

Reedy Lagoon Corporation Limited

ACN 006 639 514

Half-year Financial Report - 31 December 2017

Reedy Lagoon Corporation Limited
Corporate directory
31 December 2017

Directors	Jonathan M. Hamer - Chairman, Non Executive Director Geoffrey H. Fethers - Managing Director Adrian C. Griffin - Non Executive Director
Contact details	Phone : 03 8420 6280 Email : info@reedylagoon.com.au
Company secretary	Geoffrey H. Fethers
Share register	Link Market Services Limited (ABN 54 063 214 537) Level 1, 333 Collins Street Melbourne, Victoria 3000 Telephone : 1300 554 474 www.linkmarketservices.com.au
Auditor	Moore Stephens Audit (Vic) Level 18, 530 Collins Street Melbourne Victoria 3000
Stock exchange listing	Reedy Lagoon Corporation Limited shares are listed on the Australian Securities Exchange (ASX code: RLC)
Website	www.reedylagoon.com.au

Reedy Lagoon Corporation Limited
Directors' report
31 December 2017

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of Reedy Lagoon Corporation Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 31 December 2017.

Directors

The following persons were directors of Reedy Lagoon Corporation Limited during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

Jonathan M. Hamer
Geoffrey H. Fethers
Adrian C. Griffin

Principal activities

During the financial half-year the principal continuing activities of the consolidated entity consisted of:

- exploration for minerals.

Review of operations

The loss for the consolidated entity after providing for income tax amounted to \$2,439,456 (31 December 2016: \$98,918).

The consolidated entity's activities are described in quarterly reports which have been released to ASX and are available from the company's website www.reedylagoon.com.au.

Significant changes in the state of affairs

During the financial half year the company issued 142,340,120 fully paid ordinary shares, raising \$3,555,933 before costs. The company also issued a further 80,000,000 fully paid ordinary shares at \$0.025 per share as consideration on the completion of the 22 December 2017 agreement to acquire Nevada Lithium Pty Ltd, owner of the lithium mine project in Nevada, USA.

There were no other significant changes in the state of affairs of the consolidated entity during the financial half-year.

Matters subsequent to the end of the reporting period

On 13 March 2018 the Company issued a prospectus to raise an additional \$1 million by way of a non-renounceable pro-rata entitlement offer of options over the company's ordinary shares. The entitlement offer closes on 29 March 2018.

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 immediately after this directors' report.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the directors



G.H. Fethers
Managing Director

15 March 2018
Melbourne

Moore Stephens Audit (Vic)

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**AUDITOR'S INDEPENDENCE DECLARATION
UNDER S 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF REEDY LAGOON CORPORATION LIMITED**

I declare that, to the best of my knowledge and belief, during the six months ended 31 December 2017, there have been:

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

MOORE STEPHENS AUDIT (VIC)

ABN 16 847 721 257



RYAN LEEMON

Partner

Audit & Assurance Services

Melbourne, Victoria

15 March 2018

Reedy Lagoon Corporation Limited

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Reedy Lagoon Corporation Limited
Statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2017

	Note	Consolidated	
		December 2017 \$	December 2016 \$
Revenue	4	6,289	15,918
Other income	5	-	96,624
Expenses			
Administration expenses		(53,422)	(47,379)
Employee benefits expense		(137,612)	(117,138)
Exploration expenditure		(182,305)	(11,163)
Depreciation and amortisation expense		-	(394)
Share based payments	12	(24,826)	(3,040)
Realised exchange losses		(7,967)	-
Capital raising expenses		(15,923)	-
Impairment of Goodwill on business combination	6	(1,973,118)	-
Other expenses		(50,572)	(32,346)
Loss before income tax expense		<u>(2,439,456)</u>	<u>(98,918)</u>
Income tax expense		-	-
Loss after income tax expense for the half-year attributable to the owners of Reedy Lagoon Corporation Limited		<u>(2,439,456)</u>	<u>(98,918)</u>
<i>Items that may be reclassified subsequently to profit or loss</i>			
<i>Foreign Currency Translation</i>		<u>(9,539)</u>	<u>-</u>
Other comprehensive income for the half-year, net of tax		<u>(9,539)</u>	<u>-</u>
Total comprehensive income for the half-year attributable to the owners of Reedy Lagoon Corporation Limited		<u><u>(2,448,995)</u></u>	<u><u>(98,918)</u></u>
		Cents	Cents
Basic earnings per share		(2.557)	(0.08)
Diluted earnings per share		(2.519)	(0.08)

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Reedy Lagoon Corporation Limited
Statement of financial position
As at 31 December 2017

		Consolidated	
	Note	December 2017 \$	June 2017 \$
Assets			
Current assets			
Cash and cash equivalents		2,768,411	183,299
Trade and other receivables		30,054	22,958
Other		11,060	11,986
Total current assets		<u>2,809,525</u>	<u>218,243</u>
Non-current assets			
Deposits & Bonds		116,956	-
Goodwill	6	-	-
Total non-current assets		<u>116,956</u>	<u>-</u>
Total assets		<u>2,926,481</u>	<u>218,243</u>
Liabilities			
Current liabilities			
Trade and other payables		111,371	14,239
Employee benefits	7	107,470	282,755
Total current liabilities		<u>218,841</u>	<u>296,994</u>
Non-current liabilities			
Employee benefits		-	26,335
Total non-current liabilities		<u>-</u>	<u>26,335</u>
Total liabilities		<u>218,841</u>	<u>323,329</u>
Net assets/(liabilities)		<u>2,707,640</u>	<u>(105,086)</u>
Equity			
Issued capital	8	20,902,989	15,666,091
Reserves		18,327	5,875
Accumulated losses		(18,213,676)	(15,777,052)
Total equity/(deficiency)		<u>2,707,640</u>	<u>(105,086)</u>

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

Reedy Lagoon Corporation Limited
Statement of changes in equity
For the half-year ended 31 December 2017

Consolidated	Issued capital	Reserves	Accumulated losses	Total deficiency in equity
	\$	\$	\$	\$
Balance at 1 July 2016	14,778,609	15,470	(14,980,999)	(186,920)
Loss after income tax expense for the half-year	-	-	(98,918)	(98,918)
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive income for the half-year	-	-	(98,918)	(98,918)
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs (note 8)	374,790	-	-	374,790
Share-based payments (note 12)	-	3,040	-	3,040
Lapse of options	-	(12,635)	12,635	-
Balance at 31 December 2016	<u>15,153,399</u>	<u>5,875</u>	<u>(15,067,282)</u>	<u>91,992</u>

Consolidated	Issued capital	Exchange Reserves	Options Reserves	Accumulated losses	Total deficiency in equity
	\$	\$	\$	\$	\$
Balance at 1 July 2017	15,666,091	-	5,875	(15,777,055)	(105,089)
Loss after income tax expense for the half-year	-	-	-	(2,439,456)	(2,439,456)
Other comprehensive income for the half-year, net of tax	-	(9,539)	-	-	(9,539)
Total comprehensive income for the half-year	-	(9,539)	-	(2,439,456)	(2,448,995)
Transactions with owners in their capacity as owners:					
Contributions of equity, net of transaction costs (note 8)	5,236,898	-	-	-	5,236,898
Share-based payments (note 12)	-	-	24,826	-	24,826
Lapse of options	-	-	(2,835)	2,835	-
Balance at 31 December 2017	<u>20,902,989</u>	<u>(9,539)</u>	<u>27,866</u>	<u>(18,213,676)</u>	<u>2,707,640</u>

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

Reedy Lagoon Corporation Limited
Statement of cash flows
For the half-year ended 31 December 2017

	Note	Consolidated	
		December 2017	December 2016
		\$	\$
Cash flows from operating activities			
Receipts from customers		14,012	10,777
Payments to suppliers and employees		(356,164)	(106,103)
		(342,152)	(95,326)
Interest received		90	220
Payments for exploration activities		(173,359)	(11,163)
Net cash used in operating activities		<u>(515,421)</u>	<u>(106,269)</u>
Cash flows from investing activities			
Payment for deposits & bonds		(116,956)	-
Net cash from investing activities		<u>(116,956)</u>	<u>-</u>
Cash flows from financing activities			
Proceeds from issue of shares		3,555,933	314,000
Proceeds from borrowings		-	30,000
Share issue transaction costs		(334,958)	(8,570)
Repayment of borrowings		(3,500)	(30,000)
Net cash from financing activities		<u>3,217,475</u>	<u>305,430</u>
Net increase in cash and cash equivalents		2,585,098	199,161
Impact of exchange rates on foreign cash balances		14	-
Cash and cash equivalents at the beginning of the financial half-year		183,299	48,223
Cash and cash equivalents at the end of the financial half-year		<u>2,768,411</u>	<u>247,384</u>

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

Reedy Lagoon Corporation Limited
Notes to the financial statements
31 December 2017

Note 1. General information

The financial statements cover Reedy Lagoon Corporation Limited as a consolidated entity consisting of Reedy Lagoon Corporation Limited and the entities it controlled at the end of, or during, the half-year. The financial statements are presented in Australian dollars, which is Reedy Lagoon Corporation Limited's functional and presentation currency.

Reedy Lagoon Corporation Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Level 18, 530 Collins Street
Melbourne
Victoria 3000

The nature of the consolidated entity's operations and its principal activities are mineral exploration.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 15 March 2017. The directors have the power to amend and reissue the financial statements.

Note 2. Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 31 December 2017 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2017 and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Reedy Lagoon Corporation Limited
Notes to the financial statements
31 December 2017

Note 2. Significant accounting policies (continued)

Going concern

For the period ended 31 December 2017 the consolidated entity made a loss of \$2,439,456 (December 2016 : \$98,918), including non cash loss of \$1,973,118 associated with completion of the acquisition of the lithium bines project in Nevada, USA. Notwithstanding this, the financial report has been prepared on a going concern basis. As at 31 December 2017, the consolidated entity had cash and cash equivalents of \$2,768,411 and incurred net operating cash outflows of \$515,421 for the six month period ended on that date.

In February 2018 the group commenced a drilling program at its wholly owned lithium bine project in Nevada, USA. and will undertake sampling, pump testing, assays and metallurgical studies on the bine samples during the balance of this financial period which shall absorb a significant portion of current cash resources. To supplement its current cash funds the company issued on 13 March 2018 a prospectus to raise an additional AUD 1 million by way of a non-renounceable pro-rata entitlement offer of options over the company's ordinary shares. The entitlement offer closes on 29 March 2018. The directors consider the existing cash reserves and likely funds raised from the entitlement offer are sufficient for the group to continue its exploration programs and continue as a going concern for the next twelve months.

Should the capital raising be unsuccessful, the alternate funding sources not be identified and accessed or operations be significantly restricted the group may be unable to continue as a going concern, and as such be required to realise its assets and extinguish its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in this financial report. In such circumstances, a fundamental change in the basis of accounting would be required compared to the basis upon which these financial statements have been prepared. This financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessarily incurred should the group not be able to continue as a going concern.

Note 3. Operating segments

Identification of reportable operating segments

The company is organised into one operating segments: mineral exploration. This operating segment is based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources.

Note 4. Revenue

	Consolidated	
	December	December
	2017	2016
	\$	\$
Interest	90	220
Other revenue	6,199	15,698
Revenue	<u>6,289</u>	<u>15,918</u>

Note 5. Other income

	Consolidated	
	December	December
	2017	2016
	\$	\$
Directors' fees forgiven	-	96,624

Note 6. Goodwill

	Consolidated	
	December	June
	2017	2017
	\$	\$
Goodwill on business combinations (a)	1,973,118	-
Less: Impairment	<u>(1,973,118)</u>	<u>-</u>
	<u>-</u>	<u>-</u>

Reedy Lagoon Corporation Limited
Notes to the financial statements
31 December 2017

(a) Business Combinations

During the financial half year ended 31 December 2017 the Group completed the following business combinations.

Acquisition of Nevada Lithium Pty Ltd

On 18 December 2018 the Group acquired 100% of the share capital of Nevada Lithium Pty Ltd.

Nevada Lithium Pty Ltd has a wholly owned subsidiary, Sierra Lithium LLC, which owns the lithium bine project in Nevada, USA.

(a) Purchase consideration

Issue of 80,000,000 ordinary fully paid shares in the Company (refer note – 8 : Equity - issued capital)	2,000,000
Total purchase consideration	<u>2,000,000</u>

(b) Identifiable assets acquired and liabilities assumed

The fair values of identifiable assets acquired and liabilities assumed of Nevada Lithium Pty Ltd and its subsidiary as at the date of acquisition were:

	Fair Value at acquisition date A\$
Current assets	
Cash and cash equivalents	18,629
Total current assets	<u>18,629</u>
Non-current assets	
Deposits & Bonds	119,125
Total non-current assets	<u>119,125</u>
TOTAL IDENTIFIABLE ASSETS	<u>137,754</u>
Current liabilities	
Other payables	110,872
Total current liabilities	<u>110,872</u>
Non-current liabilities	
Total non-current liabilities	<u>-</u>
TOTAL LIABILITIES	<u>110,872</u>
Total identifiable net assets acquired at fair value	<u>26,882</u>
Total consideration	2,000,000
Goodwill	1,973,118
Net assets acquired	<u>2,000,000</u>
Goodwill impaired (i)	(1,973,118)
Net carrying fair value of assets acquired on business combination	<u>26,882</u>
The cash flow on acquisition is as follows:	
Net cash acquired with the subsidiary	18,629
Cash paid	-
Net consolidated cash inflow	<u>18,629</u>

(i) The goodwill was represented by the acquired subsidiary's interests in the lithium bine project located in Nevada, USA. This project is a green field early stage exploration project. The goodwill has been written off by the Group in accordance with Group's accounting policy that all costs associated with expenditure incurred on the acquisition of exploration properties, are written off as incurred where the are of interest have not yet reached a stage the permits a reasonable assessment of the existence of economical recoverable reserves.

Reedy Lagoon Corporation Limited
Notes to the financial statements
31 December 2017

Note 7. Current liabilities - employee benefits

	Consolidated	
	December 2017 \$	June 2017 \$
Annual leave	79,860	73,810
Long Service Leave	27,610	-
Accrued directors' wages / fees	-	208,945
	<u>107,470</u>	<u>282,755</u>

Note 8. Equity - issued capital

	December 2017 shares	June 2017 shares	Consolidated	
	December 2017 \$	June 2017 \$	December 2017 \$	June 2017 \$
Ordinary shares - fully paid	<u>398,015,288</u>	<u>175,675,168</u>	<u>20,902,989</u>	<u>15,666,091</u>

Movements in ordinary share capital

Details	Date	Shares	Issue price	\$
Balance	1-Jul-17	175,675,168		15,666,091
Issue of shares	18-Dec-17	142,140,120	\$0.025	3,553,503
Shares issued re acquisition of Nevada Lithium Pty Ltd	18-Dec-17	80,000,000	\$0.025	2,000,000
Options converted	18-Dec-17	100,000	\$0.0133	1,330
Options converted	18-Dec-17	100,000	\$0.011	1,100
Less share issue costs				(319,035)
Balance	31-Dec-17	<u>398,015,288</u>		<u>20,902,989</u>

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Share buy-back

There is no current on-market share buy-back.

Note 9. Equity - dividends

There were no dividends paid, recommended or declared during the current or previous financial half-year.

Note 10. Contingent liabilities

On 8 January 2018 the Company entered into a Master Drilling Services Agreement in respect of a drill program on the Company's lithium brine projects in Nevada, USA. At the date of this report the Company has incurred approximately AUS\$500,000 of costs under the Agreement.

The Agreement can be cancelled by the Company giving 3 days notice wherein the Company will be liable for any outstanding costs of work in progress up to the time of cancellation.

Reedy Lagoon Corporation Limited
Notes to the financial statements
31 December 2017

Note 11. Events after the reporting period

On 13 March 2018 the Company issued a prospectus to raise an additional \$1 million by way of a non-renounceable pro-rata entitlement offer of options over the company's ordinary shares. The entitlement offer closes on 29 March 2018.

Note 12. Share-based payments

A share option plan has been established by the company and approved by shareholders at a general meeting, whereby the company may, at the discretion of the board, grant options over ordinary shares in the company to certain key management personnel.

Remuneration arrangements of key management personnel are disclosed in the annual financial report. In addition, on 16 November 2017, after approval at the company's annual general meeting, a total of 900,000 were issued to directors as part of their remuneration packages. Each director received the below options:-

- Geoffrey H. Fethers – 500,000 options, exercise price 3.75 cents, expiring on 31 December 2020 with a value \$13,792;
- Adrian C. Griffin – 100,000 options, exercise price 3.75 cents, expiring on 31 December 2020 with a value \$2758; and
- Jonathan M. Hamer – 300,000 options, exercise price 3.75 cents, expiring on 31 December 2020 with a value \$8276.

Set out below are summaries of options granted under the plan:

December 2017

Grant date	Expiry date	Exercise price	Balance at the start of the half-year	Granted	Exercised	Lapsed	Balance at the end of the half-year
13/11/2014	31/12/2017	\$0.02	900,000	-	-	(900,000)	-
30/12/2015	31/12/2018	\$0.01	900,000	-	(100,000)	-	800,000
25/11/2016	31/12/2019	\$0.01	900,000	-	(100,000)	-	800,000
29/12/2017	31/12/2020	\$0.0375	-	900,000	-	-	900,000
			<u>2,700,000</u>	<u>900,000</u>	<u>(200,000)</u>	<u>(900,000)</u>	<u>2,500,000</u>

Reedy Lagoon Corporation Limited
Notes to the financial statements
31 December 2017

Note 12. Share-based payments (continued)
December 2016

Grant date	Expiry date	Exercise price	Balance at the start of the half-year	Granted	Lapsed	Balance at the end of the half-year
29/11/2013	31/12/2016	\$0.02	900,000	-	(900,000)	-
13/11/2014	31/12/2017	\$0.02	900,000	-	-	900,000
30/12/2015	31/12/2018	\$0.01	900,000	-	-	900,000
25/11/2016	31/12/2019	\$0.01	-	900,000	-	900,000
			<u>2,700,000</u>	<u>900,000</u>	<u>(900,000)</u>	<u>2,700,000</u>

For the options granted during the current financial half-year, the valuation model inputs used to determine the fair value at the grant date, are as follows:

Grant date	Expiry date	Share price at grant date	Exercise price	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date
29/12/2017	31/12/2020	\$0.048	\$0.0375	98.00%	-	2.21%	\$0.0276

An expense of \$24,826 (2016 : \$3,040) has been recognised in the statement of comprehensive income for the current period in relation to the above options.

Reedy Lagoon Corporation Limited
Directors' declaration
31 December 2017

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 31 December 2017 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

On behalf of the directors



G.H. Fethers
Managing Director

15 March 2018
Melbourne

Moore Stephens Audit (Vic)

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INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF REEDY LAGOON CORPORATION LIMITED

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Reedy Lagoon Corporation Limited and controlled entities (**the company**), which comprises the condensed statement of financial position as at 31 December 2017, the condensed statement of profit or loss and other comprehensive income, condensed statement of changes in equity, the condensed statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration.

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standards on Review Engagements ASRE 2410: *Review of Interim and Other Financial Reports Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including:

- a. giving a true and fair view of the company's financial position as at 31 December 2017 and its performance for the half-year ended on that date; and
- b. complying with Accounting Standard AASB 134: *Interim Financial Reporting* and the *Corporations Regulations 2001*.

As the auditor of the company, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the company, would be in the same terms if provided to the directors as at the time of this auditor's review report.

Conclusion

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

- a. giving a true and fair view of the company's financial position as at 31 December 2017 and of its performance for the half-year ended on that date; and
- b. complying with AASB 134: *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Emphasis of Matter – Going Concern

Without modifying the opinion expressed above, we draw attention to Note 2 "Significant Accounting Policies – Going Concern" which indicates the company incurred a loss for six months ended 31 December 2017 of \$2,439,456 and that the company's ability to continue the exploration and development of its mining tenements, continue to assess new projects and meet operational expenditure at current levels is dependent upon future capital raising. These conditions along with other matters as set forth in Note 2, indicate the existence of a material uncertainty that may cast significant doubt about the company's ability to continue as a going concern and therefore, the company may be unable to realise its assets and discharge its liabilities in the normal course of business.

MOORE STEPHENS

MOORE STEPHENS AUDIT (VIC)

ABN 16 847 721 257



RYAN LEEMON

Partner

Audit & Assurance Services

Melbourne, Victoria

15 March 2018