Soon Mining Limited

ABN 45 603 637 083

Annual Report

31 December 2017

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Table of Contents

General Information

The consolidated financial statements cover Soon Mining Limited (referred to hereafter as the Company) and the entities it controlled (referred to hereafter as the Group) as at 31 December 2017. The financial statements are presented in Australian dollars, which is the Group's functional and presentation currency.

Soon Mining Limited is a listed public Company limited by shares, incorporated and domiciled in Australia. Please see Corporate Directory for Soon Mining Limited's registered office and principal place of business.

Corporate Directory

Directors	Ching-Tiem Huang Ching-Ling Chi Jiahui Jeremiah Thum
Corporate Secretary	Jiahui Jeremiah Thum
Notice of annual general meeting	18 May 2018, 10:30am (Brisbane time) The Wheelhouse Room, Southport Yacht Club 1 Macarthur Parade Main Beach
Registered office	Level 1 Suite 1a 33 Queen Street Brisbane QLD 4000 Phone: (07) 3218 7394
Principal place of business	Level 1 Suite 1a 33 Queen Street Brisbane QLD 4000 Phone: (07) 3218 7394
Share register	Boardroom Pty Limited
Auditor	RSM Australia Partners Level 6 340 Adelaide Street Brisbane QLD 4000
Solicitors	Jones Day Level 31, 123 Eagle Street Brisbane QLD 4000
Bankers	Westpac Banking Corporation 400 Queen Street, Brisbane QLD 4000
Stock exchange listing	Soon Mining Limited shares are listed on the Australian Securities Exchange (ASX code: SMG)
Website	- http://www.soonmining.com
Corporate Governance Statement	The Company's directors and management are committed to conducting the group's business in an ethical manner. The Company has prepared a corporate governance statement which states the corporate governance practices that were in operation throughout the financial year for the Company. The Company's corporate governance statement and policies can be found on its website: http://www.soonmining.com/download/CGS.pdf

Chairman's Report

Soon Mining Limited ("the Company or SMG") is pleased to present the Company's Annual Report for the financial year ended 31st December 2017.

2017 has been both a challenging and exciting year for the Company. We have had several approaches from private and publicly listed companies wanting to form a joint venture with SMG with interests from Ghana and Australia. SMG is committed to the development of the gold mining sector. The Company has been making tireless efforts in engaging with local communities and working on a suitable plan for all parties in relation to the EIA (Environmental Impact Assessment) for our primary Kwahu Praso Project.

In February 2017, SMG had entered into an initial 3 years mining right agreement under a Joint Venture with Tecdrill Company Limited for alluvial gold mining in Konongo Project which will enable the Company to commence the mining operation and generate revenues while pending on EPA approval for the Kwahu Praso Project.

Due to unforeseen circumstances, at the end of March 2017, a mining ban was imposed for all alluvial gold mining in Ghana. The Ghana Government is cracking down on all illegal mining activities. Consequently, the Ministry of Lands and Natural Resources is tasked to implement measures to find a speedy and lasting resolution to the negative impacts of the illegal mining activities. This ban affects all alluvial gold mining companies in the country which unfortunately affected SMG as well. The Company has always been a great corporate citizen in Ghana and ensuring the overall safety and production management are vital to SMG. We operate in line with best environmental practices and our team of specialised professionals are committed to ensuring all relevant legislations are met. To date, SMG has not conducted any mining activities in Ghana and has under no circumstances, engaged in any unauthorised or illegal mining. Once the temporary nationwide mining suspension is lifted, SMG will recommence its mining operation.

During the last quarter of 2017, a potential opportunity for SMG to conduct business outside the core gold mining sector arose. SMG is in advanced discussions with the Government of Ghana to obtain authorisation to trade light crude oil which may also extend to other petroleum products (Oil Business). Following the requirements of the Australian Securities Exchange (ASX), our shareholders have approved the Oil Business in the general meeting held on 22nd January 2018. SMG is now able to engage in oil businesses in addition to its existing gold mining operation.

SMG remains committed to its core gold mining operation. The Company is actively engaged with the progress of the EPA permit which allows the Company to continue with the mining operation for Kwahu Praso Project. As we embark on the journey towards sustainable growth, the Company's focus over the next year will be on gold production and growth of its assets. We will continue to explore for lode gold deposits to maximize profits. For the oil operation, we will build the foundation by applying and obtaining the necessary license and permit to conduct the legitimate oil activities. The short-term goal for SMG is to obtain the authorisation from the Government followed by expanding into other petroleum products in Ghana and adjacent oil producing countries. Our commitment is to generate future revenue growth to achieve the goal of maximising the Company's profits and shareholder's returns, as well as ensuring we maintain a role model of a good corporate citizen both in Australia and Ghana.

On behalf of the Board, I would like to thank all staff and express our gratitude to our shareholders for your continuing support of SMG.

Ching-Tiem Huang
Chairman

Directors' Report

The Directors present their report on the consolidated entity (referred to hereafter as the Group), consisting of Soon Mining Limited ("the Company") and the entities it controlled at the end of, or during, the financial year ended 31 December 2017.

Directors

The following persons were Directors of Soon Mining Limited during the financial year and up to the date of this report, unless otherwise stated:

Ching-Tiem Huang
Ching-Ling Chi
Jiahui Jeremiah Thum
Garry Michael Edwards (resigned 27/10/2017)

Particulars of each Director's experience and qualifications are set out later in this report.

Principal Activities

During the financial period, the principal activities of the Group consisted of mining and related activities, including exploration, and preparation of mine site.

Review of operations

The loss for the Group after providing for income tax amounted to $1,340,157 (2016: $1,297,069).

The net assets of the consolidated Group as at 31 December 2017 amount to $2,604,255 (2016: $3,739,596). These net assets are predominately made up of cash and cash equivalents and capitalised exploration costs.

Dividends

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

Significant changes in the state of affairs

As announced to the ASX on 23 October 2017, the Company is in advanced discussions with the Government of Ghana to obtain the necessary authorisations to enable Soon Mining Limited (SMG) to trade light crude oil, which may also extend to other petroleum products.

If the necessary authorisations are obtained, SMG will be able to trade light crude oil supplied by the Government of Ghana to buyers, or to acquire the light crude oil on its own behalf for sale to other parties.

On 26 October 2017, SMG issued 1,093,956 new fully paid ordinary shares (New Shares) under a placement to investors at an issue price of $0.27 per New Share to raise $295,368 before cost and expenses.

Matters subsequent to the end of the financial year

No other matter or circumstance has arisen since 31 December 2017 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 future financial years.

Likely developments and expected results of operations

The Group will continue to pursue its gold mining project in Ghana, West Africa.

Directors' Report

Environmental regulation

The Group is subjected to significant environmental regulation in respect to its exploration and mining activities in Ghana, West Africa.

The Group is not aware of any breach of environmental regulations during or since the end of the financial year.

Information relating to Directors and Company Secretary

Ching-Tiem Huang	—	Chairman and Managing Director
Qualifications	—	Bachelor of Arts
Experience	—	Ching-Tiem Huang is the founder and managing director of Soon Mining Ghana. He has significant experience in Placer gold mining operations in Ghana, having previously held the position of Director between 2006-2011. During this time, he was responsible for managing Placer's gold mining operations in various regions of Ghana including Kibi, Ashanti, Bibiani and Tarkwa.
Current and Former Listed Directorship in last 3 years	—	Nil.
Interest in Shares and Options	—	62,676,865 ordinary shares in the Company as at 31 December 2017.
Ching-Ling Chi	—	Executive Director and Chief Financial Officer
Qualifications	—	Master of Business Administration
Experience	—	Ching-Ling Chi has over 20 years' experience in finance and management. She has been the Chief Financial Officer for Soon Mining Ghana since 2012. Prior to this, she worked in a senior finance role for 15 years with Pan Overseas Investments Co., Ltd which controls a number of subsidiaries including Pan Overseas Electronic CO., Ltd (previously listed on Taiwan Stock Exchange) and Universal Incorporation (TWSE:UK).
Current and Former Listed Directorship in last 3 years	—	Nil.
Interest in Shares and Options	—	5,000,000 ordinary shares in the Company as at 31 December 2017
Jiahui Jeremiah Thum	—	Non-executive Director and Company Secretary
Qualifications	—	Bachelor of Commerce, Member of Chartered Accountants Australia and New Zealand, Member of Institute of Internal Auditors, Registered Company Auditor and ASIC approved SMSF Auditor
Experience	—	Jeremiah is the Managing Director of Independent Audit Services ("IAS"). He has over 12 years of experience in audit and assurance services with publicly listed companies, private companies and not-for-profit organisations. He has extensive audit and assurance experience across a wide range of industries.

Directors' Report

Information relating to Directors and Company Secretary (cont'd)

Current and Former Listed Directorship in last 3 years	—	Nil.
Interest in Shares and Options	—	10,000 ordinary shares in the Company as at 31 December 2017.
Garry Michael Edwards	—	Non-executive Director (Resigned on 27 October 2017)
Qualifications	—	Master of Business Administration, Fellow of the Australian Institute of Company Directors.
Experience	—	Garry has over 30 years' experience in accounting and Company secretarial roles, including managing accounting practices for KPMG and antecedent firms in Papua New Guinea. He has also served as Chief Financial Officer for several listed companies.
Current and Former Listed Directorship in last 3 years	—	Nil.
Interest in Shares and Options	—	20,000 ordinary shares in the Company as at 31 December 2017.

Company Secretary

The following person held the position of Company secretary at the end of the financial year:

Jiahui Jeremiah Thum (BCom, MAICD, CA) is the managing director of Independent Audit Services and has over 12 years of experience in financial accounting and auditing roles, with the last 6 years in middle and top management positions within two audit firms. Jiahui Jeremiah Thum was appointed as Company secretary on 13 July 2015.

Meetings of Directors

During the financial year, 6 meetings of Directors (including committees of Directors) were held. Attendances by each Director during the year were as follows:

	Directors' Meetings	
	Number eligible to attend	Number attended
Ching-Tiem Huang	6	5
Ching-Ling Chi	6	6
Jiahui Jeremiah Thum	6	6
Garry Michael Edwards	6	6

Directors' Report

REMUNERATION REPORT (AUDITED)

The Directors are pleased to present the Soon Mining Limited Remuneration Report which sets out remuneration information for the Group's Non-Executive Directors, Executive Directors and other Key Management Personnel ("KMP").

The Report contains the following sections:

a) Remuneration Policy
b) Use of remuneration consultants
c) Executive pay and benefits
d) Relationship between remuneration and Company performance
e) Employment Details of Members of Key Management Personnel
f) Remuneration Expense Details for the Year Ended 31 December 2017
g) Non-Executive Director Remuneration policy
h) Securities received that are not performance-related
i) Service agreements
j) Options and Rights granted as remuneration
k) KMP Shareholdings
l) Other Equity-related KMP Transactions
m) Loans from key management personnel
n) Other transactions with KMP and/or their related parties

a) Remuneration Policy

The Board's policy for determining the nature and amount of remuneration for KMP of the entity is designed to:

─ Attract and retain senior executives and Directors;
─ Avoid paying excessive remuneration;
─ Remunerate fairly having regard to market conditions and individual contribution; and
─ Align the interests of employees and Directors with that of the Company.

All remuneration paid to KMP is valued at the cost to the Company and expensed.

The Board's policy is to remunerate non-executive Directors at market rates for time, commitment and responsibilities. The Board determines payments to the non-executive Directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. The maximum aggregate amount of fees that can be paid to non-executive Directors is subject to approval by shareholders at the annual general meeting. Non-executive Directors do not receive performance-based pay. There are no retirement allowances for non-executive Directors.

b) Use of remuneration consultants

The Group has not engaged the services of any remuneration consultants during the current or prior financial years.

c) Executive pay and benefits

Executive payments currently consist of consultancy payments to the Directors only. Executive Directors do not receive performance-based pay.

Throughout the year, all remuneration for key management personnel was fixed and not linked to performance.

There were no cash bonus, performance related bonus, non-monetary benefits or share-based elements of remuneration in the year ended 31 December 2017.

Directors' Report

REMUNERATION REPORT (continued)

d) Relationship between remuneration and company performance

The link between remuneration, company performance and shareholder wealth generation is tenuous, particularly in the exploration and development stage of a mining company.

Share prices are subject to the influence of international economic factors and market sentiment toward the sector; increases and decreases may occur quite independent of executive performance or remuneration.

e) Employment Details of Members of Key Management Personnel (KMP)

The following table provides employment details of persons who were, during the financial year, members of KMP of the Company. The table also illustrates the proportion of remuneration that was performance and non-performance based.

	Position Held as at 31 December 2017 and any change during the year	Proportions of elements of remuneration related to performance (other than options issued)		Proportions of elements of remuneration not related to performance
		Non-salary cash-based	Shares/ Units	Fixed Salary/Fee
Key Management Personnel		%	%	%
Ching-Tiem Huang	Chairman and Managing Director	-	-	100
Ching-Ling Chi	Executive Director and Chief Financial Officer	-	-	100
Jiahui Jeremiah Thum	Non-executive Director and Company Secretary	-	-	100
Garry Michael Edwards	Non-executive Director (Until his resignation on 27 October 2017)	-	-	100

f) Remuneration Expense Details for the Year Ended 31 December 2017

The following table of benefits and payments represents the components of the current year remuneration expenses for each member of KMP of the Company. Such amounts have been calculated in accordance with Australian Accounting Standards:

Directors' Report

REMUNERATION REPORT (continued)

	Short term benefits		Post employment benefits		
	Salary & Fees	Other	Pension and Superannuation	Other	Total
2017	$	$	$	$	$
Key Management Personnel					
Ching-Tiem Huang	166,667	-	-	-	166,667
Ching-Ling Chi	148,800	-	7,068	-	155,868
Non-Executive Directors					
Jiahui Jeremiah Thum	31,400	-	-	-	31,400
Garry Michael Edwards (until his resignation on 27 October 2017)	33,000	-	3,135	-	36,135
Total	379,867	-	10,203	-	390,070
2016					
Key Management Personnel					
Ching-Tiem Huang	165,109	-	-	-	165,109
Ching-Ling Chi	140,950	-	2,356	-	143,306
Ching-Chen Chi (until her resignation on 16 March 2016)	5,500	-	-	-	5,500
Non-Executive Directors					
Jiahui Jeremiah Thum	21,850	-	-	-	21,850
Garry Michael Edwards (from his appointment on 16 March 2016)	31,750	-	3,016	-	34,766
Total	365,159	-	5,372	-	370,531

g) Non-Executive Director Remuneration policy

On Appointment to the board, all non-executive Directors enter into an appointment agreement with the Company. The agreement sets out remuneration, terms of appointment and binds the Director to the Board policies and code of conduct.

Non-executive Directors receive a board fee which includes remuneration for chairing or participating on Board committees.

Non- Executive Directors do not receive performance based pay. The Chair does not receive additional fees for participating in or chairing committee.

Directors' Report

REMUNERATION REPORT (continued)

h) Securities received that are not performance-related

No members of KMP are entitled to receive securities that are not performance-based as part of their remuneration package.

i) Service agreements

Remuneration and other terms of employment for the Managing Director, Chief Executives Officer, Chief Financial Officer and Executive Officers are formalised in agreements. Contracts with Executives may be terminated by either party with up to one months' notice.

Ching-Tiem Huang, Chairman and Managing Director
Term of agreement - ongoing, commenced 12/1/2015, with a one month notice period. Base salary, exclusive of superannuation, of $156,000 per annum and GHS36,000, to be reviewed annually by the Board.

Ching-Ling Chi, Executive Director and Chief Financial Officer
Term of agreement - ongoing, commenced 12/1/2015, with a one month notice period. Base salary, exclusive of superannuation, of $149,200 per annum, to be reviewed annually by the Board.

j) Options and Rights granted as remuneration

During the year ended 31 December 2017, no options or rights were granted as remuneration.

k) KMP Shareholdings

The number of ordinary shares in Soon Mining Limited held by each KMP of the Company during the financial year is as follows:

	Balance at start of the year	Grants and remuneration during the year	Issued on Exercise of Options during the year	Additions during the year	Balance at end of year
Ching-Tiem Huang	62,676,865	-	-	-	62,676,865
Ching-Ling Chi	5,000,000	-	-	-	5,000,000
Jiahui Jeremiah Thum	10,000	-	-	-	10,000
Garry Michael Edwards (until his resignation on 27 October 2017)	20,000	-	-	-	20,000
	67,706,865	**-**	**-**	**-**	**67,706,865**

l) Other Equity-related KMP Transactions

There have been no other transactions involving equity instruments other than those described in the tables above relating to options, rights and shareholdings.

Directors' Report

REMUNERATION REPORT (continued)

m) Loans from key management personnel

During the year, the Directors have provided unsecured loans to the Company as detailed below.

	$
Interest free loan	
Ching-Tiem Huang	6,370
Ching-Ling Chi	940
Balance at end of the year	7,310

The loans are unsecured and without a set maturity date. Please refer to note 24 for the movement during the year.

n) Other transactions with KMP and/or their related parties

There were no transactions conducted between the Company and KMP or their related parties, other than those disclosed above and in Note 24 relating to equity, compensation and loans, that were conducted other than in accordance with normal employee, customer or supplier relationships on terms no more favourable than those reasonably expected under arm's length dealings with unrelated persons.

Options

No options over issued shares or interests in the Company were granted during or since the end of financial year and there were no options outstanding at the date of this report.

Indemnity and insurance of Auditor

The Company has not, during or since the year end of the financial year, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor.

During the financial year, the Company has not paid a premium in respect of a contract to insure the auditor of the Company or any related entity.

Indemnity and insurance of officers

The Company has indemnified the directors and executives of the Company for cost incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the Company paid a premium in respect of a contract to insure the directors and executives of the Company against a liability to the extent permitted by the *Corporations Act 2001*. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Directors' Report

Proceedings on Behalf of Company

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

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

Non-audit Services

Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in note 23 to the financial statements.

The directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The directors are of the opinion that the services as disclosed in note 23 to the financial statements do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risks and rewards.

Officers of the Company who are former partners of RSM Australia Partners

There are no officers of the Company who are former partners of RSM Australia Partners.

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 13.

Auditor

RSM Australia Partners continues in office in accordance with section 327 of the *Corporations Act 2001*.

This Directors' Report, incorporating the Remuneration Report, is signed in accordance with a resolution of the Board of Directors, pursuant to section 298(2)(a) of the *Corporations Act 2001*.

On behalf of the directors

Ching-Tiem Huang
Chairman and Managing Director
Date: 29 March 2018

Ching-Ling Chi
Director/CFO
Date: 29 March 2018

RSM Australia Partners

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Soon Mining Limited for the year ended 31 December 2017, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

RSM AUSTRALIA PARTNERS

Albert Loots
Partner – Assurance & Advisory

Brisbane, QLD
Dated: 29 March 2018

Soon Mining Limited
ABN 45 603 637 083

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2017

	Note	2017 $	2016 $
Other income	2	15,560	208,957
Consulting fees		(450,210)	(483,791)
Professional fees		(342,307)	(145,801)
Travelling expenses		(46,668)	(43,159)
Listing fees		-	(635,631)
Administration expenses		(137,328)	(81,587)
Directors fees		(158,600)	(103,550)
Unrealised foreign exchange (loss)/gain		(134,729)	-
Loss on disposal of assets		(80,484)	-
Depreciation expenses		(5,391)	(12,507)
Loss before income tax	3	(1,340,157)	(1,297,069)
Tax expense	4	-	-
Net loss for the year		(1,340,157)	(1,297,069)
Other comprehensive loss:			
Items that will not be reclassified subsequently to profit or loss		-	-
Items that will be reclassified subsequently to profit or loss when specific conditions are met			
Exchange differences on translation of foreign operations		(72,920)	39,970
Other comprehensive loss for the year		(72,920)	39,970
Total comprehensive loss for the year		(1,413,077)	(1,257,099)
Earnings per share for loss from continuing operations attributable to the owners of Soon Mining Limited			
Basic earnings per share	5	(0.01)	(0.01)
Diluted earnings per share	5	(0.01)	(0.01)

The accompanying notes form part of these consolidated financial statements

Consolidated Statement of Financial Position
As at 31 December 2017

	Note	2017 $	2016 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	14	1,670,367	3,011,934
Trade and other receivables	7	5,988	13,072
Other	8	41,346	45,459
TOTAL CURRENT ASSETS		1,717,701	3,070,465
NON-CURRENT ASSETS			
Property plant & equipment	9	401,368	408,395
Exploration and evaluation	10	550,071	397,111
TOTAL NON-CURRENT ASSETS		951,439	805,506
TOTAL ASSETS		2,669,140	3,875,971
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	12	57,575	52,123
Financial liabilities	15	7,310	84,252
TOTAL CURRENT LIABILITIES		64,885	136,375
TOTAL LIABILITIES		64,885	136,375
NET ASSETS		**2,604,255**	**3,739,596**
EQUITY			
Issued capital	16	6,396,742	6,119,006
Reserves	17	(92,872)	(19,952)
Accumulated losses		(3,699,615)	(2,359,458)
TOTAL EQUITY		**2,604,255**	**3,739,596**

The accompanying notes form part of these consolidated financial statements

Soon Mining Limited
ABN 45 603 637 083

Consolidated Statement of Changes in Equity
For the year ended 31 December 2017

	Note	Share Capital	Reserve	Accumulated Losses	Total
Balance as at 1 January 2016		66,599	-	(1,102,359)	(1,035,760)
Comprehensive loss					
Loss for the year		-	-	(1,297,069)	(1,297,069)
Other comprehensive income for the year		-	-	39,970	39,970
Total comprehensive loss for the year		-	-	(1,257,099)	(1,257,099)
Transactions with owners in their capacity as owners:					
Foreign exchange translation reserve	17	-	(19,952)	-	(19,952)
Shares issued during the year	16	6,425,774	-	-	6,425,774
Transaction costs (net of tax)	16	(373,367)	-	-	(373,367)
Total transactions with owners and other transfers		6,052,407	(19,952)	-	6,032,455
Balance at 31 December 2016		**6,119,006**	**(19,952)**	**(2,359,458)**	**3,739,596**
Balance as at 1 January 2017		6,119,006	(19,952)	(2,359,458)	3,739,596
Comprehensive loss					
Loss for the year		-	-	(1,340,157)	(1,340,157)
Other comprehensive loss for the year	17	-	(72,920)	-	(72,920)
Total comprehensive loss for the year		-	(72,920)	(1,340,157)	(1,413,077)
Transactions with owners in their capacity as owners:					
Shares issued during the year	16	295,368	-	-	295,368
Transaction costs (net of tax)	16	(17,632)	-	-	(17,632)
Total transactions with owners and other transfers		277,736	-	-	277,736
Balance at 31 December 2017		**6,396,742**	**(92,872)**	**(3,699,615)**	**2,604,255**

The accompanying notes form part of these consolidated financial statements

Soon Mining Limited
ABN 45 603 637 083

Consolidated Statement of Cash Flows

For the year ended 31 December 2017

	Note	2017 $	2016 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers and employees		(1,120,427)	(1,503,063)
Interest received		15,047	36,047
Net cash used in operating activities	(a)	(1,105,380)	(1,467,016)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, plant & equipment		(108,286)	(400,570)
Payments for exploration and evaluation		(155,436)	(26,097)
Net cash used in financing activities		(263,722)	(426,667)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayments of borrowings		(76,942)	(42,562)
Funds received from share issue		277,736	4,941,666
Net cash provided by financing activities		200,794	4,899,104
Net (decrease) increase in cash held		(1,168,308)	3,005,421
Cash and cash equivalents at beginning of financial year	14	3,011,934	6,513
Effect of exchange rate changes		(173,259)	-
Cash and cash equivalents at end of financial year	14	1,670,367	3,011,934

NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

	2017 $	2016 $
(a) **Reconciliation of Cash Flows from Operating Activities with Loss after Income Tax**		
Total comprehensive loss for the year	(1,413,077)	(1,257,099)
Adjustments for:		
Depreciation expenses	5,391	12,507
Loss on disposal of assets	80,484	-
Unrealised foreign exchange loss/(gain)	134,729	(39,970)
Net foreign exchange differences	72,920	(19,952)
Changes in assets and liabilities		
Decrease (increase) in prepayments	7,084	(9,952)
Decrease (increase) in other receivables	1,637	(13,400)
Increase in trade creditors	19,643	25,013
Decrease in other payables	(14,191)	(164,163)
Cash flows from operating activities	(1,105,380)	(1,467,016)

The accompanying notes form part of these consolidated financial statements

A. Basic Information

Note 1 General Information

The financial report covers the Consolidated Entity of Soon Mining Limited (the Company) and its controlled entities (together referred to as the “Consolidated Entity” or “Group”). Soon Mining Limited is a listed public company, incorporated and domiciled in Australia. The Consolidated Entity is a for-profit entity for the purpose of preparing the financial statements.

The following is a summary of the material accounting policies adopted by the consolidated Entity in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

a) Basis of preparation

These general purpose financial statements have been prepared in accordance with the *Corporations Act 2001*, Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board and International Financial Reporting Standards as issued by the International Accounting Standards Board. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards. Material accounting policies adopted in the preparation of these consolidated financial statements are presented below and have been consistently applied unless stated otherwise.

Except for cash flow information, the consolidated financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

The consolidated financial statements were authorised for issue, in accordance with a resolution of directors, on the date when the directors signed the director’s declaration.

b) Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

B. Financial Overview

Note 2 Revenue and Other Income

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances and duties and taxes paid.

Interest revenue is recognised using the effective interest method.

All revenue is stated net of the amount of goods and services tax.

Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

	2017 $	2016 $
Other income		
— Interest income	15,047	36,047
— Witholding tax refund	513	172,910
Total other income	15,560	208,957

Note 3 Loss for the year

Foreign Currency Transactions and Balances

Functional and presentation currency
The functional currency of the Group is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statement is presented in Australian dollars, which is the Group's functional currency.

Transaction and balances
Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Notes to the consolidated financial statements
For the year ended 31 December 2017

Note 3 Loss for the year (continued)

Exchange differences arising on the translation of monetary items are recognised in profit or loss, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognised directly in other comprehensive income to the extent that the underlying gain or loss is recognised in other comprehensive income, otherwise the exchange difference is recognised in the profit or loss.

The Company
The financial results and position of foreign operations whose functional currency is different from the entity's presentation currency are translated as follows:
— assets and liabilities are translated at exchange rates prevailing at the end of the reporting period;
— income and expenses are translated at average exchange rates for the period; and
— retained earnings are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations with functional currencies other than Australian dollars are recognised in other comprehensive income and included in the foreign currency translation reserve in the statement of financial position. The cumulative amount of these differences is reclassified into profit or loss in the period in which the operation is disposed of.

	2017 $	2016 $
Loss before income tax includes the following specific expenses:		
Legal fees	54,854	4,409

Note 4 Income Tax

The income tax expense for the year comprises current income tax expense and deferred tax expense.

Current income tax expense charged to profit or loss is the tax payable on taxable income. Current tax liabilities (assets) are measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

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

Current and deferred income tax expense is charged or credited outside profit or loss when the tax relates to items that are recognised outside profit or loss.

Except for business combinations, no deferred income tax is recognised from the initial recognition of an asset or liability, where there is no effect on accounting or taxable profit or loss.

Notes to the consolidated financial statements
For the year ended 31 December 2017

Note 4 Income Tax (continued)

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability. With respect to non-depreciable items of property, plant and equipment measured at fair value and items of investment property measured at fair value, the related deferred tax liability or deferred tax asset is measured on the basis that the carrying amount of the asset will be recovered entirely through sale.

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

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

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

Key judgements

Income Tax
The Company is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Company recognises liabilities for anticipated tax audit issues based on the Company's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

		2017 $	2016 $
(a)	The components of tax expense comprise:		
	Current tax	-	-
	Deferred tax	-	-
	Aggregate income tax expense	-	-

Notes to the consolidated financial statements
For the year ended 31 December 2017

Note 4 Income Tax (continued)

(b) Numerical reconciliation of income tax expense to prima facie tax payable

	2017 $	2016 $
Loss before tax - continuing operations	(1,340,157)	(1,297,069)
- Prima facie tax benefit on loss from ordinary activities before income tax at 30%	(402,047)	(389,121)
Increase/(decrease) in income tax expense due to:		
- Tax adjustment for accounting losses	-	-
- Non-deductible expenses	526	-
- Net temporary differences and tax losses not recognised	401,521	389,121
Income tax expense attributable to entity	-	-

Note 5 Earnings per Share

a) Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the owners of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

b) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

	2017 $	2016 $
Loss attributable to the ordinary equity holders of the Company used in calculating basic earnings per share	(1,340,157)	(1,297,069)
Loss attributable to the ordinary equity holders of the Company used in calculating diluted earnings per share	(1,340,157)	(1,297,069)

Note 5 Earnings per Share (continued)

	2017 $	2016 $
Basic earnings per share	(0.01)	(0.01)
Diluted earnings per share	(0.01)	(0.01)

	Number	Number
Weighted average number of ordinary shares		
Weighted average number of ordinary shares used in calculating basic earnings per share	157,329,673	124,842,115
Adjustments for calculation of diluted earnings per share:		
Options over ordinary shares	-	-
Convertible notes	-	-
Weighted average number of ordinary shares used in calculating diluted earnings per share	157,329,673	124,842,115

Note 6 Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker has been identified as the Board which makes strategic decisions.

Identification of reportable segments
The Group has identified its operating segments based on the internal reports that are reviewed and used by the board of Directors (chief operating decision makers) in assessing performance and in determining the allocation of resources.

Accordingly, management currently identifies the Group as having only one reportable segment, as at 31 December 2017. There have been no changes in the operating segment during the year. All significant operating decisions are based upon analysis of the Company as one segment. The financial results from this segment are equivalent to the consolidated financial statement of the entity as a whole.

Note 7 Trade and Other Receivables

Trade and Other Receivables
Trade and other receivables include amounts due from customers for goods sold and services performed in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment.

Notes to the consolidated financial statements
For the year ended 31 December 2017

Note 7 Trade and Other Receivables (continued)

Impairment of financial assets at amortised cost
In the case of financial assets carried at amortised cost, loss events may include: indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments; indications that they will enter bankruptcy or other financial reorganisation; and changes in arrears or economic conditions that correlate with defaults.

For financial assets carried at amortised cost (including loans and receivables), a separate allowance account is used to reduce the carrying amount of financial assets impaired by credit losses. After having taken all possible measures of recovery, if management establishes that the carrying amount cannot be recovered by any means, at that point the written-off amounts are charged to the allowance account or the carrying amount of impaired financial assets is reduced directly if no impairment amount was previously recognised in the allowance account.

When the terms of financial assets that would otherwise have been past due or impaired have been renegotiated, the Group recognises the impairment for such financial assets by taking into account the original terms as if the terms have not been renegotiated so that the loss events that have occurred are duly considered.

	2017 $	2016 $
GST receivables	5,988	10,280
Other receivables	-	2,792
Total current trade and other receivables	5,988	13,072

a) Credit risk

Since the Group is still in the exploration stage there are no trade receivables as of the year end which are exposed to credit risk.

b) Financial assets classified as loans and receivables

	2017 $	2016 $
Trade and other receivables:		
– total current	5,988	13,072
– total non-current	-	-
Total financial assets classified as loans and receivables	5,988	13,072

Note 8 Other

	2017	2016
	$	$
Deposits	31,754	34,230
Prepayments	9,592	11,229
	41,346	45,459

Note 9 Property, Plant & Equipment

Plant and Equipment

Plant and equipment are measured on the cost basis and therefore carried at cost less accumulated depreciation and any accumulated impairment. In the event the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised either in profit or loss or as a revaluation decrease if the impairment losses relate to a revalued asset. A formal assessment of recoverable amount is made when impairment indicators are present.

The carrying amount of plant and equipment is reviewed annually by Directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

The cost of fixed assets constructed within the consolidated Group includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are recognised as expenses in profit or loss during the financial period in which they are incurred.

Depreciation

The depreciable amount of all fixed assets including capitalised leased assets is depreciated on a straight-line basis over the asset's useful life to the consolidated Group commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Motor vehicles	20%
Plant and equipment	20%-33%

Notes to the consolidated financial statements
For the year ended 31 December 2017

Note 9 Property, Plant & Equipment (continued)

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are recognised in profit or loss in the period in which they arise. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

Impairment of Assets
Impairment – Carrying Value of Plant and Equipment
The Group assesses impairment at the end of each reporting period by evaluating conditions and events specific to the Group that may be indicative of impairment triggers. No indications existed at year end.

	2017 $	2016 $
Plant and equipment		
Operating equipment:		
At cost	520,303	530,890
Accumulated depreciation	(120,746)	(130,157)
	399,557	400,733
Motor vehicles:		
At cost	26,499	28,562
Accumulated depreciation	(24,688)	(20,900)
	1,811	7,662
Total property, plant and equipment	401,368	408,395

Movements in Carrying Amounts

Movements in the carrying amounts for each class of plant and equipment between the beginning and the end of the current financial year:

Notes to the consolidated financial statements
For the year ended 31 December 2017

Note 9 Property, Plant & Equipment (continued)

	Operating equipment	Motor vehicles	Total
	$	$	$
Balance at 1 January 2016	7,083	13,249	20,332
Additions	389,599	-	389,599
Disposals	-	(31)	(31)
Depreciation expense	(6,951)	(5,556)	(12,507)
Foreign exchange on conversion	11,002		11,002
Balance at 31 December 2016	400,733	7,662	408,395
Additions	108,286	-	108,286
Write off	(80,484)		(80,484)
Depreciation expense	-	(5,391)	(5,391)
Foreign exchange on conversion	(28,978)	(460)	(29,438)
Balance at 31 December 2017	399,557	1,811	401,368

Note 10 Exploration and Evaluation

a) Exploration, evaluation and development expenditure

Exploration, evaluation and development expenditure incurred is 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.

Note 10 Exploration and Evaluation (continued)

b) Key judgements

Exploration, evaluation and development expenditure
The Group has capitalised exploration expenditure of $550,071 (2016: $397,111). This amount includes costs directly associated with exploration. These costs are capitalised until assessment and/or drilling of the permit is complete and the results have been evaluated. These costs include employee remuneration, materials, rig costs, delay rentals and payments to contractors. The expenditure is carried forward until such a time as the area of interest moves into the development phase, is abandoned, sold or sub-blocks relinquished.

Given exploration activities have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of recoverable resources and the difficulty in forecasting cash flows to assess the fair value of exploration expenditure there is uncertainty as to the carrying value of exploration expenditure. The ultimate recovery of the carrying value of exploration expenditure is dependent upon the successful development and commercial exploitation or, alternatively, sale of the interests in the tenements. There are no factors or circumstances which suggest that the carrying amount of remaining exploration and evaluation assets may exceed recoverable amount.

	2017 $	2016 $
Exploration phase costs - at cost	550,071	397,111

The capitalised exploration assets carried forward above has been determined as follows:

	2017 $	2016 $
Balance at the beginning of the year	397,111	371,014
Expenditure incurred during the year - additions	155,436	21,882
Foreign exchange on conversion	(2,476)	4,215
Balance at the end of the year	550,071	397,111

Note 11 Deferred Tax Assets and Liabilities

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability. With respect to non-depreciable items of property, plant and equipment measured at fair value and items of investment property measured at fair value, the related deferred tax liability or deferred tax asset is measured on the basis that the carrying amount of the asset will be recovered entirely through sale. When an investment property that is depreciable is held by the entity in a business model whose objective is to consume substantially all of the economic benefits embodied in the property through use over time (rather than through sale), the related deferred tax liability or deferred tax asset is measured on the basis that the carrying amount of such property will be recovered entirely through use.

Notes to the consolidated financial statements
For the year ended 31 December 2017

Note 11 Deferred Tax Assets and Liabilities (continued)

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

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

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

Deferred tax asset of $719,969 (2016: $468,820) in respect of tax losses and temporary differences have not been brought to account as at balance date. These will be brought to account only if the Group derives future assessable income of a nature and of an amount sufficient to enable the benefit to be realised, the Group continues to comply with deductibility conditions imposed by tax legislation and no changes in tax legislation adversely affects the Group in realising the benefit.

	2017 $	2016 $
Deferred tax asset		
The balances comprises temporary differences attributable to:		
Tax losses in Australia	570,270	311,651
Superannuation	-	707
Prepaid insurance	2,032	1,694
Prepaid ASX fees	3,542	365
Foreign exchange loss	38,737	-
Unamortised black hole expenditure	105,388	154,403
Total deferred tax assets	719,969	468,820
Deferred tax liability		
Foreign exchange gains	-	(12,116)
Net deferred tax asset	719,969	456,704
Deferred tax not recognised in the books	(719,969)	(456,704)
Deferred tax recognised in the books	-	-

Notes to the consolidated financial statements
For the year ended 31 December 2017

Note 12 Trade and Other payables

Trade and other payables represent the liabilities for goods and services received by the entity that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

	2017	2016
	$	$
Unsecured liabilities:		
Trade payables	57,575	37,932
Other payables	-	14,191
	57,575	52,123

Financial liabilities at amortised cost classified as trade and other payables

	2017	2016
	$	$
Trade and other payables:		
– Total current	57,575	52,123
– Total non-current	-	-
	57,575	52,123

Capital Structure and Financial Risk Management

Note 13 Financial Risk Management

The Company's financial instruments consist mainly of deposits with banks, accounts receivable and payable, and loans from related parties.

The totals for each category of financial instruments, measured in accordance with AASB 139: Financial Instruments: Recognition and Measurement as detailed in the accounting policies to these consolidated financial statement, are as follows:

Notes to the consolidated financial statements
For the year ended 31 December 2017

Note 13 Financial Risk Management (continued)

	Note	2017 $	2016 $
Financial Assets			
Cash and cash equivalents	14	1,670,367	3,011,934
Trade and other receivables	7	5,988	13,072
Total Financial Assets		1,676,355	3,025,006
Financial Liabilities			
Financial liabilities at amortised cost			
— Trade and other payables	12	57,575	52,123
— Loan from directors	15	7,310	84,252
Total Financial Liabilities		64,885	136,375

General Objectives, Policies and Processes
Risk management has focused on limiting debt to a level which could be extinguished by sale of assets or issue of securities if necessary.

The Group's activities expose it to a variety of financial risks; market risk (including interest rate risk and foreign exchange risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group.

a) Credit risk
Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the entity.

Credit risk is managed through the maintenance of procedures (such as the utilisation of systems for the approval, granting and renewal of credit limits, regular monitoring of exposures against such limits and monitoring of the financial stability of significant customers and counterparties), ensuring to the extent possible that customers and counterparties to transactions are of sound credit worthiness. Such monitoring is used in assessing receivables for impairment.

Risk is also minimised through investing surplus funds in financial institutions that maintain a high credit rating or in entities that the Board has otherwise assessed as being financially sound. Where the Company is unable to ascertain a satisfactory credit risk profile in relation to a customer or counterparty, the risk may be further managed through title retention clauses over goods or obtaining security by way of personal or commercial guarantees over assets of sufficient value which can be claimed against in the event of any default.

Note 13 Financial Risk Management (continued)

b) Liquidity risk

Liquidity risk arises from the possibility that the entity might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The entity manages this risk through the following mechanisms:

- preparing forward-looking cash flow analyses in relation to its operating, investing and financing activities
- obtaining funding from a variety of sources
- maintaining a reputable credit profile
- managing credit risk related to financial assets
- only investing surplus cash with major financial institutions
- comparing the maturity profile of financial liabilities with the realisation profile of financial assets

The tables below reflect an undiscounted contractual maturity analysis for financial liabilities.

Cash flows realised from financial assets reflect management's expectation as to the timing of realisation. Actual timing may therefore defer from that disclosed. The timing of cash flows presented in the table to settle financial liabilities reflect the earliest contractual settlement dates.

Financial liability and financial asset maturity analysis

2017	**Within 1 year**	**1 to 5 years**	**Over 5 years**	**Total**
	$	**$**	**$**	**$**
Financial liabilities due for payment				
Trade and other payables	57,575	-	-	57,575
Amounts payable to related parties	7,310	-	-	7,310
Total contractual	64,885	-	-	64,885
Less bank overdrafts	-	-	-	-
Total expected outflows	64,885	-	-	64,885
Financial Assets - cash flows realisable				
Cash and cash equivalents	1,670,367	-	-	1,670,367
Trade and other receivables	5,988	-	-	5,988
Total anticipated inflows	1,676,355	-	-	1,676,355
Net inflow/(outflow) on financial instruments	1,611,470	-	-	1,611,470

Notes to the consolidated financial statements

For the year ended 31 December 2017

Note 13 Financial Risk Management (continued)

2016	**Within 1 year**	**1 to 5 years**	**Over 5 years**	**Total**
	$	**$**	**$**	**$**
Financial liabilities due for payment				
Trade and other payables	52,123	-	-	52,123
Amounts payable to related parties	84,252	-	-	84,252
Total contractual	136,375	-	-	136,375
Less bank overdrafts	-	-	-	-
Total expected outflows	136,375	-	-	136,375
Financial Assets - cash flows realisable				
Cash and cash equivalents	3,011,934	-	-	3,011,934
Trade and other receivables	13,072	-	-	13,072
Total anticipated inflows	3,025,006	-	-	3,025,006
Net inflow/(outflow) on financial instruments	2,888,631	-	-	2,888,631

Market Risk

i) Interest rate risk

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at reporting date whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments. The entity is also exposed to earnings volatility on floating rate instruments. The financial instruments which primarily expose the Company to interest rate risk are borrowings and cash and cash equivalents.

ii) Foreign exchange risk

Exposure to foreign exchange risk may result in the fair value or future cash flows of a financial instrument fluctuating due to movement in foreign exchange rates of currencies in which the entity holds financial instruments which are other than the AUD functional currency of the entity.

Due to instruments held by overseas operations, fluctuation in US Dollar may impact on the entity's financial results unless those exposures are appropriately hedged.

No foreign currency hedge is currently in place as at the date of this Financial Report. The Board is constantly reviewing the fluctuation in the relevant foreign currency rates and is prepared to put in place a foreign currency hedge should the need arise.

Notes to the consolidated financial statements
For the year ended 31 December 2017

Note 14 Cash and Cash Equivalents

Cash and cash equivalents include cash on hand and deposits available on demand with banks.

	2017 $	2016 $
Cash at bank and on hand	1,670,367	3,011,934
Reconciliation of cash		
Cash at the end of the financial year as shown in the statement of cash flows is reconciled to items in the statement of financial position as follows:		
Cash and cash equivalents	1,670,367	3,011,934
	1,670,367	3,011,934

Note 15 Financial Liabilities

	2017 $	2016 $
Loans from directors (refer to note 24)	7,310	84,252
	7,310	84,252

Note 16 Issued Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of shares or options are shown in equity as a deduction, net of tax, from the proceeds.

	2017 $	2016 $
158,222,821 (2016 : 157,128,865) fully paid ordinary shares	6,787,741	6,492,373
Share Issue costs	(390,999)	(373,367)
	6,396,742	6,119,006

Movements in ordinary share capital	2017	
	No.	**$**
Balance at the beginning of the year	157,128,865	6,119,006
Issue of shares to the market	1,093,956	295,368
Share issue costs	-	(17,632)
Balance at the end of the year	158,222,821	6,396,742

Notes to the consolidated financial statements
For the year ended 31 December 2017

Note 16 Issued Capital (continued)

Capital Management

Management controls the capital of the Group in order to maintain a sustainable debt to equity ratio, generate long-term shareholder value and ensure that the Group can fund its operations and continue as a going concern.

The Group's debt and capital includes ordinary share capital and financial liabilities, supported by financial assets.

The Group is not subject to any externally imposed capital requirements.

Management effectively manage the Group's capital by assessing the Group's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels, distributions to shareholders and share issues.

Note 17 Reserves

Foreign Currency Translation Reserve

The foreign currency translation reserve records exchange differences arising on translation of a foreign controlled subsidiary.

	2017 $	2016 $
Foreign currency translation reserve		
Exchange differences on translation of foreign operations	(72,912)	(19,952)
Movement in foreign currency translation reserve	(72,912)	(19,952)

Notes to the consolidated financial statements
For the year ended 31 December 2017

B. Group Structure

Note 18 Parent Entity Disclosures

As at, and throughout the financial year ended 31 December 2017 the parent entity of the Group was Ocean Blue International Limited.

	2017 $	2016 $
Result of parent entity		
Loss for the year after tax	(810)	(3,337)
Total comprehensive loss for the year	**(810)**	**(3,337)**
Financial position of parent entity at year end		
Current assets	1,293	2,254
Total assets	**1,293**	**2,254**
Current liabilities	8,695	9,374
Total liabilities	**8,695**	**9,374**
Net Assets	**(7,402)**	**(7,120)**
Total equity of parent entity comprising of:		
Reserve	528	-
Accumulated losses	(7,930)	(7,120)
Total equity	**(7,402)**	**(7,120)**

Contingent Liabilities

The parent entity has no contingent liabilities as at 31 December 2017.

Note 19 Interest in Subsidiaries

Principles of Consolidation

On 18 March 2016, Ocean Blue International Ltd original shareholders obtained a majority share interest in Soon Mining Limited after a reverse acquisition transaction.

This transaction did not meet the definition of a business combination in AASB 3 ‘Business Combinations’ as the net assets that existed within Soon Mining Limited as at the date of acquisition did not represent a 'business' (as defined by AASB 3). The transaction has therefore been accounted for in the consolidated financial statements by reference to the accounting requirements of AASB 2 ‘Share-based payment’ and AASB 3, as a deemed issue of shares which is, in effect, a share-based payment transaction whereby Ocean Blue International Ltd original shareholders have acquired the net assets of Soon Mining Limited, together with the listing status of Soon Mining Limited.

The consolidated financial statements represent a continuation of the consolidated financial statement of Ocean Blue International Ltd. The following principles and guidance on the preparation and presentation of consolidated financial statement in a reverse acquisition set out in AASB 3 have been applied:

- fair value adjustments arising at acquisition were made to Soon Mining Limited assets and liabilities, not those of Ocean Blue International Ltd;
- the cost of the acquisition, and amount recognised as issued capital to affect the transaction, is based on the value of the notional amount of shares that Ocean Blue International Ltd would have needed to issue shareholders of Soon Mining Limited to acquire the same shareholding percentage in Soon Mining Limited at the acquisition date;
- retained earnings and other equity balances in the consolidated financial statement at acquisition date are those of Ocean Blue International Ltd;
- an in-substance share-based payment transaction arises whereby Ocean Blue International Ltd is deemed to have issued shares in exchange for the net liabilities of Soon Mining Limited (together with the listing status of Soon Mining Limited). The listing status does not qualify for recognition as an intangible asset. The excess of the value of consideration deemed to have been paid over the fair value of the net liabilities acquired has therefore, been expensed in profit or loss as a share based payment listing expense;
- the equity structure in the consolidated financial statement (the number and type of equity instruments issued) at the date of the acquisition reflects the equity structure of Soon Mining Limited, including the equity instruments issued by Soon Mining Limited to effect the acquisition;
- the results for the year ended 31 December 2016 comprise the consolidated results of Ocean Blue International Ltd together with the results of Soon Mining Limited from 18 March 2016; and
- the comparative results represent the consolidated financial year results of Ocean Blue International Pty Ltd only.

Soon Mining Limited is the legal acquirer of Ocean Blue International Ltd (OBI) in this transaction and the consideration for the acquisition was the issue by Soon Mining Limited of:

Notes to the consolidated financial statements
For the year ended 31 December 2017

Note 19 Interest in Subsidiaries (continued)

- 125,000,000 shares fully paid ordinary shares in Soon Mining Limited in accordance with the reverse asset acquisition accounting principles the consideration is deemed to have been incurred by OBI in the form of equity instruments issued to Soon Mining Limited shareholders. The acquisition date fair value of this consideration has been determined with reference to the fair value of the issued shares of Soon Mining Limited immediately prior to the acquisition and has been determined to be $1.

As Ocean Blue International Limited is deemed to be the acquiree for accounting purpose, the carrying values of its assets and liabilities are required to be recorded at fair value for the purpose of the acquisition. No adjustments were required to the historical value to effect this change.

Consideration	$
125,000,000 fully paid ordinary shares	1
Total value of consideration	1
Fair value of Soon Mining Limited at acquisition	
Cash	4,526,452
Trade and other receivables	100,279
Trade and other payables	(170,898)
Application monies (includes IPO cost)	(4,364,350)
Loans	(727,109)
Net liability acquired	(635,626)

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries:

			Equity Holding	
Name of Entity	**Country of incorporation**	**Class of shares**	**2017**	**2016**
Soon Mining Limited	Australia	Ordinary	100%	100%
Soon Mining Co Ltd	Republic of Ghana	Ordinary	100%	100%

C. Unrecognised Items

Note 20 Events after the Reporting Period

As at the date of signing this financial report, the directors are not aware of any other significant events since the end of the reporting period that require disclosure in this financial report.

Note 21 Contingencies and Commitments

There are no material contingent liabilities as of the end of the reporting period.

D. Other

Note 22 Key Management Personnel

Refer to the Remuneration Report contained in the Directors' Report for details of the remuneration paid or payable to each member of the Company's key management personnel (KMP) for the year ended 31 December 2017.

The totals of remuneration paid to KMP of the Company during the year are as follows:

	2017 $	2016 $
Short-term employee benefits	379,867	365,159
Post-employment benefits	10,203	5,372
Total KMP compensation	390,070	370,531

Short-term employee benefits
– these amounts include fees and benefits paid to the non-executive Directors as well as all salary, paid leave benefits, fringe benefits and cash bonuses awarded to executive Directors and other key management personnel.

Further information in relation to KMP remuneration can be found in the Director's Remuneration Report.

Notes to the consolidated financial statements
For the year ended 31 December 2017

Note 23 Auditor's Remuneration

	2017 $	2016 $
Audit services		
- RSM Australia Partners	42,000	42,000
Fees for audit and review of financial statements	42,000	42,000
Other services		
- RSM Australia Partners	9,000	-
Fees for investigating Accountant's Report	9,000	-
Total fees	51,000	42,000

Note 24 Related Party Transactions

a) The Company's related parties are as follows:

(i) *Parent* entity
The parent entity of the Group is Ocean Blue International Ltd, which is incorporated in the British Virgin Islands.

(ii) *Subsidiaries*
Interest in subsidiaries is set out in Note 19.

(iii) Key Management Personnel
Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any Director (whether executive or otherwise) of that entity is considered key management personnel.

For details of disclosures relating to key management personnel, refer to Remuneration Report.

(iv) Other Related Parties
Other related parties include entities controlled by the ultimate parent entity and entities over which key management personnel have joint control.

b) Transactions with related parties
Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

Notes to the consolidated financial statements
For the year ended 31 December 2017

Note 24 Related Party Transactions (continued)

The following transactions occurred with related parties, other than those transactions disclosed in Note 22:

	2017 $	2016 $
Payment for consulting fees to Brainpower Investment Management Limited. (Company owned by Ching-Chen Chi)	-	17,500

c) Amounts payable to related parties

Trade and Other Payables

The following balances are outstanding at the reporting date:

(i) with related parties:

	2017 $	2016 $
Trade payables to Kirin International Limited (Company owned by Ching-Ling Chi)	14,927	502
Trade payables to Titanoboa Group Limited (Company owned by Ching-Tiem Huang)	18,367	16,092
Trade payables to Brainpower Investment Management Limited (Company owned by Ching-Chen Chi)	-	2,801
	33,294	19,395

(ii) Loans from Key Management Personnel

	2017 $	2016 $
Balance at the beginning of the year	84,252	1,274,374
Loans advanced	-	82,278
Loan repayment received	(76,572)	(5,000)
Exchange loss on settlement	-	1,852
Loan converted to shares	-	(1,269,252)
Unrealised exchange gain	(370)	-
	7,310	84,252

Note 25 Critical Accounting Estimates and Judgements

The Directors evaluate estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group.

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Note 26 New, Revised or Amending Accounting Standards and Interpretations Adopted

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

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

AASB 2015-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101 [AASB 7, AASB 101, AASB 134 & AASB 1049]

The amendments arising from this standard seek to improve financial reporting by providing flexibility as to the ordering of notes, the identification and location of significant accounting policies and the presentation of sub-totals, and provides clarity on aggregating line items. It also emphasises only including material disclosures in the notes. The Board has applied this flexibility in preparing the 2016-17 financial statements, including co-locating significant accounting policies with the related breakdowns of financial statement figures in the notes.

Note 27 New Accounting Standards for Application in Future Periods

Accounting Standards and Interpretations issued by the AASB that are not yet mandatorily applicable to the Group, together with an assessment of the potential impact of such pronouncements on the Group when adopted in future periods, are discussed below:

— AASB 9: *Financial Instruments* and associated Amending Standards (applicable to annual reporting periods beginning on or after 1 January 2018).

Note 27 New Accounting Standards for Application in Future Periods (continued)

The Standard will be applicable retrospectively (subject to the provisions on hedge accounting outlined below) and includes revised requirements for the classification and measurement of financial instruments, revised recognition and de-recognition requirements for financial instruments and simplified requirements for hedge accounting.

The key changes that may affect the Group on initial application include certain simplifications to the classification of financial assets, simplifications to the accounting of embedded derivatives, upfront accounting for expected credit loss, and the irrevocable election to recognise gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. AASB 9 also introduces a new model for hedge accounting that will allow greater flexibility in the ability to hedge risk, particularly with respect to hedges of non-financial items. Should the entity elect to change its hedge policies in line with the new hedge accounting requirements of the Standard, the application of such accounting would be largely prospective.

Although the Directors anticipate that the adoption of AASB 9 may have an impact on the Company’s financial instruments, including hedging activity, it is impracticable at this stage to provide a reasonable estimate of such impact.

— AASB 15: *Revenue from Contracts with Customers* (applicable to annual reporting periods beginning on or after 1 January 2018).

When effective, this Standard will replace the current accounting requirements applicable to revenue with a single, principles-based model. Except for a limited number of exceptions, including leases, the new revenue model in AASB 15 will apply to all contracts with customers as well as non-monetary exchanges between entities in the same line of business to facilitate sales to customers and potential customers. The core principle of the Standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for the goods or services. To achieve this objective, AASB 15 provides the following five-step process:

- identify the contract(s) with a customer;
- identify the performance obligations in the contract(s);
- determine the transaction price;
- allocate the transaction price to the performance obligations in the contract(s); and
- recognise revenue when (or as) the performance obligations are satisfied.

The transitional provisions of this Standard permit an entity to either: restate the contracts that existed in each prior period presented as per AASB 108: Accounting Policies, Changes in Accounting Estimates and Errors (subject to certain practical expedients in AASB 15); or recognise the cumulative effect of retrospective application to incomplete contracts on the date of initial application. There are also enhanced disclosure requirements regarding revenue.

Although the Directors anticipate that the adoption of AASB 15 may have an impact on the Group's financial statements, it is impracticable at this stage to provide a reasonable estimate of such impact.

Notes to the consolidated financial statements
For the year ended 31 December 2017

Note 27 New Accounting Standards for Application in Future Periods (continued)

- *AASB 16 Leases*

This standard is applicable to annual reporting periods beginning on or after 1 January 2019. The standard replaces AASB 117 'Leases' and for lessees will eliminate the classifications of operating leases and finance leases. Subject to exceptions, a 'right-of-use' asset will be capitalised in the statement of financial position, measured as the present value of the unavoidable future lease payments to be made over the lease term. The exceptions relate to short-term leases of 12 months or less and leases of low-value assets (such as personal computers and small office furniture) where an accounting policy choice exists whereby either a 'right-of-use' asset is recognised or lease payments are expensed to profit or loss as incurred. A liability corresponding to the capitalised lease will also be recognised, adjusted for lease prepayments, lease incentives received, initial direct costs incurred and an estimate of any future restoration, removal or dismantling costs. Straight-line operating lease expense recognition will be replaced with a depreciation charge for the leased asset (included in operating costs) and an interest expense on the recognised lease liability (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However, EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results will be improved as the operating expense is replaced by interest expense and depreciation in profit or loss under AASB 16. For classification within the statement of cash flows, the lease payments will be separated into both a principal (financing activities) and interest (either operating or financing activities) component. For lessor accounting, the standard does not substantially change how a lessor accounts for leases. The consolidated entity will adopt this standard from 1 July 2019 but the impact of its adoption is yet to be assessed by the consolidated entity.

Note 28 Commitments and Contingencies

At 31 December 2017 the Company has no commitments and contingencies (2016: Nil).

Note 29 Company Details

The registered office of the Company is:
Level 1 Suite 1a, 33 Queen Street, Brisbane QLD 4000

The principal place of business is:
Level 1 Suite 1a, 33 Queen Street, Brisbane QLD 4000

Directors' Declaration

In the directors' opinion:

- the attached financial statements and notes comply with the *Corporations Act 2001*, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;

- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 to the financial statements;

- 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 year ended on that date; and

- there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

The directors have been given the declarations required by section 295A of the *Corporations Act 2001*.

Signed in accordance with a resolution of directors made pursuant to section 295 (5)(a) of the *Corporations Act 2001*.

On behalf of the directors

…………………………………………	…………………………………………
Ching-Tiem Huang	**Ching-Ling Chi**
Director	Director

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INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
SOON MINING LIMITED

Opinion

We have audited the financial report of Soon Mining Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2017, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.
In our opinion the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Group's financial position as at 31 December 2017 and of its financial performance for the year then ended; and

(ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for Opinion

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

We 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 given to the directors as at the time of this auditor's report.

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

<table>
<tr><th>Key Audit Matter</th><th>How our audit addressed this matter</th></tr>
<tr><td colspan="2">Carrying Value of Capitalised Exploration Expenditure
Refer to Note 10 in the financial statements</td></tr>
<tr><td>The Group has capitalised exploration expenditure with a carrying value of $550k. We determined this to be a key audit matter due to the significant management judgment involved in assessing the carrying value in accordance with AASB 6 Exploration for and Evaluation of Mineral Resources, including:

• Determination of whether expenditure can be associated with finding specific mineral resources, and the basis on which that expenditure is allocated to an area of interest;
• Assessing whether any indicators of impairment are present; and
• Determination of whether exploration activities have progressed to the stage at which the existence of an economically recoverable mineral reserve may be determined.</td><td>Our audit procedures in relation to the carrying value of capitalised exploration costs included:
• Ensuring that the right to tenure of the areas of interest was current through confirmation with the relevant government departments;
• Critically assessing and evaluating management’s assessment that no indicators of impairment existed;
• Agreeing a sample of the additions to capitalised exploration expenditure during the year to supporting documentation, and ensuring that the amounts were capitalised correctly; and
• Through discussions with the Group’s Directors, and review of the Group’s ASX announcements and other relevant documentation, assessing management’s determination that exploration activities have not yet progressed to the point where the existence or otherwise of an economically recoverable mineral resource may be determined.</td></tr>
<tr><td></td><td></td></tr>
</table>

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 31 December 2017, but does not include the financial report and the auditor's report thereon.

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

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

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

Responsibilities of the Directors for the Financial Report

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

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

Auditor's Responsibilities for the Audit of the Financial Report

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar2.pdf. This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report
We have audited the Remuneration Report included in pages 7 to 11 of the directors' report for the year ended 31 December 2017.

In our opinion, the Remuneration Report of Soon Mining Limited, for the year ended 31 December 2017, complies with section 300A of the *Corporations Act 2001*.

Responsibilities
The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

RSM
RSM AUSTRALIA PARTNERS

Albert Loots
Partner – Assurance & Advisory

Brisbane, QLD
Dated: 29 March 2018

Additional Information for Listed Public Companies

The following information is current as at 15 March 2018:

1. Shareholding

a. Distribution of Shareholders

Category (size of holding)	Holders	Number of Shares	% of Issued Capital
1 – 1,000	2	501	0.00%
1,001 – 5,000	9	25,167	0.02%
5,001 – 10,000	243	2,396,145	1.51%
10,001 – 100,000	34	1,134,975	0.72%
100,001 – and over	46	154,666,033	97.75%
	334	158,222,821	100.00%

b. There are 22 unmarketable shareholders with a total shareholding of 101,813.

c. The names of the substantial shareholders listed in the holding Company's register are:

Shareholder	Ordinary	%
TITANOBOA GROUP LIMITED	62,676,865	39.61%
BRAINPOWER INVESTMENT	11,250,000	7.11%

d. Voting Rights

The voting rights attached to each class of equity security are as follows:
Ordinary shares

- Each ordinary share is entitled to one vote when a poll is called, otherwise each member present at a meeting or by proxy has one vote on a show of hands.

e. 20 Largest Shareholders — Ordinary Shares

	Name	Number of Ordinary Fully Paid Shares Held	% Held of Issued Ordinary Capital
1	TITANOBOA GROUP LIMITED	62,676,865	39.61%
2	BRAINPOWER INVESTMENT	11,250,000	7.11%
3	PERSHING AUSTRALIA NOMINEES	9,492,700	6.00%
4	TSAI YAN HUANG	5,750,000	3.63%
5	KIRIN INTERNATIONAL LIMITED	5,000,000	3.16%
6	CHING YANG HUANG	4,875,000	3.08%

Additional Information for Listed Public Companies

7	KUEI TSUNG HUANG	4,375,000	2.77%
8	CHIEN HUANG	3,750,000	2.37%
9	CHANG TI HUANG	3,750,000	2.37%
10	PI SUI HUANG LAI	3,750,000	2.37%
11	TSAO CHI CHEN	3,750,000	2.37%
12	HUI CHIN LEE	3,750,000	2.37%
13	CHIEN LIN HUANG	3,500,000	2.22%
14	PEN LI LIN	3,215,000	2.03%
15	MS CHING-LU CHI	3,100,000	1.96%
16	MR CHIANG-CHIH KUO	2,699,300	1.71%
17	PANTASTICO GLADWIN	2,000,000	1.28%
18	MS HUI-CHIN LEE	1,918,490	1.20%
19	CHIEN YING CHI	1,667,500	1.05%
20	CHING LU CHI	1,666,250	1.05%
		141,936,105	89.71%

f. Tenements

The project is located near Kawhu Praso South District in Eastern Region of Ghana. It is about 130 Km northwest of Accura, the capital of Ghana.

2. The name of the Company secretary is Jiahui Jeremiah Thum

3 The address of the principal registered office in Australia is Level 1 Suite 1a, 33 Queen Street, Brisbane QLD 4000. Telephone: (07) 3218 7394

4. Registers of securities are held at the following addresses
Level 12, 225 George Street, Sydney NSW 2000

5. Stock Exchange Listing

Quotation has been granted for all the ordinary shares of the Company on all Member Exchanges of the Australian Securities Exchange Limited.

6. On-Market Buy-Back

There is no current on-market buy-back.

7. Other information

In accordance with ASX listing rule 4.10.19; the Company advises that it has used the cash, and assets in a form readily converted into cash, that it had at the time of admission, in a way consistent with its business objectives.