

**Mayur Resources Pte Ltd and
controlled entities**

Consolidated Financial report
For the period ended 31 December
2016

MAYUR RESOURCES PTE LTD AND CONTROLLED ENTITIES

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31 DECEMBER 2016**

	Note	31 Dec 2016 (6 months) \$	30 June 2016 (12 months) \$
Revenue		25,306	1,358
Less: expenses			
Exploration & evaluation expenditure written off	5	-	(1,730,784)
Foreign currency loss		(69)	(10,994)
Other expenses		<u>(16,974)</u>	<u>(5,882)</u>
		<u>(17,043)</u>	<u>(1,747,660)</u>
Profit / (loss) before income tax expense		8,263	(1,746,302)
Income tax expense	2	<u>-</u>	<u>-</u>
Profit / (loss) for the period		<u>8,263</u>	<u>(1,746,302)</u>
Other comprehensive income for the period		<u>-</u>	<u>-</u>
Total comprehensive income		<u>8,263</u>	<u>(1,746,302)</u>
 Profit / (loss) is attributable to:			
- Owners of Mayur Resources Pte Ltd		43,327	(1,190,322)
- Non-controlling interests		<u>(35,064)</u>	<u>(555,980)</u>
		<u>8,263</u>	<u>(1,746,302)</u>
 Total comprehensive income is attributable to:			
- Owners of Mayur Resources Pte Ltd		43,327	(1,190,322)
- Non-controlling interests		<u>(35,064)</u>	<u>(555,980)</u>
		<u>8,263</u>	<u>(1,746,302)</u>

The accompanying notes form part of these financial statements.

MAYUR RESOURCES PTE LTD AND CONTROLLED ENTITIES

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2016**

	Note	31 Dec 2016 \$	30 June 2016 \$
Current assets			
Cash and cash equivalents	3	<u>1,365,763</u>	<u>174,852</u>
Total current assets		<u>1,365,763</u>	<u>174,852</u>
Non-current assets			
Property, plant and equipment	4	404,780	208,093
Exploration and evaluation expenditure	5	<u>12,653,682</u>	<u>11,082,975</u>
Total non-current assets		<u>13,058,462</u>	<u>11,291,068</u>
Total assets		<u>14,424,225</u>	<u>11,465,920</u>
Current liabilities			
Payables	6	<u>9,632,802</u>	<u>6,811,165</u>
Total current liabilities		<u>9,632,802</u>	<u>6,811,165</u>
Total liabilities		<u>9,632,802</u>	<u>6,811,165</u>
Net assets		<u>4,791,423</u>	<u>4,654,755</u>
Equity			
Share capital	7	2,038,237	2,038,237
Reserves	10	1,563,801	1,435,396
Retained earnings	8	<u>(5,935,413)</u>	<u>(5,978,740)</u>
Equity attributable to owners of Mayur Resources Pte Ltd		<u>(2,333,375)</u>	<u>(2,505,107)</u>
Non-controlling interests	9	<u>7,124,798</u>	<u>7,159,862</u>
Total equity		<u>4,791,423</u>	<u>4,654,755</u>

The accompanying notes form part of these financial statements.

MAYUR RESOURCES PTE LTD AND CONTROLLED ENTITIES

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 DECEMBER 2016

	Contributed equity \$	Reserves \$	Retained earnings \$	Non-controlling interests \$	Total equity \$
Consolidated					
Balance as at 30 June 2015	2,514,098	752,799	(4,788,418)	5,999,352	4,477,831
Loss for the period	-	-	(1,190,322)	(555,980)	(1,746,302)
Total comprehensive income for the period	-	-	(1,190,322)	(555,980)	(1,746,302)
Transactions with owners in their capacity as owners:					
Contributions	686,457	-	-	1,716,490	2,402,947
Buy-backs	(1,162,318)	-	-	-	(1,162,318)
Share based payments capitalised	-	682,597	-	-	682,597
Total transactions with owners in their capacity as owners	(475,861)	682,597	-	1,716,490	1,923,226
Balance as at 30 June 2016	<u>2,038,237</u>	<u>1,435,396</u>	<u>(5,978,740)</u>	<u>7,159,862</u>	<u>4,654,755</u>
Balance as at 30 June 2016	2,038,237	1,435,396	(5,978,740)	7,159,862	4,654,755
Profit/(loss) for the period	-	-	43,327	(35,064)	8,263
Total comprehensive income for the period	-	-	43,327	(35,064)	8,263
Transactions with owners in their capacity as owners:					
Share based payments capitalised	-	128,405	-	-	128,405
Total transactions with owners in their capacity as owners	-	128,405	-	-	128,405
Balance as at 31 December 2016	<u>2,038,237</u>	<u>1,563,801</u>	<u>(5,935,413)</u>	<u>7,124,798</u>	<u>4,791,423</u>

The accompanying notes form part of these financial statements.

MAYUR RESOURCES PTE LTD AND CONTROLLED ENTITIES

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 DECEMBER 2016**

	Note	31 Dec 2016 (6 months) \$	30 June 2016 (12 months) \$
Cash flow from operating activities			
Payments to suppliers		(16,974)	(5,879)
Interest received		<u>-</u>	<u>1,358</u>
Net cash provided by / (used in) operating activities	12(b)	<u>(16,974)</u>	<u>(4,521)</u>
Cash flow from investing activities			
Payment for property, plant and equipment		(196,687)	(208,093)
Payment for exploration & evaluation		(2,170,152)	(2,332,333)
Repayment of loans to shareholders		<u>-</u>	<u>40,912</u>
Net cash provided by / (used in) investing activities		<u>(2,366,839)</u>	<u>(2,499,514)</u>
Cash flow from financing activities			
Proceeds from share issue - parent entity		-	686,457
Proceeds from share issue - non-controlling interests		-	1,716,490
Share redemption payments		-	(1,162,318)
Proceeds from borrowings - Siecap		2,292,868	533,589
Proceeds from borrowings - Shareholders		<u>1,256,619</u>	<u>-</u>
Net cash provided by financing activities		<u>3,549,487</u>	<u>1,774,218</u>
Reconciliation of cash			
Cash at beginning of the period		174,852	915,666
Net increase / (decrease) in cash held		1,165,674	(729,817)
Foreign exchange differences on case holdings		<u>25,306</u>	<u>(10,997)</u>
Cash at end of period	12(a)	<u>1,365,832</u>	<u>174,852</u>

The accompanying notes form part of these financial statements.

MAYUR RESOURCES PTE LTD AND CONTROLLED ENTITIES

NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2016

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

This financial report is a special purpose financial report prepared for use by the directors and members of the group. The directors have determined that the group is not a reporting entity. Mayur Resources Pte Ltd is a for-profit entity for the purpose of preparing the financial statements.

The financial report complies with the recognition and measurement requirements of the International Financial Reporting Standards but does not comply with the disclosure requirements of these standards.

(a) Basis of preparation of the financial report

Historical Cost Convention

The financial report has been prepared under the historical cost convention, as modified by revaluations to fair value for certain classes of assets and liabilities as described in the accounting policies.

(b) Going concern

These financial statements have been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the normal course of business.

The ability of the Group to continue as a going concern is principally dependent upon the following conditions:

- ◆ the ongoing support from its shareholders and shareholder related entities (as noted in Note 15);
- ◆ the ability of the Group to successfully raise capital, as and when necessary;
- ◆ the ability to complete successful exploration and subsequent exploitation of the areas of interest; and
- ◆ the ability of the Group to sell non-core assets.

These conditions gave rise to material uncertainty which may cast significant doubt over the Group's ability to continue as a going concern as at 31 December 2016.

The directors believe that the going concern basis of preparation is appropriate due to the planned IPO during which was planned to raise approximately a minimum of \$10,445,938 and a maximum of \$15,527,019 before costs (with the ability to accept oversubscriptions).

In addition to the above the Directors have been advised by the current shareholders that they will continue to support the Group and fund the ongoing operation of the Group in the event that the planned IPO does not proceed for whatever reason.

It is further recognised that \$6,532,996 will be forgiven by a related party, Siecap, as part of the IPO. Further, up to a maximum of \$2m from IPO proceeds will be utilised to partially repay the loan from shareholders and the related party (Siecap). Any further loan repayments will be subject to shareholders / board approval at a future capital raise event.

Notwithstanding the above, should the Group be unable to continue as a going concern, it may 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 these financial statements. These financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amounts or classification of liabilities and appropriate disclosures that may be necessary should the Group be unable to continue as a going concern.

MAYUR RESOURCES PTE LTD AND CONTROLLED ENTITIES

NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2016

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Principles of consolidation

The consolidated financial statements are those of the consolidated entity ("the group"), comprising the financial statements of the parent entity and all of the entities the parent controls. The group controls an entity where it has the power, for which the parent has exposure or rights to variable returns from its involvement with the entity, and for which the parent has the ability to use its power over the entities to affect the amount of its returns.

The financial statements of subsidiaries are prepared for the same reporting period as the parent entity, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies which may exist.

All inter-company balances and transactions, including any unrealised profits or losses have been eliminated on consolidation. Subsidiaries are consolidated from the date on which control is transferred to the group and are de-recognised from the date that control ceases.

Equity interests in a subsidiary not attributable, directly or indirectly, to the group are presented as non-controlling interests. Non-controlling interests in the result of subsidiaries are shown separately in the consolidated statement of profit or loss and other comprehensive income and consolidated statement of financial position respectively.

(d) Foreign currency translations and balances

Functional and presentation currency

The financial statements of each entity within the consolidated entity is measured using the currency of the primary economic environment in which that entity operates (the functional currency). The consolidated financial statements are presented in Australian dollars which is the consolidated entity's functional and presentation currency.

Transactions and Balances

Transactions in foreign currencies of entities within the consolidated group are translated into functional currency at the rate of exchange ruling at the date of the transaction.

Foreign currency monetary items that are outstanding at the reporting date (other than monetary items arising under foreign currency contracts where the exchange rate for that monetary item is fixed in the contract) are translated using the spot rate at the end of the financial year.

Except for certain foreign currency hedges, all resulting exchange differences arising on settlement or re-statement are recognised as revenues and expenses for the financial year.

Subsidiaries that have a functional currency different from the presentation currency of the group are translated as follows:

- Assets and liabilities are translated at the closing rate on reporting date;
- Income and expenses are translated at actual exchange rates or average exchange rates for the period, where appropriate; and
- All resulting exchange differences are recognised in other comprehensive income.

MAYUR RESOURCES PTE LTD AND CONTROLLED ENTITIES

**NOTES TO FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2016**

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Revenue

Interest revenue is recognised when it becomes receivable on a proportional basis taking in to account the interest rates applicable to the financial assets.

All revenue is measured net of the amount of goods and services tax (GST).

(f) Income tax

Current income tax expense or revenue is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities.

Deferred tax assets and liabilities are recognised for temporary differences at the applicable tax rates when the assets are expected to be recovered or liabilities are settled. Deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

(g) Cash and cash equivalents

Cash and cash equivalents include cash on hand and at banks, short-term deposits with an original maturity of three months or less held at call with financial institutions, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the consolidated statement of financial position.

(h) Financial instruments

Classification

The group classifies its financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, and available-for-sale financial assets. The classification depends on the nature of the item and the purpose for which the instruments were acquired. Management determines the classification of its financial instruments at initial recognition.

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions of the instrument. For financial assets, this is equivalent to the date that the entity commits itself to either the purchase or sale of the asset (ie trade date accounting is adopted).

Financial instruments are initially measured at fair value adjusted for transaction costs, except where the instrument is classified as fair value through profit or loss, in which case transaction costs are immediately recognised as expenses in profit or loss.

MAYUR RESOURCES PTE LTD AND CONTROLLED ENTITIES

**NOTES TO FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2016**

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Financial instruments (Continued)

Loans and receivables

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

Financial liabilities

Financial liabilities include trade payables, other creditors and loans from third parties including inter-company balances and loans from or other amounts due to director-related entities.

Non-derivative financial liabilities are subsequently measured at amortised cost, comprising original debt less principal payments and amortisation.

Financial liabilities are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least twelve months after the reporting period.

Impairment of financial assets

Financial assets are tested for impairment at each financial year end to establish whether there is any objective evidence for impairment as a result of one or more events ('loss events') having occurred and which have an impact on the estimated future cash flows of the financial assets.

(i) Property, plant and equipment

Each class of plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and any accumulated impairment losses.

Plant and equipment

Plant and equipment is measured on a cost basis.

Depreciation

The depreciable amount of all property, plant and equipment is depreciated over their estimated useful lives commencing from the time the asset is held ready for use. Land and the land component of any class of property, plant and equipment is not depreciated.

(j) Exploration and evaluation expenditure

Exploration and evaluation costs, including the costs of acquiring licences, are capitalised as exploration and valuation assets on an area of interest basis. Costs incurred before the group has obtained legal rights to explore an area are expensed in the profit or loss.

Exploration and evaluation assets are only recognised if the rights to the area of interest are current and either:

- i) the expenditures are expected to be recouped through successful development and exploitation of the area of interest or by its sale; or

MAYUR RESOURCES PTE LTD AND CONTROLLED ENTITIES

**NOTES TO FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2016**

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- ii) activities in the area of interest have not at the reporting date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

Exploration and evaluation assets are assessed for impairment if sufficient data exists to determine technical feasibility and commercial viability and the facts and circumstances suggest that the carrying amount exceeds the recoverable amount. For the purposes of impairment testing, exploration and evaluation assets are allocated to cash-generating units to which the exploration activity relates. The cash generation unit shall not be larger than the area of interest.

Once technical feasibility and commercial viability of the area of interest are demonstratable, exploration and evaluation assets attributable to that area are first tested for impairment and then reclassified from exploration and evaluation assets to property and development assets within property, plant and equipment.

(k) Share-based payments

The Group makes equity-settled share based payments to directors, employees and other parties for services provided or the acquisition of exploration assets. Where applicable, the fair value of the equity is measured at grant date and recognised as an expense over the vesting period, with a corresponding increase to an equity account. The fair value of shares is ascertained as the market bid price. The fair value of options is ascertained using the Black and Scholes option valuation pricing model which incorporates all market vesting conditions. Where applicable, the number of shares and options expected to vest is reviewed and adjusted at each reporting date such that the amount recognised for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

Where the fair value of services rendered by other parties can be reliably determined, this is used to measure the equity-settled payment.

(l) Goods and services tax (GST)

Revenues, expenses and purchased assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the consolidated statement of financial position are shown inclusive of GST.

Cash flows are presented in the consolidated statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(m) Comparatives

Where necessary, comparative information has been reclassified and repositioned for consistency with current period disclosures.

MAYUR RESOURCES PTE LTD AND CONTROLLED ENTITIES

**NOTES TO FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2016**

	Dec 2016 \$	June 2016 \$
NOTE 2: INCOME TAX		
Prima facie tax payable		
The prima facie tax payable on profit before income tax is reconciled to the income tax expense as follows:		
Prima facie income tax payable on profit before income tax at 30%* (June 2016: 30%*)	2,479	(523,891)
Add tax effect of:		
- Other non-allowable items	-	519,235
Tax losses/deferred taxes not recognised	<u>-</u>	<u>8,235</u>
	-	527,470
Less tax effect of:		
- Other non-assessable items	<u>2,479</u>	<u>3,579</u>
	<u>2,479</u>	<u>3,579</u>
Income tax expense attributable to profit	<u>-</u>	<u>-</u>
* domestic rate in Papua New Guinea		

NOTE 3: CASH AND CASH EQUIVALENTS

Cash on hand	1,780	1,780
Cash at bank	81,633	173,072
Cash held in trust	<u>1,282,350</u>	<u>-</u>
	<u>1,365,763</u>	<u>174,852</u>

NOTE 4: PROPERTY, PLANT AND EQUIPMENT

Plant and equipment

Power plant assets	<u>404,780</u>	<u>208,093</u>
Total property, plant and equipment	<u>404,780</u>	<u>208,093</u>

Power Plant Assets

The Group has commenced feasibility studies and negotiations to obtain approvals for a coal fired electricity power plant to operate in Lea, Morobe Province and supply electricity to PNG Power Limited. The capitalised costs relate to expenditure incurred as at 30 June 2016 in respect of the proposed project.

Reconciliations

Power plant assets

Opening carrying amount	208,093	-
Additions	<u>196,687</u>	<u>208,093</u>
Closing carrying amount	<u>404,780</u>	<u>208,093</u>

MAYUR RESOURCES PTE LTD AND CONTROLLED ENTITIES

**NOTES TO FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2016**

Dec 2016	June 2016
\$	\$

NOTE 5: EXPLORATION AND EVALUATION EXPENDITURE

NON CURRENT

Exploration expenditure

Exploration and evaluation phases	<u>12,653,682</u>	<u>11,082,975</u>
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Exploration and Evaluation Assets

The recoupment of costs carried forward in relation to areas of interest in the exploration and evaluation phase is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

The Group has entered into an earn-in agreement with Waterford Limited, a PNG registered company whereby exploration work will be carried out on Waterford's coal tenements and once geological and cash milestones have been reached, the Group has a call option to purchase the entire issued share capital of Waterford Limited. Costs incurred in compliance with the agreement have been capitalised into exploration and evaluation expenditure pending a final investment decision.

Reconciliations

Exploration expenditure

Balance at the beginning of the period	11,082,975	9,101,085
Exploration and evaluation expenditure during the period (a)	1,570,707	3,712,674
Exploration and evaluation expenditure written off	<u>-</u>	<u>(1,730,784)</u>
Balance at the end of the period	<u>12,653,682</u>	<u>11,082,975</u>

(a) Includes service fees and costs incurred by Siecap (refer note 6) and costs settled by way of share based payments (refer note 12(c)).

NOTE 6: PAYABLES

CURRENT

Unsecured liabilities

Trade creditors and accruals	-	727,850
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Amounts payable to:

- Shareholders (a)	1,256,619	-
- Siecap (b)	<u>8,376,183</u>	<u>6,083,315</u>
	<u>9,632,802</u>	<u>6,811,165</u>

(a) Payable to Shareholders

During the period Mayur Resources Pte Ltd entered into a loan agreement with the shareholders of the Group (the Shareholders). Under this agreement the Shareholders have agreed to provide funding to the Group not exceeding \$5,000,000. The monies are non-interest bearing and unsecured. The term of the loan is 5 years and is repayable in full upon the purchase of the Group by one of the shareholders or an investment event (private placement or IPO).

MAYUR RESOURCES PTE LTD AND CONTROLLED ENTITIES

**NOTES TO FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2016**

Dec 2016 June 2016
\$ \$

NOTE 6: PAYABLES (CONTINUED)

(b) Payable to Siecap

In 2013, Mayur Resources Pte Ltd entered into a loan agreement with Siecap Pty Ltd (Siecap - a shareholder related entity). Under this agreement Siecap has agreed to providing funding to the Group not exceeding \$15,000,000. The term of the loan is 7 years and is repayable in part or full upon the purchase of the Group by one of the shareholders or an investment event (private placement or IPO).

In addition, Mayur Resources Pte Ltd and its subsidiaries have entered into a services agreement with Siecap. Under this agreement, Siecap is to provide exploration and geological, project and development management, commercial and analytical services, charged by way of standard daily rates. Additionally it is entitled to a reimbursement for all reasonable expenses incurred in performance of the services. Included in the Payable to Siecap are any such charges which remain unpaid at reporting date.

NOTE 7: SHARE CAPITAL

Issued and paid-up capital

58,548,009 (2016: 58,548,009) ordinary shares

- (2016: -) preference shares

(a)	2,038,237	2,038,237
(b)	<u>-</u>	<u>-</u>
	<u>2,038,237</u>	<u>2,038,237</u>

	Dec 2016		June 2016	
	Number	\$	Number	\$
(a) ordinary shares				
Opening balance	58,548,009	2,038,237	58,548,009	2,514,091
Capital calls (i)	<u>-</u>	<u>-</u>	<u>-</u>	<u>686,457</u>
Redemption of preference shares (ii)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,162,311)</u>
At reporting date	<u>58,548,009</u>	<u>2,038,237</u>	<u>58,548,009</u>	<u>2,038,237</u>
(b) preference shares				
Opening balance	-	-	10	7
Redemption of preference shares (ii)	<u>-</u>	<u>-</u>	<u>(10)</u>	<u>(7)</u>
At reporting date	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

MAYUR RESOURCES PTE LTD AND CONTROLLED ENTITIES

**NOTES TO FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2016**

	Dec 2016		June 2016
	Number	\$	Number
			\$

NOTE 7: SHARE CAPITAL (CONTINUED)

(b) preference shares (Continued)

Notes

(i) In 2014, ordinary shares which were partially paid were issued with five fixed calls commencing from 20 March 2014 (first payment date). Subsequent calls for capital contributions to the company and its subsidiaries are as follows:

Timeline	A\$	US\$	Proportion of capital injection
First payment date	2,000,000	1,869,705	38.70%
6 mths after first payment date	-	1,445,886	14.46%
12 mths after first payment date	1,000,000	1,645,375	26.45%
18 mths after first payment date	-	1,039,034	10.39%
24 mths after first payment date	<u>1,000,000</u>	<u>-</u>	<u>10.00%</u>
	<u>4,000,000</u>	<u>6,000,000</u>	<u>100.00%</u>

The second and third call of capital were received in 2015 and the fourth and fifth calls of capital were received during the 30 June 2016 year.

(ii) During the 30 June 2016 year, the directors sought to redeem the preference shares of the Company. The redemption price of \$1,162,318 was agreed with the shareholders and paid out from the ordinary share capital of the Company to the preference shareholder during the 30 June 2016 year.

The share redemption was not approved by shareholders of the Company as at end of the reporting period, however, this approval has been received subsequently and the use of ordinary share capital to redeem the preference shares has been lodged with the Registrar of Companies.

Rights of each type of share

Ordinary shares, which have no par value, carry one vote per share and carry a right to dividends as and when declared by the Company.

Preference shares are non-convertible into ordinary shares and non-cumulative.

	Dec 2016 \$	June 2016 \$
NOTE 8: RETAINED EARNINGS		
Retained earnings/(accumulated losses) at beginning of period	(5,978,740)	(4,788,418)
Net profit / (loss)	<u>43,327</u>	<u>(1,190,322)</u>
Retained earnings/(accumulated losses) at end of period	<u><u>(5,935,413)</u></u>	<u><u>(5,978,740)</u></u>

NOTE 9: NON-CONTROLLING INTERESTS

Capital	8,000,533	8,000,533
Retained earnings (deficit)	<u>(875,735)</u>	<u>(840,671)</u>
	<u><u>7,124,798</u></u>	<u><u>7,159,862</u></u>

MAYUR RESOURCES PTE LTD AND CONTROLLED ENTITIES

**NOTES TO FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2016**

Dec 2016 June 2016
\$ \$

NOTE 10: RESERVES

Share based payments reserve	<u>1,563,801</u>	<u>1,435,396</u>
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The share based payments reserve is used to record the fair value of shares or options issued to employees/ contractors and other service providers.

NOTE 11: INTERESTS IN SUBSIDIARIES

(a) Subsidiaries

The following are the group's significant subsidiaries:

Subsidiaries of Mayur Resources Pte Ltd:	Country of incorporation	Ownership interest held by the group	
		Dec 2016	June 2016
		%	%
MR Exploration PNG Pte Ltd	Singapore	68.5	68.5
MR Iron PNG Pte Ltd	Singapore	68.5	68.5
MR Energy PNG Pte Ltd	Singapore	68.5	68.5
MR PNG DRI & Steel Making Pte Ltd	Singapore	68.5	68.5
MR Power Generation Pte Ltd	Singapore	68.5	68.5
Mayur Exploration PNG Limited*	Papua New Guinea	68.5	68.5
Mayur Iron PNG Limited	Papua New Guinea	68.5	68.5
Mayur Energy PNG Ltd*	Papua New Guinea	68.5	68.5
Mayur PNG DRI & Steel Making Ltd*	Papua New Guinea	68.5	68.5
MR Power Generation PNG Limited*	Papua New Guinea	68.5	68.5

*100% owned by the respective Singaporean company

(b) Reconciliation of the NCI

	Dec 2016	June 2016
	\$	\$
Accumulated NCI at the beginning of the year	7,159,862	5,999,352
Profit or loss allocated to NCI during the year	(35,064)	(555,980)
Purchase of additional ownership interest in a subsidiary from NCI	<u>-</u>	<u>1,716,490</u>
Accumulated NCI at the end of the year	<u>7,124,798</u>	<u>7,159,862</u>

MAYUR RESOURCES PTE LTD AND CONTROLLED ENTITIES

**NOTES TO FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2016**

Dec 2016	June 2016
\$	\$

NOTE 12: CASH FLOW INFORMATION

(a) Reconciliation of cash

Cash at the end of the financial year as shown in the consolidated statement of cash flows is reconciled to the related items in the consolidated statement of financial position is as follows:

Cash on hand	1,780	1,780
Cash at bank	81,633	173,072
Cash held in trust	<u>1,282,350</u>	<u>-</u>
	<u>1,365,763</u>	<u>174,852</u>

(b) Reconciliation of cash flow from operations with profit after income tax

Profit / (loss) from ordinary activities after income tax	8,263	(1,746,302)
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Adjustments and non-cash items

Impairment of capitalised expenditure	-	1,730,784
Net foreign exchange differences	<u>(25,306)</u>	<u>10,997</u>
Cash flows from operating activities	<u>(17,043)</u>	<u>(4,521)</u>

(c) Non-cash financing and investing activities

Exploration expenditure settled by way of share-based payments during the period were \$128,405 (2016: \$682,597).

Dec 2016	June 2016
Kina	Kina

NOTE 13: CAPITAL COMMITMENTS

Minimum Expenditure Commitments

Payable

- not later than one year	2,832,000	1,752,000
- later than one year and not later than five years	<u>2,807,000</u>	<u>1,750,000</u>
	<u>5,639,000</u>	<u>3,502,000</u>

MAYUR RESOURCES PTE LTD AND CONTROLLED ENTITIES

**NOTES TO FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2016**

Dec 2016	June 2016
\$	\$

NOTE 13: CAPITAL COMMITMENTS (CONTINUED)

In order to maintain current rights of tenure to exploration tenements, the Company is required to perform exploration work to meet minimum expenditure requirements as specified by the Papua New Guinea Mineral Resources Authority.

NOTE 14: CONTINGENT LIABILITIES

In September 2015 the Group entered into a Development Management Deed with a third party. Under this deed and its subsequent addendums, the third party is to provide services relating to the Lae power project and any subsequent power projects undertaken by the Group. In addition to the amounts paid to the third party for their services, they are entitled to the following compensation -

- 5% undiluted free carried equity in the first project (anticipated to be the Lae Power Project) undertaken by MR Power Generation PNG Pte Ltd payable on financial close of the Lae power project and/or upon investment from potential investors as contemplated in the agreement, and up to 12% undiluted free carried equity in any other subsequent projects developed by MR Power Generation PNG Pte Ltd.; and
- An accrued portion of compensation up to \$980,000 payable upon financial close of the Lae power project (and likewise for any other subsequent projects) or \$1,470,000 payable upon investment from potential investors as contemplated in the agreement (and likewise for any other subsequent projects).

These amounts have not been recognised in the financial statements due to their payment being contingent upon future events not wholly within the control of the Group.

NOTE 15: PARENT COMPANY DETAILS

The parent company, Mayur Resources Pte Ltd is incorporated and domiciled in Singapore with its principal place of business and registered office at 100 Tras Street, #16-01, 100 AM, Singapore 079027.

The principal activities of the Group are those relating to minerals and mining exploration.

NOTE 16: ECONOMIC DEPENDENCE

The Group is dependent upon the ongoing support of its shareholders and shareholder related entities, specifically Siecap Pty Ltd (as noted in Note 6) to ensure ongoing continuance of its activities. At the date of this report, management has no reason to believe that this financial support will not continue.

MAYUR RESOURCES PTE LTD AND CONTROLLED ENTITIES

NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2016

NOTE 17: SUBSEQUENT EVENTS

No matter or circumstance has arisen since the end of the reporting period that has significantly affected, or may significantly affect, the Group's operations, the results of those operations or the Group's state of affairs in subsequent periods other than that disclosed below -

- Partial loan forgiveness of \$6,532,996 under a Commercial Deed of Forgiveness entered into between Siecap and Mayur Resources Pte Ltd.
- Establishment of Employee Share Trust, with corresponding transfer of share based payments reserve of \$2,082,567 to issued capital.
- Roll-up of non-controlling interests in Singapore subsidiaries for shares in the parent entity (with a fair value of \$10,768,831) with resulting transfer from equity attributable to NCI to equity attributable to owners of the parent entity (\$7,124,798) and creation of a non-controlling interest reserve (\$3,644,033 debit).
- Acquisition of 100% of the share capital in Waterford Limited, the owner of certain Coal tenements in PNG by issuance of 11% of the share capital in Mayur Power Generation PNG Ltd and 11% is the share capital of Mayur Energy PNG Ltd.
- In June 2017 the Group entered into two additional Deeds of appointment with third parties, regarding the power projects. Under these deeds, the third parties are to provide services relating to Lae power project. As compensation for their services they are entitled to various payments and/or interests in MR Power Generation PNG Pte Ltd and MR Energy PNG Pte Ltd, contingent upon the achievement of certain milestones/investor introductions. These amounts include -

Third party 1-

- \$50,000 fee upon signing of the Power Purchasing Agreement;
- \$700,000 fee upon financial close of the Lae power project;
- 8% equity in MR Power Generation PNG Pte Ltd and MR Energy PNG Pte Ltd upon operation commencement and approval of first shareholder dividend payment; and
- Introduction fee of 3% of proceeds for any investors introduced which result in funds being received.

Third party 2 –

- Upon achievement of the signing of the Power Purchase Agreement and subsequent government guarantees by a defined date to be determined, 5% interest in MR Power Generation PNG Pte Ltd and MR Energy PNG Pte Ltd; and
- Introduction fee of 3% of proceeds for any investors introduced which result in funds being received.

MAYUR RESOURCES PTE LTD AND CONTROLLED ENTITIES

DIRECTORS' DECLARATION

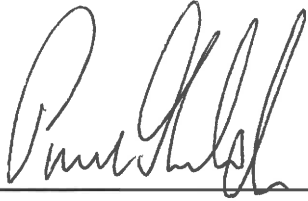
The directors have determined that the company is not a reporting entity and that this special purpose financial report should be prepared in accordance with the accounting policies outlined in Note 1 to the financial statements.

The directors of the company declare that:

1. The financial statements and notes, as set out on pages 1 - 17 presents fairly the company's financial position as at 31 December 2016 and performance for the period ended on that date of the company in accordance with the accounting policies outlined in Note 1 to the financial statements.
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.

Director: _____



Dated this

3RD

day of

JULY

2017

MAYUR RESOURCES PTE LTD AND CONTROLLED ENTITIES

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF MAYUR RESOURCES PTE LTD**

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MAYUR RESOURCES PTE LTD AND CONTROLLED ENTITIES

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF MAYUR RESOURCES PTE LTD**

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