WILGENA RESOURCES LTD

ABN 22 613 853 526

30 June 2017

Contents

Corporate information

Wilgena Resources Ltd

ABN 22 613 853 526

Directors
Lindsay David Hale Williams (Chairman)
William James McKinnon-Matthews (Non-Executive Director)
Robert Arthur Behets (Non-Executive Director)

Company Secretary
Richard Walter Cumming Willson

Registered office
c/- McCormack Accountants & Advisors
Level 3
29 King William Street
Adelaide SA 5000

Principal place of business
c/- McCormack Accountants & Advisors
Level 3
29 King William Street
Adelaide SA 5000

Auditors
Ernst & Young
121 King William Street
Adelaide SA 5000

Directors' Report

Your directors submit their report for the period ended 30 June 2017.

DIRECTORS

The names and details of the Group's directors in office during the financial period and until the date of this report are set out below. Directors were in office for this entire period unless otherwise stated.

NAMES	PARTICULARS
Lindsay David Hale Williams (Chairman) *LLB, B.Comm, MAICD*	Appointed as Non-Executive Director on 9 September 2016, appointed as the Chairman for the Group on 27 June 2017. David Williams is an experienced executive, having been the managing director of Marmota Energy until November 2016, the former chairman of Lithex Resources Limited, a graphite and nickel explorer, and former president of Heathgate Resources Pty Ltd, the owner and operator of the Beverley uranium mine in South Australia. He also held the position of managing director of a number of ASX listed and unlisted companies in various sectors and brings 20 years of experience in the energy and resource industry. This has included a number of minerals companies in exploration, production, developing new mines and reviewing commerciality of existing operations. Energy sector experience has ranged from operation and expansion of gas transport infrastructure, buying and selling gas, exploration and production of oil and gas. David Williams has demonstrated ability to develop and implement major strategic directional changes including capital raising, acquisitions and mergers, cost and labour reductions.
William James McKinnon-Matthews (Non-Executive Director) *B.Sc (Hons), MAusIMM*	Appointed as Non-Executive Director on 25 July 2016. Jim McKinnon-Matthews is an exploration geologist with over 25 years' global experience in mineral exploration and project generation with both major and junior ASX listed companies. Jim McKinnon-Matthews experience includes nine years with WMC Resources, and he is currently the General Manager - Geology for Mithril Resources Limited, as well as a director of Endeavour Discoveries Limited. Jim McKinnon-Matthews has been instrumental in a number of discoveries from a conceptual basis including the Quebec 7 Nickel Project in northern Quebec with WMC Resources and the Basil Cu-Co Deposit in the Northern Territory with Mithril, as well as a multitude of other previously unrecognised base metal and gold mineralised systems in Australia. Jim McKinnon-Matthews has provided significant technical input to Endeavour that lead to the identification of the significant gold mineralised systems at Minos, Ariadne and Double Dutch.
Robert Arthur Behets (Non-Executive Director) *B.Sc (Hons), FAusIMM, MAIG*	Appointed as Chairman for the Group on 25 July 2016, ceased as the Chairman on 27 June 2017. Robert Behets is a geologist with over 28 years' experience in the mineral exploration and mining industry in Australia and internationally. He has had extensive corporate and management experience and has been Director of a number of ASX-listed companies in the resources sector including Mantra Resources Limited, Papillon Resources Limited and Berkeley Energia Limited. Robert Behets was instrumental in the founding, growth and development of Mantra, an East African-focused uranium company, from initial public offer (IPO) in 2006 through to its acquisition by ARMZ for approximately A$1 billion in 2011. Papillon was a Mali-based gold exploration and development company which merged with B2Gold Corp in an A$650 million deal in 2014. Prior to Mantra, Robert Behets held various senior management positions during a long career with WMC Resources Limited. Robert Behets has a strong combination of technical, commercial and managerial skills and extensive experience in exploration, development and operations across a range of commodities, including gold, uranium and base metals and was also previously a member of the Australasian Joint Ore Reserve Committee.
Richard Walter Cumming Willson (Company Secretary) *B.Acc, FCPA, FAICD*	Appointed as Non-Executive Director and Company Secretary on 25 July 2016, resigned as Non-Executive Director on 9 September 2016. Richard is an experienced, Non-Executive Director, Company Secretary and CFO with more than 20 years' experience predominantly within the mining and agricultural sectors for both publicly listed and private companies. Richard has a Bachelor of Accounting from the University of South Australia, is a fellow of CPA Australia, and a Fellow of the Australian Institute of Company Directors. In addition to his role as Company Secretary of Wilgena Resources Limited, he is a Non-Executive Director of AusTin Mining Limited (ASX:ANW), Non-Executive Director of Titomic Limited (ASX:TTT), Non-Executive Director and Company Secretary of the not-for-profit Unity Housing Company, Company Secretary of Beston Global Food Company Limited (ASX:BFC), Director and Treasurer of Variety SA, and a Director and Company Secretary of numerous other private companies. Richard is the Chairman of the Audit Committees of AusTin Mining Limited, Titomic Limited and Unity Housing Company, and is the Chairman of the Remuneration & Nomination Committee of Titomic Limited. Richard has previously been CFO, Company Secretary and Non-Executive Director of a number of ASX Listed Companies.
Duncan Charles Chessell (Managing Director) *B.Sc, MAusIMM, MAICD*	Appointed as Managing Director on 25 July 2016, resigned on 21 November 2016. Duncan Chessell is a geologist with over 20 years' experience in business and in oil, gas and mineral exploration. Duncan Chessell has 12 years of international business experience in adventure tourism, having managed 110 staff, being the founder of three companies in New Zealand, Australia and Papua New Guinea, and being involved in a partnership in Nepal. Duncan Chessell is also a triple Mt Everest summiter and Antarctic explorer, mountaineer and expedition leader.

Directors' Report

PRINCIPAL ACTIVITIES
The principal activities during the period of entities within the consolidated group were:

a) acquired tenements held under Endeavour Discoveries Limited; and
b) preparation for an Initial Public Offering (IPO), later withdrawn.

REVIEW AND RESULTS OF OPERATIONS
The loss of the Group for the financial period after providing for income tax amounted to $531,797.

The Company commenced its life on 25 July 2016 with the specific purpose of taking over the tenements held by Endeavour Discoveries Limited (Endeavour) and to proceed to an Initial Public Offering.

The acquisition of the Endeavour tenements was effected in September 2016 through the acquisition of the two subsidiary companies holding the tenements. At around the same time, an agreement was entered into with Doray Minerals Limited to acquire a number of tenements on the Eyre Peninsula in the event that the IPO was successfully completed. That agreement subsequently expired and the acquisition not proceeded with.

2016 was essentially taken up with locking down these transactions, completing the acquisition of the Endeavour tenements and preparing for the IPO. At the same time, Endeavour went through the process of distributing the shares it held in Wilgena to its own shareholders and so the Endeavour shareholders became direct shareholders in Wilgena.

Wilgena was well down the path of launching the IPO in November 2016. In fact, the Prospectus was essentially in a form that the Company could have commenced the capital raising. However, after assessing a number of factors, including the state of the market and the time of year, the Board determined to defer the IPO until a later date. It had become a crowded IPO market with a number of gold exploration IPO’s trying to launch ahead of changes to the ASX listing requirements. It simply was not the right time to run the IPO.

The market’s appetite for the IPO remained unclear through the first half of 2017, so the Wilgena Board explored all avenues to provide the best position for shareholders and to further the current projects. This included looking at reverse takeover opportunities, potential mergers, further seed raisings, asset sales and project acquisitions. Evaluation of all of these opportunities and avenues, including the market’s appetite for an IPO, continues. Wilgena is keen to raise the necessary capital to conduct the planned exploration and to have its shareholders holding shares in a listed company in 2017 and that remains the target.

The Company ensured that its tenement portfolio remained in good standing and that it was ready to resume the planned exploration program once the necessary capital had been raised. This included maintaining a watching brief over prospective ground with a view to acquiring additional tenements that complement the existing ground holdings when they become available. This occurred during 2017 when the land around the Earea Dam Mining Lease become available and Wilgena applied for, and was awarded the Exploration Licence. This new area contains some exciting targets to pursue and these will be folded into the exploration program.

Whilst the Lake Labyrinth Shear Zone Gold Project remains the number one priority, work by the Company’s exploration team during the financial period highlighted a number of other areas of interest. These are summarised in the Company’s July 2017 Company Overview Presentation and briefly are:

• Moolkra Gold Prospect – this is on the new area around the Earea Dam ML which is the subject of an Exploration Licence Application – Ferguson tenement (ELA 2017/00024)
• Double Dutch Gold Prospect – a review of historical results for this project, and an RC drilling program, shows this project is worthy of further follow-up work
• Kenella Rocks Zinc Prospect – a review of the core from historical drill holes, coupled with a program of re-sampling and re-assaying of the zones of mineralisation recorded in these drill holes, has shown that this prospect requires follow-up
• Boomerang Gold Prospect – a review of historical results for this prospect, which is on trend with WPG’s Tarcoola Gold mine, shows this is a prospect worthy of further follow up work

The Company was, through the financial period and will continue until the next major capital raising, operated on a minimal cash burn basis. This includes operating ‘virtually’ without a physical office. As a result, Cash at Bank at 30 June 2017 was $138,255 which means the Company can continue to operate at current rates of expenditure for many months to come without additional capital being required. However, once efforts towards listing and major capital raising are relaunched, further capital will need to be raised to cover the cost of doing this.

At the end of the financial year, the Board underwent a small restructure. Robert Behets advised the Board that due to his increasing external business commitments he did not feel he could provide the time he considered a Chairman of the Company needed to provide. As a result, Robert Behets and David Williams swapped roles and David became the Company’s new Chairman. Rob remains as a Non-Executive Director and he has reinforced his belief in, and his continuing commitment to, the Company.

David was also able to provide the Company more time and lead it through this next phase where the objective is to raise the required capital and to have shareholders holding shares in a listed company. As a result, until such time as a new Managing Director is appointed, David has been appointed as the Executive Chairman of the Company.

CHANGES IN STATE OF AFFAIRS
1. On 25 July 2016, the Company Wilgena Resources Ltd was incorporated in South Australia.
2. In September 2016, the Company acquired the subsidiaries of Endeavour - Endeavour Copper Gold Pty Ltd and Earea Dam Mining Pty Ltd.
3. The Company entered into a sale and purchase agreement with Doray Minerals Ltd (ASX:DRM) to acquire, conditional on admission to the official list of the ASX, mineral exploration tenements in the Yarlbrinda shear zone to the south of the Company’s current projects. The agreement has subsequently expired and the acquisition not proceeded with.
4. In September 2016, a ‘Seed Capital’ raise was undertaken. The Company successfully closed off its capital raising at $600,000.
5. On 9 September 2016, David Williams joined the Company as Non-Executive Director.
6. In November 2016, an IPO Prospectus was submitted to ASIC but was deferred.
7. On 21 November 2016, Duncan Chessell resigned as Managing Director for Wilgena Resources Ltd.

Directors' Report

CHANGES IN STATE OF AFFAIRS (CONTINUED)

8. In February 2017, the shares in Wilgena held by Endeavour were distributed to Endeavour's shareholders bringing an expanded shareholder base.
9. Tenements were maintained in good standing, but little exploration work undertaken.
10. On 27 June 2017, David Williams replaced Robert Behets as Chairman. Robert remains a committed Non-Executive Director.
11. Continuing to assess options for the Company’s future.

SIGNIFICANT EVENTS AFTER THE BALANCE DATE

No matters or circumstances have arisen since the end of the financial period which significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent financial years.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

Likely developments in the operations of the Group and the expected results of those operations in future financial years have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the Group.

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

During or since the financial year, the Group has paid premiums in respect of a contract insuring all the directors of Wilgena Resources Ltd against legal costs incurred in defending proceedings for conduct other than:

a) A wilful breach of duty.
b) A contravention of sections 182 or 183 of the Corporations Act 2001, as permitted by section 199B of the *Corporations Act 2001*.

The total amount of insurance contract premiums paid was $3,775.

INDEMNIFICATION OF AUDITORS

To the extent permitted by the law, the Company has agreed to indemnify its auditors, Ernst and Young, as part of the terms of its audit engagement agreement against claims by a third party arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst and Young during or since the financial year.

ENVIRONMENTAL REGULATION AND PERFORMANCE

The Group is aware of its responsibility to impact as little as possible on the environment and where there is any disturbance to rehabilitate sites. During the period, there was minor work carried out in South Australia and the Group followed appropriate procedures and pursued objectives in line with guidelines published by the South Australian Government. These guidelines are quite detailed and encompass the impact on owners and land users, heritage, health and safety and proper restoration practices. The Group supports this approach and is confident that it properly monitors and adheres to these objectives and any local conditions applicable both in South Australia and elsewhere.

The Group is committed to minimising environmental impacts during all phases of exploration, development and production through a best practice environmental approach. The Group shares responsibility for protecting the environment for the present and future. It believes that carefully managed exploration programs should have little or no long-lasting impact on the environment. The company has formulated a best practice policy for the management of its exploration programs. The Group properly monitors and adheres to this approach and there were no environmental incidents to report during the year under review. Furthermore, the Group is in compliance with the state and/or commonwealth environmental laws for the jurisdictions in which it operates.

DIRECTORS' MEETINGS

The number of meetings of directors held during the year and the number of meetings attended by each director were as follows:

Number of meetings held:	11
Number of meetings attended:	
David Williams (appointed on 9 September 2016)	8 of 8
Jim McKinnon-Matthews	11 of 11
Robert Behets	11 of 11
Richard Willson (resigned on 9 September 2016)	3 of 3
Duncan Chessell (resigned on 21 November 2016)	7 of 8

DIVIDENDS PAID OR RECOMMENDED

No dividends have been paid or recommended during the year.

PROCEEDINGS ON BEHALF OF COMPANY

No person has applied for leave of Court to bring proceedings on behalf of the Group or intervene in any proceedings to which the Group is a party for the purpose of taking responsibility on behalf of the Group for all or any part of those proceedings.

The Group was not a party to any such proceedings during the year.

AUDITOR’S INDEPENDENCE DECLARATION

A copy of the auditor’s independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 7 and forms part of this directors’ report.

Signed in accordance with a resolution of the Board of Directors:

Dated this 29th day of August 2017

121 King William Street
Adelaide SA 5000 Australia
GPO Box 1271 Adelaide SA 5001

Tel: +61 8 8417 1600
Fax: +61 8 8417 1775
ey.com/au

Auditor's Independence Declaration to the Directors of Wilgena Resources Ltd

As lead auditor for the audit of Wilgena Resources Ltd for the financial year ended 30 June 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 audit; and

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

This declaration is in respect of Wilgena Resources Ltd and the entities it controlled during the financial year.

Ernst & Young

Mark Phelps
Partner
Adelaide
29 August 2017

Consolidated Statement of Comprehensive Income

For the period ended 30 June 2017

	Notes	*Consolidated 30-Jun-17* $
Income	5	5,968
Exploration expenditure expensed	5	(10,000)
Marketing and promotion expenses	5	(1,565)
Occupancy expenses	5	(8,360)
Administrative expenses	5	(30,000)
Employee benefits expense	5	(148,758)
Other expenses from ordinary activities	5	(339,082)
Loss from ordinary activities before income tax		(531,797)
Income tax expense relating to ordinary activities	6	-
Loss from ordinary activities after income tax		**(531,797)**
Attributable to members of the parent entity		(531,797)
Attributable to non-controlling interest		-
		(531,797)
Other comprehensive income		-
Total consolidated comprehensive loss for the year		**(531,797)**
Attributable to members of the parent entity		(531,797)
Attributable to non-controlling interest		-
		(531,797)

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

Consolidated Statement of Financial Position

As at 30 June 2017

	Notes	*Consolidated* *30-Jun-17* **$**
ASSETS		
Current Assets		
Cash and cash equivalents	7	138,275
Trade and other receivables	8	10,479
Total Current Assets		148,753
Non-current Assets		
Property, plant and equipment	9	1,382
Exploration assets	10	1,732,313
Total Non-current Assets		1,733,695
TOTAL ASSETS		1,882,448
LIABILITIES		
Current Liabilities		
Trade and other payables	11	15,467
Total Current Liabilities		15,467
Non-current Liabilities		
Total Non-current Liabilities		-
TOTAL LIABILITIES		15,467
NET ASSETS		1,866,981
EQUITY		
Contributed equity	12	2,250,020
Share option reserve	19	148,758
Accumulated losses		(531,797)
TOTAL EQUITY		1,866,981

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

Consolidated Statement of Cash Flows

For the period ended 30 June 2017

	Notes	*Consolidated 30-Jun-17 $*
Cash flows from operating activities		
Receipts from customers (inclusive of GST)		5,511
Payments to suppliers and employees (inclusive of GST)		(374,401)
Interest received		958
Net cash flows used in operating activities		(367,932)
Cash flows from investing activities		
Purchase of property, plant and equipment		(1,500)
Payments for exploration activities		(82,313)
Net cash flows used in investing activities		(83,813)
Cash flows from financing activities		
Proceeds from share issue		590,000
Net cash flows from financing activities		590,000
Net increase in cash and cash equivalents		138,255
Cash and cash equivalents at beginning of period		-
Cash and cash equivalents at end of period	7	138,255

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

Consolidated Statement of Changes in Equity

For the period ended 30 June 2017

	Notes	Contributed equity	Share Option Reserve	Retained earnings	Total
		$	$	$	$
As at 25 July 2016		-	-	-	-
Contributions of equity	12	2,250,020	-	-	2,250,020
Equity settled payment	19	-	148,758	-	148,758
Net loss for the period		-	-	(531,797)	(531,797)
As at 30 June 2017		2,250,020	148,758	(531,797)	1,866,981

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

Notes to the Financial Statements

For the period ended 30 June 2017

1 CORPORATE INFORMATION

The consolidated financial statements of Wilgena Resources Ltd and its subsidiaries (collectively, the Group) for the period ended 30 June 2017 were authorised for issue in accordance with a resolution of the directors on 29 August 2017. Wilgena Resources Ltd (the Company) is a for profit company limited by shares incorporated in Australia.

The Group is principally engaged in exploration of mineral tenements. The Group's principal place of business is Level 3, 29 King William Street, Adelaide SA. Further information on the nature of the operations and principal activities of the Group is provided in the directors' report.

2 SIGNIFICANT ACCOUNTING POLICIES

a) Basis of preparation

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the *Corporations Act 2001* , Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. The financial statements have been prepared on an accruals basis and are based on historical costs.

The Group commenced operations on 25 July 2016, accordingly no comparative information is available in the current period's general purpose financial report.

Compliance with International Financial Reporting Standards (IFRS)

The financial report also complies with *International Financial Reporting Standards (IFRS)* as issued by the International Accounting Standards Board.

b) Going concern

The consolidated financial statements has been prepared on the basis of a going concern. The consolidated entity incurred a net loss before tax of $531,797 during the period ended 30 June 2017, and had a net cash outflow of $451,745 from operating and investing activities.

The Group expects that future capital raising will provide the necessary funding. The Group has minimal contractual commitments other than payments required to maintain its minimum exploration expenditures. There are no material current and non-current liabilities within the Group.

At the date of this report the Directors are satisfied there are reasonable grounds to believe that the Group will be able to continue to meet its debts as and when they fall due and that it is appropriate for the financial statements to be prepared on a going concern basis. Pertinent matters supporting this position are as follows:

• The Group has available cash reserves at period end of $138,275.
• The Group has sought to reduce its expenditure to modest levels.
• The Directors regularly monitor the Group's cash position and, on an on-going basis, consider a number of options to ensure that adequate funding continues to be available. The Group has some capacity, if necessary, to defer discretionary expenditure in the current cashflow forecasts for the business.
• The Directors are satisfied that they would be able to raise capital or other means will be sufficient to enable the Group to continue to meet the ongoing commitments of the Group.

Should the Group not achieve the matters set out above or not complete any other alternative forms of fund raisings, there is uncertainty whether the Group would continue as a going concern and therefore would realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report. The consolidated financial statements do not include any adjustment relating to the recoverability or classification of recorded asset amounts or the amounts or classification of liabilities that might be necessary should the Group not be able to continue as a going concern.

c) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 30 June 2017. Subsidiaries are entities the parent controls. The parent controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

A list of controlled entities is contained in Note 14 to the financial statements.

The assets, liabilities and results of all subsidiaries are fully consolidated into the financial statements of the Group from the date on which control is obtained by the Group. The consolidation of a subsidiary is discontinued from the date that control ceases. Intercompany transactions, balances and unrealised gains or losses on transactions between group entities are fully eliminated on consolidation. Accounting policies of subsidiaries have been changed and adjustments made where necessary to ensure uniformity of the accounting policies adopted by the Group.

d) Business combinations

Business combinations occur where an acquirer obtains control over one or more businesses. A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control. The business combination will be accounted for from the date that control is obtained, whereby the fair value of the identifiable assets acquired and liabilities (including contingent liabilities) assumed is recognised (subject to certain limited exemptions).

When measuring the consideration transferred in the business combination, any asset or liability resulting from a contingent consideration arrangement is also included. Subsequent to initial recognition, contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability is remeasured in each reporting period to fair value, recognising any change to fair value in profit or loss, unless the change in value can be identified as existing at acquisition date.

Notes to the Financial Statements

For the period ended 30 June 2017

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

e) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. Interest income is recorded using the effective interest rate (EIR) which is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset. All revenue is stated net of the amount of goods and services tax (GST).

f) Exploration and evaluation assets

Exploration and evaluation expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves. Accumulated costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon the area is made.

g) Equity-settled transactions

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model, further details of which are given in Note 19.

That cost is recognised in employee benefits expense (Note 5), together with a corresponding increase in equity (other capital reserves), over the period in which the service and, where applicable, the performance conditions are fulfilled (the vesting period). The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The expense or credit in the consolidated statement of profit or loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

No expense is recognised for awards that do not ultimately vest because non-market performance and/or service conditions have not been met. Where awards include a market or non-vesting condition, the transactions are treated as vested irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

h) Property, plant and equipment

Plant and equipment are carried at cost less, where applicable, any accumulated depreciation and impairment losses. The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The net expected cash flows have been discounted to their present values in determining recoverable amounts.

i) Cash and cash equivalents

Cash and cash equivalents in the consolidated statement of financial position comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less.

j) Financial Instruments

Initial recognition and measurement

Financial instruments, incorporating financial assets and financial liabilities, are recognised when the entity becomes a party to the contractual provisions of the instrument. Trade date accounting is adopted for financial assets that are delivered within timeframes established by marketplace convention.

Financial instruments are initially measured at fair value plus transactions costs where the instrument is not classified as at fair value through profit or loss. Transaction costs related to instrument classified as at fair value through profit or loss are expensed to profit or loss immediately. Financial instruments are classified and measured as set out below.

Effective interest rate method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial assets, or, where appropriate, a shorter period.

Income is recognised on an effective interest rate basis for debt instruments other than those financial assets 'at fair value through profit or loss'.

Classification and subsequent measurement

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.

Financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost using the effective interest rate method.

Notes to the Financial Statements

For the period ended 30 June 2017

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

j) Financial Instruments (Continued)

Fair value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Impairment of financial assets

At each reporting date, the Group assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a significant or prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the consolidated statement of comprehensive income.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed is recognised in profit or loss.

k) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the consolidated statement of financial position.

Cash flows are included in the consolidated statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority is classified as part of operating cash flows.

l) Impairment of assets

At each reporting date, the Group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to profit or loss. Where it is not probable to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

m) Income Tax

The income tax expense (revenue) for the year comprises current income tax expense (income) and deferred tax expense (income). Current and deferred income tax expense (income) is charged or credited directly to other comprehensive income instead of the profit or loss when the tax relates to items that are credited or charged directly to other comprehensive income.

Current income tax

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at reporting date. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur.

Deferred tax

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well unused tax losses.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at reporting date. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

Notes to the Financial Statements

For the period ended 30 June 2017

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

n) Standards issued but not yet effective

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective and have not been adopted by the Group for the annual reporting period ended 30 June 2017 are outlined in the table below:

Reference	Title	Summary	Application date of standard*	Application date for Group*
AASB 16	Leases	AASB 16 requires lessees to account for all leases under a single on-balance sheet model in a similar way to finance leases under AASB 117 Leases. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset. Lessees will be required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset. Lessor accounting is substantially unchanged from today's accounting under AASB 117. Lessors will continue to classify all leases using the same classification principle as in AASB 117 and distinguish between two types of leases: operating and finance leases. The new standard will be effective for annual periods beginning on or after 1 January 2019. Early application is permitted, provided the new revenue standard, AASB 15 Revenue from Contracts with Customers, has been applied, or is applied at the same date as AASB 16.	1 January 2019	1 July 2019

3 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Risk Exposures and Responses

The Group is exposed to a variety of financial risks through its use of financial instruments: market risk, credit risk and liquidity risk. This note discloses the Group's objectives, policies and processes for managing and measuring these risks. The Group's overall risk management plan seeks to minimise potential adverse effects due to the unpredictability of financial markets.

The principal categories of financial instrument used by Wilgena Resources Ltd and its controlled entities are:
- Trade receivables
- Cash at bank
- Trade and other payable

	Within 1 year	1 to 5 years	Over 5 years	Total
Consolidated Group	**$**	**$**	**$**	**$**
Financial liabilities due				
Trade and other payables	15,467	-	-	15,467
Total expected outflows	15,467	-	-	15,467
Financial assets realisable				
Cash and cash equivalents	138,275	-	-	138,275
Trade and other receivables	10,479	-	-	10,479
Total anticipated inflows	148,753	-	-	148,753
Net inflow/(outflow)	133,286	-	-	133,286

Notes to the Financial Statements

For the period ended 30 June 2017

3 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Risk Exposures and Responses

(a) Market risk

(i) Foreign currency risk

All of the Group's transactions are carried out in Australian Dollars.

(ii) Price risk

The Group is not exposed to any material price risk.

(iii) Cash flow and fair value interest risk

Interest rate risk is the risk that a financial instrument's value will fluctuate as a result of a change in market interest rates. Interest rate risk is managed by the Group through the use of rolling short-term deposits. The Group has not interest bearing liabilities.

(b) Credit risk analysis

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in a financial loss to the Group Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions.

The Group has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. The Group's exposure to credit risk is limited to the carrying amount of financial assets recognised at the reporting period date. The credit risk for liquid funds and other short-term financial assets is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

(c) Liquidity risk analysis

Liquidity risk arises from the Group's management of working capital and the finance charges and principal repayments on its debt instruments. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due. The Group's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due.

(d) Fair value estimation

The net fair value of cash and cash equivalent and non interest bearing monetary financial assets and financial liabilities of the consolidated entity approximate their carrying value.

4 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The directors evaluate estimates and judgments incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Share-based payments

Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which depends on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option or appreciation right, volatility and dividend yield and making assumptions about them. The Group measures the cost of equity-settled share-based payments at fair value using a Black-Scholes formula taking into account the terms and conditions upon which the instruments were granted. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 19.

Impairment of exploration assets

The future recoverability of capitalised exploration and evaluation expenditure is dependent on a number of factors, including whether the Group decides to exploit the related lease itself or, if not, whether it successfully recovers the related exploration and evaluation asset through sale.

Factors which could impact the future recoverability include the level of provide, probable and inferred mineral resources, future technological changes which could impact the cost of mining, future legal changes (including changes to environmental restoration obligations) and changes to commodity prices.

To the extent that capitalised exploration and evaluation expenditure is determined not to be recoverable in the future, this will reduce profits and net assets in the period in which the determination is made.

In addition, exploration and evaluation expenditure is capitalised if activities in the area of interest have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves. To the extent that it is determined in the future that this capitalised expenditure should be written off, this will reduce profits and net assets in the period in which this determination is made.

Notes to the Financial Statements

For the period ended 30 June 2017

5 PROFIT FROM CONTINUING OPERATIONS

	30-Jun-17
	$
Income	
Interest income	958
Rental income	5,010
Total income	5,968
Expenses	
Exploration expenditure expensed	
Tenement acquisition expense	10,000
Total exploration expenditure expensed	10,000
Marketing and promotion expenses	
Advertising	1,565
Total marketing and promotion expenses	1,565
Occupancy expenses	
Rent & outgoings	8,360
Total occupancy expenses	8,360
Administrative expenses	
Consultancy fees	30,000
Total administrative expenses	30,000
Employee benefits expense	
Share option payments	148,758
Total employee benefits expense	148,758
Other expenses from ordinary activities	
Audit fees	6,500
Accountancy fees	5,450
Depreciation	118
Insurance	6,902
Listing expenses	306,482
Office expenses	10,445
Travel	3,185
Total other expenses from ordinary activities	339,082

6 Income tax

The major components of income tax expense are:

Current income tax	
Current income tax	-
Deferred income tax	
Relating to origination and reversal of temporary differences	-
Income tax on the consolidated Statement of Comprehensive Income	-

A reconciliation of income tax expense applicable to accounting profit before income tax at the statutory income tax rate to income tax expense at the Company's effective income tax rate for the period ended 30 June 2017:

Accounting loss before income tax	(531,797)
At the statutory income tax rate of 30%	159,539
Income tax effect of losses not brought to account	(159,539)
Income tax expense reported in the consolidated Statement of Comprehensive Income	-

Income tax payable:

Opening balance	-
Current income tax charge and adjustments	-
Instalments paid during the year	-
Closing balance	-

At 30 June 2017, the Group has total tax losses of the Australian companies within the Group of $107,205 that are available indefinitely to offset against future taxable profits of the Group.

A deferred tax asset shall only be recognised for the carry forward of unused tax losses to the extent that it is probable that future taxable income will be available against which unused tax losses can be utilised. The total deferred tax asset of $32,162 arising from the carried forward tax losses has not been recognised as meeting the probability criteria.

Notes to the Financial Statements

For the period ended 30 June 2017

		30-Jun-17 $
6	**Income tax (Continued)**	
	The taxation benefits of tax losses and timing differences not brought to account will only be obtained if:	
	• assessable income is derived of a nature and amount sufficient to enable the benefit from the deductions to be realised	
	• conditions for deductibility imposed by the law are complied with, and	
	• no changes in tax legislation adversely affect the realisation of the benefit from the deductions.	
7	**Cash and cash equivalents**	
	Cash on hand	20
	Cash at bank	138,255
		138,275
8	**Trade and other receivables**	
	Current	
	GST control	1,635
	Other Debtor	8,844
		10,479
	As at 30 June 2017, there are no material trade and other receivables that are considered to be past due and impaired.	
9	**Property, plant and equipment**	
	Gross carrying amount	
	Additions	1,500
	Disposals	-
	30 June 2017	1,500
	Accumulated depreciation	
	Disposals	-
	Depreciation expense	(118)
	30 June 2017	(118)
	Net written down value	
	As at 30 June 2017	1,382
10	**Exploration assets**	
	Exploration and evaluation assets at cost	1,732,313
	At 25 July 2016	-
	Acquired during the year (1)	1,650,000
	Expenditure on exploration during the year	92,313
	Tenement acquisition expense	(10,000)
	At 30 June 2017	1,732,313

(1) The material exploration assets of Endeavour were transferred to Wilgena through the transfer of the ownership of Endeavour's two wholly owned subsidiaries - Endeavour Copper Gold Pty Ltd (ECG) and Earea Dam Mining (EDM) Pty Ltd to Wilgena. As consideration for that transfer, Endeavour received 16,500,000 fully paid ordinary shares in Wilgena for $0.10 per share.

11	**Trade and other payables**	
	Current	
	Accounts payable	3,517
	Accrued expenses	11,950
		15,467

All amounts are short term and the carrying values are considered to be a reasonable approximation of fair value.

Notes to the Financial Statements

For the period ended 30 June 2017

		Number of shares	*30-Jun-17* $
12	**Contributed equity**		
	Fully paid ordinary shares	22,500,020	2,250,020
		22,500,020	2,250,020
	Ordinary shares		
	Shares in subsidiaries (1)	20	20
	Shares issued in September 2016 (2)	6,000,000	600,000
	Acquisition of material exploration assets of Endeavour (3)	16,500,000	1,650,000
	Shares issued during the year	22,500,020	2,250,020
	Less share issue costs	-	-
	At 30 June 2017	22,500,020	2,250,020

(1) Transfer of the ownership of Endeavour's two wholly owned subsidiaries - Endeavour Copper Gold Pty Ltd (ECG) and Earea Dam Mining (EDM) Pty Ltd to Wilgena on 8 September 2016.
(2) In September 2016, a 'Seed Capital' raise was undertaken. The Company successfully closed off its capital raising at $600,000.
(3) The material exploration assets of Endeavour were transferred to Wilgena through the transfer of the ownership of Endeavour's two wholly owned subsidiaries - Endeavour Copper Gold Pty Ltd (ECG) and Earea Dam Mining (EDM) Pty Ltd to Wilgena. As consideration for that transfer, Endeavour received 16,500,000 fully paid ordinary shares in Wilgena for $0.10 per share.

Capital management

Management effectively manages the Group's capital by assessing the Company's financial risks and adjusting its capital structure accordingly. The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Group's capital is shown as issued capital in the consolidated statement of financial position.

13 Expenditure commitments

The company is required to meet minimum expenditure requirements of various Government bodies and joint venture agreements. These obligations may be subject to re-negotiation, may be farmed out or may be relinquished and have not been provided for in the financial statements. As at 30 June 2017 there were no capital expenditure commitments relating to tenements.

		Country of Incorporation	Percentage Owned (%) (1)
14	**Controlled Entities**		
	Subsidiaries of Wilgena Resources Ltd:		
	- Endeavour Copper Gold Pty Ltd	Australia	100%
	- Earea Dam Mining Pty Ltd	Australia	100%

(1) Percentage of voting power in proportion to ownership.

15 Related party disclosures

The Group's related parties include subsidiary, key management and others as described below. Unless otherwise stated, none of the transactions incorporate special terms and conditions and no guarantees were given or received. Outstanding balances are usually settled in cash.

Transactions with key management personnel:	
- Company secretarial services paid to Red Dog #1 Pty Ltd	30,000
- Tenement management fees paid to William McKinnon-Matthews	2,000
	32,000

16 Events after the reporting period

No matters or circumstances have arisen since the end of the financial period which significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent financial years.

Notes to the Financial Statements

For the period ended 30 June 2017

		30-Jun-17
		$
17	**Cash Flow Information**	
	Reconciliation of Cash Flow from Operations with Income/(Loss) after Income Tax	
	Income/(Loss) after income tax	(531,797)
	Non-cash flows in profit:	
	- Depreciation	118
	- Exploration expenditure expensed	10,000
	- Share option payments	148,758
	Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries	
	- Decrease in net GST receivable	(1,635)
	- Decrease in other debtor	(8,844)
	- Increase in accounts payable	3,517
	- Increase in accrued expenses	11,950
		(367,932)

18	**Auditors' remuneration**	
	Remuneration of the auditor of the parent entity (Ernst & Young Australia) for:	
	- Auditing the financial statements	6,500
	- Taxation services	-
		6,500

19 Share-based payments

The expense recognised for employee services received during the year is shown in the following table:

Expense arising from equity-settled share-based payment transactions	148,758
Total expense arising from share-based payment transactions	148,758

Options issued to directors and officers during the year:	**Number of options**	**Option value**	**Apportioned day**	**Total $**
William McKinnon-Matthews (1)	750,000	$0.0391	56.53%	16,577
Robert Behets (1)	750,000	$0.0391	56.53%	16,577
Richard Willson (1)	750,000	$0.0391	56.53%	16,577
Marc Twinning (1)	250,000	$0.0391	56.53%	5,526
Andrew Price (1)	250,000	$0.0391	56.53%	5,526
Duncan Chessell (2)	2,250,000	$0.0391	100.00%	87,975
	5,000,000			148,758

(1) Options can be exercised on the date of IPO (expected 28 February 2018). Vesting period is calculated between options grant date (18 August 2016) and the date of expected IPO i.e. 56.53%.

(2) 2,250,000 options were issued to Duncan Chessell during the year. On 21 November 2016, 1,250,000 options were cancelled on resignation as Managing Director for Wilgena. Balance of Wilgena options as at 30 June 2017 for Duncan Chessell is 1,000,000. Accordingly no apportionment is applied on these options.

Movements during the year	**Number of options**
The following table illustrates the number of, and movements in, share options during the period:	
Opening balance as at 25 July 2016	-
Granted during the year	5,000,000
Cancelled during the year	(1,250,000)
Balance as at 30 June 2017	3,750,000

Notes to the Financial Statements

For the period ended 30 June 2017

19 *Share-based payments (continued)*

The following principal assumptions were used in the valuation:

Grant date	18/08/2016
Vesting period ends	18/08/2020
Share price at date of grant	$0.10
Volatility	80%
Option life	4 years
Dividend yield	Nil
Risk free investment rate	1.49%
Fair value at grant date	$0.0391
Exercise price at date of grant	$0.25
Weighted average remaining contractual life	Nil

The underlying expected volatility was determined by reference to Company's shares since the incorporation of company. No special features inherent to the options granted were incorporated into measurement of fair value.

20 Parent entity information

	30-Jun-17 **$**
Assets	
Total Current Assets	148,753
Total Non-current Assets	1,733,695
TOTAL ASSETS	1,882,448
Liabilities	
Total Current Liabilities	15,467
TOTAL LIABILITIES	15,467
NET ASSETS	1,866,981
Equity	
Contributed equity	2,250,020
Share option reserve	148,758
Accumulated losses	(531,797)
TOTAL EQUITY	1,866,981
Net loss of the parent entity	(531,797)

Directors' Declaration

The directors of the company declare that:

1. The financial statements and notes, as set out on pages 1 to 21, are in accordance with the *Corporations Act 2001* and:

   a) comply with Accounting Standards;
   b) give a true and fair view of the financial position as at 30 June 2017 and of the performance for the period ended on that date of the consolidated group; and
   c) comply with International Financial Reporting Standards as disclosed in Note 1.

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.

On behalf of the board

Dated this 29th day of August 2017

121 King William Street
Adelaide SA 5000 Australia
GPO Box 1271 Adelaide SA 5001

Tel: +61 8 8417 1600
Fax: +61 8 8417 1775
ey.com/au

Independent Auditor's Report to the Members of Wilgena Resources Ltd

Opinion

We have audited the financial report of Wilgena Resources Ltd (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 30 June 2017, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the period then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

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

a) giving a true and fair view of the consolidated financial position of the Group as at 30 June 2017 and of its consolidated financial performance for the year ended on that date; and

b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Material Uncertainty Related to Going Concern

We draw attention to Note 2 in the financial report which describes the principal conditions that raise doubt about the entity's ability to continue as a going concern. The conditions set forth in Note 2, indicate the existence of a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information is the directors' report accompanying the financial report.

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

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

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

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the 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 preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Report

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

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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

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

Ernst & Young

Ernst & Young

Mark Phelps

Mark Phelps
Partner
Adelaide
29 August 2017