

Axiom Mining Limited
ARBN 81 119 698 770

Interim Financial Report
for the half-year ended 31 March 2017

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual financial report for the year ended 30 September 2016 and any public announcements made by Axiom Mining Limited ('Axiom' or the 'Company') during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

All amounts in this interim financial report are in Australian dollars unless stated otherwise.

Axiom Mining Limited

Directors' report

Your directors submit the financial report of the consolidated group for the half-year ended 31 March 2017.

Directors

The names of directors who held office during or since the end of the half-year:

Mr Ryan R Mount	Executive Director and Chief Executive Officer
Mr Jeremy R Gray	Non-Executive Director
Mr Robert L Barraket	Non-Executive Director and Chairman

Review of operations

Solomon Islands

Isabel Nickel Project

San Jorge

Axiom continued its development activities on its San Jorge Prospecting Licence (PL 01/15) which was granted to the Company in March 2015. In September 2016, Axiom commenced an initial resource definition drilling program (Phase One) over a limited portion of the tenement which included 154 holes over 1,576 meters using 50m by 50m drill pattern across the initial area of focus, supplemented by 25m by 25m infill holes in some areas, as well as sterilisation holes on the edge of the known mineralised zone to assist with boundary identification. On 20 March 2017 the Company announced the successful completion of the Phase One drilling program.

Axiom also submitted an application for a mining lease over the San Jorge tenement in December 2016 and continues regular engagement with the Solomon Islands Government to facilitate the process of licence application where appropriate.

Kolosori

Axiom is awaiting the Solomon Islands Government's decision in relation to its prospecting licence application.

West Guadalcanal Project

Prospecting Licence (PL 01/14) over the West Guadalcanal Project was successfully renewed by the Solomon Islands Government for a further 3 years on 9 May 2017.

The West Guadalcanal Prospecting Licence is adjacent to known gold - silver (Au – Ag) deposits, including the Gold Ridge Mine and boasts potential for epithermal Au and porphyry Cu-Au style deposits. The 3 current exploration targets of Tahoe, Polo and Mt Tanjili lie within a 10 km long carbonate base metal gold epithermal corridor.

Axiom Mining Limited
Directors' report

Corporate

On 1 March 2017 Axiom announced a capital raising which included a private placement of fully paid ordinary shares to raise \$1.5 million at \$0.16 cents with one (1) for two (2) Attaching Options.

On the same date the Company also announced an Entitlement Offer which included a non – renounceable Rights Issue of one (1) for ten (10) ordinary shares at \$0.16 cents with Attaching Options on a seven (7) for four (4) basis along with a Loyalty Bonus Offer of one (1) for eight (8) Loyalty Bonus Options. Loyalty Bonus Options were issued to Eligible shareholders holding 125,000 or more fully paid ordinary shares in the Company at the record date, 16 May 2017.

All Attaching Options and Loyalty Bonus Options were listed, after the reporting period, on the Australian Stock Exchange (ASX) under quotation 'AVQO' with an exercise price of \$0.40 cents and have an expiry date of 14 December 2018.

The Entitlement Offer was completed on 2 May 2017 and raised \$247,316 with the issue of 1,545,723 new Axiom Shares and 2,705,015 Attaching Options. On 19 May 2017 the Company announced the completion of the Loyalty Bonus Offer with the issue of 28,335,371 Loyalty Bonus Options to eligible shareholders. Loyalty Bonus Options were listed on the ASX on 22 May 2017.

On 5 June 2017 the Company announced it had raised an additional \$1 million through a placement of Rights Issue Shortfall as part of the Entitlement Offer announced to the ASX on 1 March 2017. The Shortfall was taken up by InCoR Holdings Plc (InCoR), a long term strategic investor and shareholder in Axiom. The additional investment takes InCoR's holding to 6% of the issued share capital of the Company.

Axiom's Annual General Meeting (AGM) was held on 30 March 2017. with all resolutions passed.

Rounding of amounts

The consolidated group has applied the relief available to it in ASIC Corporations Instrument 2016/191 and accordingly certain amounts in the financial report and the directors' report have been rounded off to the nearest thousand dollars.

Auditor's independence declaration

The lead auditor's independence declaration under S 307C of the *Corporations Act 2001* is set out on page 4 for the half-year ended 31 March 2017.

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



Director

Robert Barraket

Dated this 14th day of June 2017

**AXIOM MINING LIMITED
ARBN 81 119 698 770
AND ITS CONTROLLED ENTITIES**

**AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF AXIOM MINING LIMITED**

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I declare that, to the best of my knowledge and belief, during the half-year ended 31 March 2017 there have been no contraventions of:

- (i) the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.



HALL CHADWICK
Level 40, 2 Park Street
Sydney NSW 2000



DREW TOWNSEND
Partner
Dated: 14 June 2017

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Axiom Mining Limited

Interim consolidated statement of profit or loss and other comprehensive income As at 31 March 2017

	Note	Consolidated	
		Half-year ended	Half-year ended
		31 March 2017	31 March 2016
		\$000	\$000
Interest income		14	11
Other income		47	68
Employee benefits expense		(1,577)	(1,868)
Depreciation and amortisation expense		(134)	(147)
Finance costs		(9)	(320)
Exploration costs		(12)	(195)
Legal expenses		(402)	(115)
Other expenses		(1,418)	(2,167)
Share based payments	2(a)	-	(2,503)
Impairment loss on mineral exploration expenditure	2(a)	-	(9,863)
Loss before income tax		(3,491)	(17,099)
Income tax expense	2(b)	-	-
Loss for the period	2(a)	(3,491)	(17,099)
Other comprehensive income			
Items that will be reclassified subsequently to profit or loss when specific conditions met:			
Exchange difference on translation of foreign operations		(54)	1,583
Other comprehensive income for the period		(54)	1,583
Total comprehensive loss for the period		(3,545)	(15,516)
Net loss attributable to:			
- members of the parent entity		(3,183)	(14,602)
- non-controlling interest		(308)	(2,497)
		(3,491)	(17,099)
Total comprehensive loss attributable to:			
- members of the parent entity		(3,237)	(13,019)
- non-controlling interest		(308)	(2,497)
		(3,545)	(15,516)
Loss per share			
From continuing operations:			
- basic loss per share (cents)		(1.10)	(5.46)
- diluted loss per share (cents)		(1.10)	(5.46)

The accompanying notes form part of these financial statements.

Axiom Mining Limited
Interim consolidated statement of financial position
As at 31 March 2017

		Consolidated	
		As at 31 March 2017 \$000	As at 30 September 2016 \$000
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		927	4,070
Trade and other receivables		602	298
Other assets		72	104
TOTAL CURRENT ASSETS		1,601	4,472
NON-CURRENT ASSETS			
Property, plant and equipment		483	588
Mineral exploration expenditure	5	1,582	587
TOTAL NON-CURRENT ASSETS		2,065	1,175
TOTAL ASSETS		3,666	5,647
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables		2,908	2,777
Lease liabilities		24	30
Provisions		123	46
TOTAL CURRENT LIABILITIES		3,055	2,853
NON-CURRENT LIABILITIES			
Other payables		86	243
Lease liabilities		-	9
Provisions		11	11
TOTAL NON-CURRENT LIABILITIES		97	263
TOTAL LIABILITIES		3,152	3,116
NET ASSETS		514	2,531
EQUITY			
Issued capital	6	109,888	108,360
Reserves		(467)	(336)
Retained losses		(103,882)	(100,776)
Equity attributable to owners of the company		5,539	7,248
Non-controlling interests		(5,025)	(4,717)
TOTAL EQUITY		514	2,531

The accompanying notes form part of these financial statements.

Axiom Mining Limited
Interim consolidated statement of changes in equity
For the half-year ended 31 March 2017

	Share capital	Foreign currency translation reserve	Share-based payment reserve	Accumulated losses	Subtotal	Non-controlling interests	Total equity
	\$000	\$000	\$000	\$000	\$000	\$000	\$000
At 1 October 2015	91,433	(830)	2,022	(85,054)	7,571	(2,229)	5,342
Loss for the half-year	-	-	-	(14,602)	(14,602)	(2,497)	(17,099)
Other comprehensive loss	-	1,583	-	-	1,583	-	1,583
Total comprehensive loss for the half-year	-	1,583	-	(14,602)	(13,019)	(2,497)	(15,516)
Transactions with owners in their capacity as owners							
Shares issued during the half-year	6,047	-	-	-	6,047	-	6,047
Equity-settled share-based settlement	-	-	2,503	-	2,503	-	2,503
Total transactions with owners and other transfers	6,047	-	2,503	-	8,550	-	8,550
As at 31 March 2016	97,480	753	4,525	(99,656)	3,102	(4,726)	(1,624)
At 1 October 2016	108,360	(837)	501	(100,776)	7,248	(4,717)	2,531
Loss for the half-year	-	-	-	(3,183)	(3,183)	(308)	(3,491)
Other comprehensive loss	-	(54)	-	-	(54)	-	(54)
Total comprehensive loss for the half-year	-	(54)	-	(3,183)	(3,238)	(308)	(3,545)
Transactions with owners in their capacity as owners							
Shares issued during the half-year	1,528	-	-	-	1,528	-	1,528
Transfer to retained earnings from share-based payment reserve for lapsed options	-	-	(77)	77	-	-	-
Total transactions with owners and other transfers	1,528	-	(77)	77	1,528	-	1,528
As at 31 March 2017	109,888	(891)	424	(103,882)	5,539	(5,025)	514

The accompanying notes form part of these financial statements.

Axiom Mining Limited
Interim consolidated statement of cash flows
For the half-year ended 31 March 2017

	Consolidated	
	Half-year ended 31 March 2017	Half-year ended 31 March 2016
	\$000	\$000
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments to suppliers and employees	(3,559)	(2,371)
Interest received	14	11
Finance costs	(25)	(150)
Net cash used in by operating activities	(3,570)	(2,510)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(28)	(183)
Payments for mineral exploration expenditure	(1,014)	(3,711)
Net cash used in investing activities	(1,042)	(3,894)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares, net of transaction costs	1,483	300
Proceeds from convertible bond	-	4,853
Proceeds from borrowings	-	243
Repayment of borrowings	(15)	(26)
Net cash provided by financing activities	1,468	5,370
Net decrease in cash held	(3,144)	(1,034)
Cash and cash equivalents at beginning of period	4,068	1,306
Effects of exchange rate changes on cash and cash equivalents	3	(3)
Cash and cash equivalents at end of period	927	269

The accompanying notes form part of these financial statements.

Axiom Mining Limited
Notes to the interim consolidated financial statements
For the half-year ended 31 March 2017

Note 1: Summary of significant accounting policies

Basis of preparation

This consolidated interim financial report for the half-year reporting period ended 31 March 2017 has been prepared in accordance with requirements of the *Corporations Act 2001* and Australian Accounting Standard AASB 134: *Interim Financial Reporting*. The group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

This interim financial report is intended to provide users with an update on the latest annual financial statements of Axiom Mining Limited (Axiom) and its controlled entities (referred to as the “consolidated group” or “group”). As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the group. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the group for the year ended 30 September 2016, and any public announcements made during the interim reporting period in accordance with the continuous disclosure requirements.

These interim financial statements were authorised for issue on 14 June 2017.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

The group has considered the implications of new or amended accounting standards and has determined that their application to the financial statements is either not relevant or not material.

Mineral exploration expenditure

Mineral exploration, evaluation and development expenditures incurred are capitalised in respect of each identifiable area of interest. These costs are only capitalised to the extent that they are expected to be recovered 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 or loss in the year in which the decision to abandon the area is made. When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to capitalise costs in relation to that area. Costs of site restoration are provided for over the life of the project from when exploration commences and are included in the costs of that stage. Site restoration costs include the dismantling and removal of mining plant, equipment and building structures, waste removal, and rehabilitation of the site in accordance with local laws and regulations and clauses of the permits. Such costs have been determined using estimates of future costs, current legal requirements and technology on an undiscounted basis.

Axiom Mining Limited
Notes to the interim consolidated financial statements
For the half-year ended 31 March 2017

Note 1: Summary of significant accounting policies (continued)

Going concern

The consolidated group has recorded a net loss of \$3.5 million for the half-year ended 31 March 2017 (2016: \$17.1 million), had net cash outflows from operations of \$3.6 million for the half-year ended 31 March 2017 and currently has no ongoing source of operating income. At 31 March 2017 the consolidated group had net assets of \$514,000 and the working capital deficiency was \$1.45 million.

The financial report has been prepared on a going concern basis that assumes the realisation of assets and extinguishment of liabilities in the normal course of business and at the amounts stated in the financial statements.

The directors believe the going concern basis is appropriate for the following reasons:

- at 31 March 2017 the consolidated group had cash and cash equivalents of \$927,000
- the ability to raise additional share capital by share placements, options, convertible notes, or rights issue
- the ability to farm out all or part of its exploration projects
- the ability to sell particular exploration projects
- the group successfully raised \$1.5 million by way of private placement in the half-year ended 31 March 2017
- subsequent to the period end on 2 May 2017, Axiom announced it had raised \$248k by way of Rights Issue.
- subsequent to the period end on 5 June 2017, Axiom announced it had raised \$1 million through a placement of the Rights Issue Shortfall. The Shortfall was taken up by InCoR Holdings Plc (InCoR), a strategic, long term investor.
- the Company is continuing to hold discussions with sophisticated and professional investors for the take up of additional Rights Shortfall Placement from the recent Entitlement Offer and other forms of investment funding.

Accordingly, the directors are confident in the ability of the group and the company to successfully secure sufficient cash inflows to enable it to continue as a going concern and that it is appropriate to adopt the going concern basis of accounting in the preparation of the financial statements.

Axiom Mining Limited
Notes to the interim consolidated financial statements
For the half-year ended 31 March 2017

Note 2: Loss for the period

	Consolidated	
	Half-year ended 31 March 2017	Half-year ended 31 March 2016
	\$000	\$000
a. Significant items		
The following revenue and expense items are relevant in explaining the financial performance for the interim period:		
Share based payments	-	(2,503)
Impairment loss on assets / other receivables	-	(730)
Write-off of capitalised exploration expenditure on areas of interest abandoned during the period	-	(9,132)

b. Income tax

Income tax expense is recognised based on management's estimate of the weighted average effective annual income tax rate expected for the full financial year. The estimated average annual tax rate used for the year ended 30 September 2016 is 0%. The group had losses as at 31 March 2017. As a result, no income tax was provided.

Note 3: Operating segments

The group's operations are predominately confined to mineral exploration and development within the Solomon Islands and Australia. The group retains a small presence in Vietnam.

The group has identified its operating segments based on the internal reports that are reviewed and used by the management team in assessing performance and determining the allocation of resources. The operating segments are identified by management based on the manner in which the expenses are incurred and resources allocated. Discrete financial information about each of these operating segments is reported to the Board on a regular basis.

The reportable segments are based on aggregated operating segments determined by similarity of expenses, where expenses in the reportable segments exceed 10% of the total expenses for either the current and/or previous reporting period.

Axiom Mining Limited
Notes to the interim consolidated financial statements
For the half-year ended 31 March 2017

Note 3: Operating segments (continued)

	Australia		Solomon Islands		Vietnam		Consolidated	
	2017	2016	2017	2016	2017	2016	2017	2016
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Segment revenue	61	79	-	-	-	-	61	79
Segment result (loss)	(1,381)	(4,410)	(1,991)	(2,346)	(37)	(93)	(3,409)	(6,770)
Reconciliation of Segment result to group net loss before tax:								
Amounts not included in segment result but reviewed by the board:								
Depreciation/Amortisation	(30)	(36)	(104)	(109)	-	(2)	(134)	(147)
Impairment loss on mineral exploration	-	-	-	(9,863)	-	-	-	(9,863)
Unallocated items:								
Finance Costs	1	(309)	(10)	(11)	-	-	(9)	(320)
Net loss before tax from Continuing operations	(1,349)	(4,676)	(2,105)	(12,329)	(37)	(95)	(3,491)	(17,099)
Segment assets	1,671	800	1,983	3,494	12	9	3,667	4,303
Segment liabilities	824	2,828	2,327	3,088	-	11	3,152	5,927

Note 4: Contingent assets and contingent liabilities

Contingent assets

As at the date of this report there are no contingent assets.

Contingent liabilities

Following the judgement by the Solomon Islands Court of Appeal on 21 March 2016, Axiom KB Limited was ordered to pay the legal costs of the land appellants. At this stage, the decision on the obligation of payment for the legal cost has not been determined by the Court of Appeal.

Axiom Mining Limited
Notes to the interim consolidated financial statements
For the half-year ended 31 March 2017

Note 5: Exploration and evaluation expenditure

	Consolidated	
	Half-year ended 31 March 2017	As at 30 September 2016
	\$000	\$000
Opening balance	587	9,158
Exploration costs	1,026	4,218
Less: exploration costs expensed	(12)	(424)
Exchange alignment	(19)	(157)
Impairment loss on mineral exploration	-	(12,208)
Closing balance	1,582	587

Note 6: Contributed equity

	Consolidated	
	Half-year ended 31 March 2017	As at 30 September 2016
	\$000	\$000
Issued and fully paid 347,056,098 (2016: 337,392,208) ordinary shares	109,888	108,360

	31 March 2017		30 September 2016	
	Number of shares	\$000	Number of shares	\$000
Movements in issued shares:				
Balance at 1 October	337,392,208	108,360	264,676,635	91,701
Issue of new shares				
Share placement issue	9,375,000	1,500	48,838,384	10,705
Shares issued as payment for services and interest	288,890	45	2,733,032	878
Shares issued to employees	-	-	225,001	52
Exercise of options	-	-	263,095	62
Shares issued on conversion of convertible notes	-	-	20,656,061	5,753
	347,056,098	109,905	337,392,208	109,151
Less: Transaction costs arising from share issues	-	(17)	-	(791)
Balance at 31 March 2017	347,056,098	109,888	337,392,208	108,360

Axiom Mining Limited
Notes to the interim consolidated financial statements
For the half-year ended 31 March 2017

Note 7: Events after the end of the interim period

In May 2017, the Company has successfully renewed the prospecting license PL 01/14 over the West Guadalcanal Project. The project is situated in the west of Guadalcanal Island, Solomon Islands; it is highly prospective for epithermal gold-silver and porphyry copper-gold mineralisation.

An Entitlement Offer was completed on 2 May 2017 and raised a total of \$247,316 with the issue of 1,545,723 new Axiom Shares and 2,705,015 Attaching Options on a seven (7) for four (4) basis. New Axiom shares and Attaching Options were issued for quotation on the ASX on 10 May 2017. The Directors have reserved the right to place any or all of the 33,090,111 shortfall Axiom shares and Attaching Options after closing date of the Entitlement Offer.

On 19 May 2017 the Company announced the completion of the Loyalty Bonus Offer with the issue of 28,335,371 Loyalty Bonus Options to eligible shareholders. Loyalty Bonus Options were listed on the ASX on 22 May 2017 under quotation 'AVQO'.

On 5 June 2017 the Company announced it had raised an additional \$1 million through a placement of Rights Issue Shortfall as part of the Entitlement Offer announced to the ASX on 1 March 2017. The Shortfall was taken up by InCoR Holdings Plc (InCoR), a long term strategic investor and shareholder in Axiom. The additional investment takes InCoR's holding to 6% of the issued share capital of the Company.

The Company is continuing to hold discussions with potential sophisticated and professional investors for the take up of additional Rights Shortfall Placement from the recent Entitlement Offer and other forms of investment funding.

All proceeds raised and referred to above are to be used to further develop the Isabel Nickel Project and for on-going working capital of the Company.

Other than the above, the directors are not aware of any other significant events since the end of the interim period.

Axiom Mining Limited
Directors' declaration

In accordance with a resolution of the directors of Axiom Mining Limited, the directors of the company declare that:

1. The financial statements and notes, as set out on pages 6 to 14, are in accordance with the *Corporations Act 2001*, including:
 - a. complying with Accounting Standard AASB 134: *Interim Financial Reporting*; and
 - b. giving a true and fair view of the consolidated entity's financial position as at 31 March 2017 and of its performance for the half-year ended on that date.
2. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.



Director

Robert Barraket

Dated this 14th day of June 2017

**AXIOM MINING LIMITED
ARBN 81 119 698 770
AND ITS CONTROLLED ENTITIES**

**INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF
AXIOM MINING LIMITED**

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Report on the Half-year Financial Report

We have reviewed the accompanying half-year financial report of Axiom Mining Limited, which comprises the consolidated statement of financial position as at 31 March 2017, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated 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 Axiom Mining Limited 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 gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

Independence

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

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**AXIOM MINING LIMITED
ARBN 81 119 698 770
AND ITS CONTROLLED ENTITIES**

**INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF
AXIOM MINING LIMITED**

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 Axiom Mining Limited is not in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of Axiom Mining Limited's financial position as at 31 March 2017 and of its performance for the half-year ended on that date; and
- (ii) complying with Accounting Standard AASB 134: *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial report, which indicates that the consolidated group incurred a net loss of \$3.5 million; incurred net cash outflows from operations of \$3.6 million and had a working capital deficiency of \$1.45 million as at 31 March 2017. Further the consolidated group had no ongoing source of operating income for the half-year ended 31 March 2017. These conditions, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty that may cast significant doubt about the consolidated group's ability to continue as a going concern and therefore, the consolidated group may be unable to realise its assets and discharge its liabilities in the normal course of business and at the amount stated in the financial report. Our conclusion is not modified in respect of this matter.



HALL CHADWICK
Level 40, 2 Park Street
Sydney NSW 2000



DREW TOWNSEND
Partner
Dated: 14 June 2017