other reserves $	Treasury Shares $	Accumulated losses $	Attributable to owners of the parent $	Non-controlling interest $	Total $
Balance at 1 July 2016	**91,632,654**	**3,352,008**	**5,767,352**	**(9,939,836)**	**(450,800)**	**(84,104,369)**	**6,257,009**	**(8,398,866)**	**(2,141,857)**
Profit/(loss) for the year	-	-	-	-	-	(10,688,207)	(10,688,207)	(1,126,106)	(11,814,313)
Movement in foreign exchange values	-	354,223	-	-	-	-	354,223	(289,330)	64,893
Total comprehensive income for the period	-	354,223	-	-	-	(10,688,207)	(10,333,984)	(1,415,436)	(11,749,420)
Value of options issued	-	-	6,199,876	-	-	-	6,199,876	-	6,199,876
Value of options exercised	1,357,382	-	(1,357,382)	-	-	-	-	-	-
Issue of shares	7,315,625	-	-	-	-	-	7,315,625	-	7,315,625
Share issue cost	(719,626)	-	-	-	-	-	(719,626)	-	(719,626)
Exercise of options	2,134,327	-	-	-	-	-	2,134,327	-	2,134,327
Balance at 30 June 2017	**101,720,362**	**3,706,231**	**10,609,846**	**(9,939,836)**	**(450,800)**	**(94,792,576)**	**10,853,227**	**(9,814,302)**	**1,038,925**
Balance at 1 July 2017	**101,720,362**	**3,706,231**	**10,609,846**	**(9,939,836)**	**(450,800)**	**(94,792,576)**	**10,853,227**	**(9,814,302)**	**1,038,925**
Profit/(loss) for the year	-	-	-	-	-	(4,536,590)	(4,536,590)	(486,395)	(5,022,985)
Movement in foreign exchange values	-	(356,181)	-	-	-	-	(356,181)	(16,277)	(372,458)
Total comprehensive income for the period	-	(356,181)	-	-	-	(4,536,590)	(4,892,771)	(502,672)	(5,395,443)
Value of options issued	-	-	646,979	-	-	-	646,979	-	646,979
Value of options exercised	2,404,917	-	(2,404,917)	-	-	-	-	-	-
Loss of control of a subsidiary	-	-	-	-	-	-	-	484,816	484,816
Issue of shares	275,000	-	-	-	-	-	275,000	-	275,000
Exercise of options	3,877,134	-	-	-	-	-	3,877,134	-	3,877,134
Share issue cost	(221,655)	-	-	-	-	-	(221,655)	-	(221,655)
Balance at 30 June 2018	**108,055,758**	**3,350,050**	**8,851,908**	**(9,939,836)**	**(450,800)**	**(99,329,166)**	**10,537,914**	**(9,832,158)**	**705,756**

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	Note	Consolidated 2018 $	Consolidated 2017 $
Cash flows from operating activities			
Receipts from customers		218,617	824,877
Interest and finance costs paid		(2,273)	(49)
Payments to suppliers and employees		(5,505,520)	(4,932,660)
Sundry income		260	5,000
Net cash used in operating activities		(5,288,916)	(4,102,832)
Cash flows from investing activities			
Interest received		97,996	83,007
Payment for equity investment		-	(6,090)
Payment for plant and equipment		(11,098)	(4,399)
Adjustment for loss of control of a subsidiary		(10,303)	-
Loans to related party		(166,250)	(4,994)
Receipts/(payment) for deposits		-	(14,575)
Net cash provided by/(used in) investing activities		(89,655)	52,949
Cash flows from financing activities			
Proceeds from issue of shares and options		4,152,134	7,952,439
Proceeds from borrowings		232,131	151,869
Capital raising costs		(221,656)	(466,921)
Net cash provided by financing activities		4,162,609	7,637,387
Net (decrease) / increase in cash and cash equivalents		(1,215,962)	3,587,504
Cash and cash equivalents at the beginning of the financial year		4,343,365	755,861
Cash and cash equivalents at the end of the financial year		3,127,403	4,343,365

Notes to the preliminary final report

1. Basis of preparation

This preliminary final report has been prepared in accordance with ASX Listing Rule 4.3A and the disclosure requirements of ASX Appendix 4E.

The accounting policies adopted in the preparation of the preliminary final report are consistent with those adopted and disclosed in the annual financial report at 30 June 2017, and as amended as disclosed in the interim financial report at 31 December 2017.

Going concern

The consolidated entity's operating loss for the year ended 30 June 2018 amounted to $5,022,985

The consolidated entity had net current assets as at 30 June 2018 of $2,232,476 (30 June 2017: net current assets $3,310,329). At the date of this report, the Directors have considered the above factors and the additional funds required to accomplish its business objectives are of the opinion that the consolidated entity will be able to continue as a going concern and will be able to pay its debts as and when they fall due, based on forecasted cash flows through to June 2020.

The above note is underpinned by certain key assumptions including:

- The company is currently working on a number of major projects in Canada that, if successful, are expected to generate cash flows to the Company in their first 12 months;
- The Company has a track record of successful debt and equity fundraising and Management is confident that it can raise additional capital if required;
- Based on the success of the above projects, the Company believes each of the projects will be able to secure the funding to complete project milestones; and
- As stated above, if the Company is successful in completing the projects, the Company expects to be reimbursed for the accrued engineering fees expended to date and ongoing to financial close of each project. In addition royalty fees are expected in or around early in the calendar year of 2020 from its 1st plant and further income from the following plants thereafter

In the event that the consolidated entity is unsuccessful in certain of the matters set out above, there is material uncertainty whether the consolidated entity will continue as a going concern. If the consolidated entity is unable to continue as a going concern it may be required to realise its assets and discharge its liabilities other than 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 the amounts and classification of liabilities that might be necessary should the consolidated entity not continue as a going concern.

Notes to the preliminary final report

2. Segment information

(i) The following is an analysis of the Group's revenue and results by reportable operating segments:

	Segment revenue		Segment profit/(loss)	
	2018	2017	2018	2017
	$	$	$	$
Continuing operations				
Investments	217,306	213,495	(2,608,367)	(8,763,226)
Power business	294,313	511,148	(2,417,618)	(3,051,087)
Total of all Segments	511,619	724,643	(5,022,985)	(11,814,313)
Unallocated items				
Share of loss of associate			-	-
Total loss before tax			(5,022,985)	(11,814,313)
Exchange reserve arising on translation of foreign operations			(356,181)	354,223
Company tax			-	-
Total comprehensive income for the period			**(5,379,166)**	**(11,460,090)**

The segment revenue reported above represents the revenue generated from external customers. There were no intersegment sales in the current year (2017: nil).

The accounting policies of the reportable segments are the same as the Group's accounting policies described in note 2 of the financial statement. Segment loss represents the loss incurred by each segment without the allocation of share of losses of associate. This is the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

(ii) Segment assets

	2018	2017
	$	$
Investments	3,094,064	4,166,717
Power business	144,422	339,738
Total segment assets	3,238,486	4,506,455
Unallocated assets	-	-
Total assets	3,238,486	4,506,455

(iii) Segment liabilities

	2018	2017
Investments	594,493	1,547,249
Power business	1,938,237	1,920,281
Total liabilities	2,532,730	3,467,530

Notes to the preliminary final report

2. Segment information (cont'd)

(iv) Geographical information

The group operates in these principal geographical areas. Australia (country of domicile), UK, China and the USA.

	Revenue from external customers		Non-current assets	
	2018	2017	2018	2017
	$	$	$	$
Australia	217,306	152,690	43,932	30,793
China	30,935	60,805	-	-
USA	263,378	511,148	-	-
	511,619	**724,643**	**43,932**	**30,793**

(v) Other segment information

	Depreciation and amortisation	
	2018	2017
	$	$
Investments	4,441	5,371
Power	-	188
	4,441	**5,559**

Investments Segment: Impairment losses recognised for the year

	2018	2017
	$	$
Unlisted Investments	71	60,000
	71	**60,000**

3. Revenue

	Consolidated	
	2018	2017
	$	$
Engineering services	98,740	29,503
	98,740	**29,503**

All revenue relates to continuing operations.

4. Finance costs

	Consolidated	
	2018	2017
	$	$
Interest and expenses – related parties	46,117	1,239
Interest – other	115,292	197,187
Borrowing costs – other	-	711,734
	161,409	**910,160**

Weighted average rate of funds borrowed is 10% (2017 – 10%)

Notes to the preliminary final report

5. Loss for the year

(a) Gains and losses

Loss for the year has been arrived at after crediting/(charging) the following gains and losses:

	Consolidated	
	2018 $	2017 $
Management fee	122,775	33,037
Impaired trade debt received	-	446,608
Gain on creditors no longer payable	164,539	1,954
Sundry income	-	5,262
Other revenue/(expenses)	287,314	486,861
Interest income	125,565	208,279
Net foreign exchange gains/(losses)	292,350	(208,240)

(b) Other expenses

Loss for the year includes the following expenses:

	Consolidated	
	2018 $	2017 $
Rental expenses	94,411	236,438
Depreciation of plant and equipment	4,441	5,559
Doubtful debts (i)	31,137	1,850,763
Employee benefit expense:		
Defined contribution plans	104,892	106,145
Share based payments	649,979	3,580,994
Salaries and wages	3,394,670	2,659,812
	4,149,941	6,346,951

(i) Provision made on account to other receivable which are not yet treated as bad

Notes to the preliminary final report

6. Trade and other receivables: current

	Consolidated 2018 $	Consolidated 2017 $
Trade receivables	15,675	14,732
Goods and services tax recoverable	17,986	27,068
Receivable from key management personnel	280	502
Other receivables	25,197	59,886
Receivables from director related entities	8,013	30,038
	67,151	**132,226**

The average credit period is 30 days after the end of the month in which the invoice is raised.
Trade receivables disclosed above are classified as loans and receivables and are therefore measured at amortised cost.

Credit risk
The group has no significant concentration of credit risk with respect to any single counterparty or group of counterparties other than those receivable specifically provided for and mentioned within note 6.

7. Other financial assets: current

	Consolidated **2018 $**	Consolidated **2017 $**
Financial assets carried at fair value through profit or loss (FVTPL)		
Held for trading non-derivative financial assets (i)	-	71
	-	**71**

The fair values of the financial assets were determined as follows:
(i) The fair value of the shares has been determined with reference to quoted market prices.

8. Trade and other receivables: non-current

	Consolidated **2018 $**	Consolidated **2017 $**
Rental bond	14,577	-
Receivable other	963,471	932,334
Less: provision for doubtful debts	(963,471)	(932,334)
	14,577	**-**

Notes to the preliminary final report

9. Investments accounted for using the equity method

	Consolidated	
	2018 $	2017 $
Reconciliation of movement in investments accounted for using the equity method:		
Balance at 1 July	9,200	9,200
Balance at 30 June	**9,200**	**9,200**

Name of entity	Country of incorporation	Principal activity	Ownership interest	
			2018 %	2017 %
Associates				
Exergy Inc	USA	Investment	46.0%	46.0%
Consolidated Potash Corporation Ltd (formerly Aqua Guardian Group Ltd)	Australia	Investment	-	20%

Dividends received from associates
No dividends were received during the year (2017: Nil) from its associate.

10. Trade and other payables – current

	Consolidated	
	2018 $	2017 $
Unsecured:		
Trade payables (i)	680,891	953,780
	680,891	**953,780**

(i) Payment terms for the Company and Consolidated entity during the current year and comparative period average 30 days.

Notes to the preliminary final report

11. Borrowings

	Consolidated 2018 $	Consolidated 2017 $
Loans from:		
- Other entities – secured loan - note	-	923,928
	-	**923,928**
Disclosed in the financial statements as:		
Current borrowings	-	60,238
Non-Current borrowings	-	863,690
	-	**923,928**

(i) Interest payable @ 10% per annum.

12. Provisions:

	Consolidated 2018 $	Consolidated 2017 $
Employee benefits	312,478	229,964
	312,478	**229,964**
Disclosed as current	281,187	151,315
Disclosed as non-current	31,291	78,649
	312,478	**229,964**

13. Trade and other payables: non-current

	Consolidated 2018 $	Consolidated 2017 $
Other payable (i)	1,539,361	1,359,857
	1,539,361	**1,359,857**

(i) Relate to amount owing to key outside shareholders of New Energy Asia (NEA), payable when NEA has adequate funds to meet one year working capital requirement after payment this amount. Interest is payable at 10% per annum.

Notes to the preliminary final report

14. Issued capital

	Consolidated 2018 $	Consolidated 2017 $
Fully paid ordinary shares 30 June 2018:443,522,812 (30 June 2017: 360,480,132)	**108,055,757**	**101,720,362**

14.1 Ordinary shares	2018 No.	2018 $	2017 No.	2017 $
Balance at beginning of year	360,480,132	101,720,362	133,335,253	91,632,654
Exercise of options	77,542,680	6,282,050	42,686,531	3,491,709
Issue of shares	5,500,000	275,000	125,362,228	4,519,370
Shares issued to creditors and lenders	-	-	59,096,120	2,796,255
Share issue costs	-	(221,655)	-	(719,626)
Balance at end of financial year	**443,522,812**	**108,055,757**	**360,480,132**	**101,720,362**

Ordinary shares carry one vote per share and carry the right to dividends.

Movements in ordinary share capital

Details	**Date**	**Shares**	**Issue Price**	**$**
Balance	1 July 2017	360,480,132		101,720,362
Options exercised	22 August 2017	77,542,680	0.050	6,282,362
New Issue	14 September 2017	4,000,000	0.050	200,000
New Issue	26 October 2017	1,500,000	0.050	75,000
Capital raising costs				(221,655)
Balance	30 June 2018	443,522,812		108,055,757

Notes to the preliminary final report

15. Earnings per share

	Consolidated	
	2018 Cents per share	2017 Cents per share
Basic earnings (loss) per share	(1.1)	(3.6)
Diluted earnings (loss) per share	(1.1)	(3.6)

Basic earnings per share

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

	2018 $	2017 $
Net (loss)/profit (i)	(4,536,590)	(10,688,207)

(i) Net Loss is the same amount as loss after tax in the statement of comprehensive income attributable to owners of the parent

	2018 No.	2017 No.
Weighted average number of ordinary shares for the purposes of basic earnings per share	431,172,896	296,108,426

Diluted Earnings (Loss) Per Share

The options held by rights holders have not been included in the weighted average number of ordinary shares for the purposes of calculating diluted EPS as they do not meet the requirements for inclusion in AASB 133 “Earnings per Share”. The rights are non-dilutive as they do not increase loss per share from continuing operations.

16. Net Tangible Assets

	Consolidated	
	2018 $	2017 $
Net tangible asset backing per ordinary security	0.16 cent	0.29 cents