

**Public Holdings (Australia) Limited**  
ABN 65 000 332 918

**Annual Report**  
**For the Year Ended 31 December 2017**

## **Public Holdings (Australia) Limited**

ABN 65 000 332 918

### **Company Particulars**

#### **Directors:**

**Bryan Frost - Chairman and Managing Director**  
**Oreste Biziak - Deputy Chairman**  
**Peter Chapman**  
**Clayton Dodd**

#### **Company Secretary:**

David McBain  
Level 1, 123 Whitehorse Road, Balwyn, Victoria, 3103  
Email: dmc bain@mcbainmccartin.com.au

#### **Auditors:**

McLean Delmo Bentleys Audit Pty Ltd  
Level 3, 302 Burwood Road, Hawthorn, Victoria, 3122

#### **External Accountants:**

McBain McCartin & Co Business Services Pty Ltd  
Level 1, 123 Whitehorse Road, Balwyn, Victoria, 3103  
Telephone: (03) 9817 0700  
Fax: (03) 9817 0799

#### **Share Registry:**

Link Market Services Limited  
Tower 4, 727 Collins Street, Docklands, VIC 3008  
Telephone: (03) 9200 4555  
Free call: 1300 554 474  
Email: registrars@linkmarketservices.com.au

#### **Stock Exchange:**

Listed on the Australian Securities Exchange Limited ('ASX')

#### **Registered Office:**

At the offices of McBain McCartin & Co Business Services Pty Ltd  
Level 1, 123 Whitehorse Road, Balwyn, Victoria, 3103  
Telephone: (03) 9817 0700  
Fax: (03) 9817 0799  
Email: dmc bain@mcbainmccartin.com.au

#### **Principal Place of Business:**

At the offices of McBain McCartin & Co Business Services Pty Ltd  
Level 1, 123 Whitehorse Road, Balwyn, Victoria, 3103

# Public Holdings (Australia) Limited

ABN 65 000 332 918

## Directors' Report

The Directors hereby present their report of Public Holdings (Australia) Limited together with the financial statements of the Company for the year ended 31 December 2017.

### Directors

The names of the Directors in office at any time during or since the end of the year are:

Bryan J Frost - Chairman and Managing Director

Oreste A Biziak - Deputy Chairman

Peter F Chapman

Clayton J Dodd

Due to a change in the planned activities of the Company to a Western Australia (WA) gold and base metal explorer, there is a proposal at the next General Meeting of the Company for the current Directors to resign except for Bryan Frost who would continue as Executive Chairman.

### Principal Activities

The principal activity of the Company is the investment of funds.

There were no other significant changes in the nature of the activities of the Company during the year. It is proposed at the next General Meeting of the Company to change the nature and scale of activities of the Company resulting from the proposed acquisition of gold mining tenements and the capital raising of a maximum of \$7.5 million.

### Operating Results

The net loss for the year ended 31 December 2017 was \$453,765 (2016: net loss of \$216,033).

### Dividends

No dividend has been recommended in respect of the year ended 31 December 2017 (2016: Nil).

### Review of Operations

The Company voluntarily suspended trading in its securities on 6 June, 2016 after announcing its intention to undertake a reverse takeover of Israeli company, Mobilicom Limited. This proposal was subsequently cancelled by mutual agreement and an announcement made to the ASX on 17 January 2017 of the termination of the share swap agreement with Mobilicom Limited. Since that time the Company has reviewed various opportunities to undertake a transaction to create value for PHA shareholders and achieve reinstatement of the Company's securities for trading on the Australian Securities Exchange ("ASX").

An announcement was made to the ASX on 10 January 2018 that the Company is to become a significant WA gold and base metals explorer. The Company has expended funds of \$267,527 on expenses associated with the proposed acquisition of gold projects and re-listing the Company. Additional expenses have been incurred subsequent to 31 December 2017 on re-listing costs.

### Financial Position

Net assets of the Company decreased by \$169,148 from the prior year primarily due to a net loss for the year of \$453,765, offset by convertible notes of \$271,150 (after capital raising expenses) which were treated as equity.

Expenses of \$455,452 relating to re-listing of the Company, maintaining the Company's operations and expenses associated with review of other business opportunities during the year. This expense was funded by cash funds of \$450,000 received from the settlement with Mobilicom Limited and cash funds received from Convertible Notes of \$290,000 before capital raising costs.

### Significant Changes in State of Affairs

There has not been any matter or circumstances that has arisen that significantly changed the Company's state of affairs. Based on the proposed reverse merger and re-listing of the Company proceeding, the state of affairs of the company will change during 2018.



## Public Holdings (Australia) Limited

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### Directors' Report (Cont'd)

#### Events after the Reporting Period

An announcement was made to the ASX on 10 January 2018 that the Company is to become a significant WA gold and base metals explorer. It is proposed to hold a General Meeting to approve various resolutions relating to the change in its activities and for reinstatement of the Company's securities.

- It is the Company's intention to acquire mining projects involving exploration for gold, copper and base metals.
- It is proposed that the Company change its name to "First Au Limited".
- The Company will be raising up to \$7.5 million through a public offering at a subscription price of 4 cents per share, which includes a free 1 for 1 attaching 2-year listed option exercisable at 6 cents per share.
- The transaction is subject to the approval of PHA shareholders, the raising of a minimum subscription amount of \$5.5 million (Minimum Subscription Amount) and receiving conditional approval for reinstatement of the Company's securities on ASX.

#### Future Developments, Prospects and Business Strategies

It is proposed to hold a General Meeting to pass various resolutions including changing the activity of the Company to become a significant WA gold and base metals explorer.

Summary of Future Developments, Prospects and Business Strategies:

- It is the Company's intention to acquire mining projects from interests associated with well-known and respected Western Australian mining prospector Denis O'Meara.
- The projects are located near known mining areas: Kalgoorlie and the Pilbara region in Western Australia.
- The projects involve exploration for gold, copper and base metals.
- The projects have received the benefit of in excess of \$8 million in previous exploration expenditure by Denis O'Meara and other exploration interests.
- It is proposed that the Company change its name to "First Au Limited" with "Au" being the chemical symbol for gold.
- A highly experienced and well credentialed exploration team has been assembled who have a past record of having achieved high quality discoveries that have advanced into producing mines.
- PHA/First Au will be raising up to \$7.5 million through a public offering at a subscription price of 4 cents per share, which includes a free 1 for 1 attaching 2-year listed option exercisable at 6 cents per share.
- The transaction is, among other conditions, subject to the approval of PHA shareholders, the raising of a minimum subscription amount of \$5.5 million (Minimum Subscription Amount) and receiving conditional approval for reinstatement of the Company's securities on ASX.

The Notice of Meeting is proposed to include, among other things, resolutions seeking shareholder approval to undertake the proposed transaction, raise up to \$7.5m, issue consideration securities to the vendors of the exploration assets being acquired, appoint new directors, issue various securities to related parties and replace the Company's constitution. Full details will be included in the Notice of Meeting which is expected to be forwarded to shareholders during March 2018.

#### Environmental Issues

The Company's operations are currently not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory.

Future proposed developments of the Company involve exploration for gold, copper and base metals. There may be environmental issues and legislation to be complied with.

## Public Holdings (Australia) Limited

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### Directors' Report (Cont'd)

#### Information Relating to Directors and Company Secretary

##### **Bryan J Frost**

*Qualifications:*

Investment Banker

*Experience:*

Bryan has been involved in the securities industry for over 50 years including stockbroking, structuring investment and raising finance for a myriad of companies in Australia, UK and Canada specialising in resource based industries.

*Interest in shares and options:*

7,025,000 ordinary shares in PHA at 31 December 2017.

*Special responsibilities:*

Chairman and Managing Director

*Directorships held in other listed entities during the three years prior to the current year:*

Not applicable

*Length of service:*

Appointed to the Board 19 September 2014

*Other information:*

Bryan is currently Chairman of a Private Investment Bank, Peregrine Corporate Limited.

##### **Oreste A Biziak**

*Qualifications:*

Bachelor of Applied Science (Canberra University)

*Experience:*

Oreste has been employed in various positions in a number of Australian Government Departments including Department of Immigration and Multicultural and Indigenous Affairs. After leaving Government employment during 2001, he established a consultancy company in Canberra with interests in Hong Kong and China.

*Interest in shares and options:*

510,116 ordinary shares in PHA at 31 December 2017.

*Special responsibilities:*

Deputy Chairman, Chairman of the Audit Committee and Non-Executive Director

*Directorships held in other listed entities during the three years prior to the current year:*

Not applicable

*Length of service:*

Appointed to the Board 20 July 2005

##### **Peter F Chapman**

*Qualifications:*

Securities Institute of Australia - Master Stockbroker  
Fellow - Australian Institute of Company Directors (FAICD)

*Experience:*

Over 40 years involvement in the securities industry including stockbroking, structuring investment and raising finance. Experience in Directorship roles in various companies including the Australian Stock Exchange (Melbourne) Ltd.  
Following retirement during 2008, his current business interests are in resources in South Africa, oil and gas in the Middle East and a small private bank in Geneva.

*Interest in shares and*

1,001,208 ordinary shares in PHA at 31 December 2017.

*Special responsibilities:*

Non-Executive Director

*Directorships held in other listed entities during the three years prior to the current year:*

Not applicable

*Length of service:*

Appointed to the Board 19 September 2014



## Public Holdings (Australia) Limited

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### Directors' Report (Cont'd)

#### Clayton J Dodd

*Qualifications:*

Member of Chartered Accountants Australia and New Zealand

*Experience:*

Over 30 years' experience in finance and resources and has held directorships with public listed companies on the Johannesburg Stock Exchange (JSE), Alternative Investment Market - London Stock Exchange (AIM) and Australian Securities Exchange (ASX). Clayton is currently a Director of Podium Minerals Limited, an unlisted public company.

*Interest in shares and*

4,000,000 ordinary shares in PHA at 31 December 2017.

*Special responsibilities:*

Non-Executive Director

*Directorships held in other listed entities during the three years prior to the current year:*

Not applicable

*Length of service:*

Appointed to the Board 19 September 2014

#### David W McBain

*Qualifications:*

Company Secretary

Fellow - Chartered Accountants Australia and New Zealand (FCA), member of Chartered Secretaries Australia (ACIS) now known as Governance Institute of Australia, and Fellow - Australian Institute of Company Directors (FAICD), Business Studies (RMIT).

*Experience:*

David has held the position of Company Secretary of Public Holdings (Australia) Limited since September 2006. He has over 40 years of professional experience in the areas of company secretarial, business assurance and statutory audits, taxation and business advisory services.

### Directors' Meetings

The following table sets out the number of meetings of the Company's Directors held during the year ended 31 December 2017 and the number of meetings attended by each Director.

	Directors' meetings		Audit Committee meetings	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Bryan Frost - Chairman and Managing Director	8	8	2	2
Oreste A Biziak	8	8	2	2
Peter F Chapman	8	7	2	1
Clayton J Dodd	8	6	2	1

### Indemnifying Officers or Auditor

The Company has not provided any indemnification or insurance of the present or former officers and auditor of the Company, or related body corporate.

### Options

There were no options granted over unissued shares or interest during or since the end of the financial year by the Company to Directors.

### Proceedings on behalf of the 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

There were no non-audit services provided to the Company by the audit firm during the year.

### Auditor's Independence Declaration

The Auditor's independence declaration for the year ended 31 December 2017 has been received and can be found on page 7.

## Public Holdings (Australia) Limited

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### Directors' Report (Cont'd)

#### Remuneration Report

##### Remuneration Policy

No remuneration paid to Directors during the year.

Following the appointment of the Board of Directors on 19 September 2014, all salaries and Directors fee were ceased from 30 September 2014, with the exception of \$6,250 worth of shares in lieu of salary provided to one Director during year end 31 December 2015. At the date of this report, the Board considers this remuneration policy to be appropriate and effective to run and manage the Company. No staff are currently employed by the Company.

As the Company has a small Board, the full Board acts as a Remuneration Committee and is responsible for determining and reviewing compensation arrangements for Directors and executives.

The Board does not link the nature and amount of Directors and Executive Officers' Remuneration to the Company's financial and operation performance.

##### Remuneration Structure

It is the current policy of the Board not to pay or accrue Directors fees to conserve working capital. Fees will not be paid to the retiring Directors. Directors fees are proposed to be paid to the new incoming Directors. At the next General Meeting of the Company a resolution will be considered to approve the maximum total aggregate fixed sum per annum to be paid to Non-Executive Directors to increase from \$70,000 to \$300,000.

Fees for non-executive Directors are not linked to the performance of the Company.

##### Performance based remuneration

The Company does not pay performance based remuneration to any Director or key management

##### Key Management Personnel ('KMP') Shareholdings

The number of ordinary shares in the Company held by each KMP during the financial year was as follows:

##### Current KMP:

Bryan Frost - Chairman and Managing Director  
Oreste Biziak  
Peter Chapman  
Clayton Dodd

Balance at Beginning of Year	Other Changes during the Year	Balance at End of Year
7,025,000	-	7,025,000
510,116	-	510,116
1,001,208	-	1,001,208
4,000,000	-	4,000,000

This table includes shares that are held directly, indirectly or beneficially by each KMP.

##### Details of Remuneration for Year Ended 31 December 2017

There were no short-term benefits in the form of salary or post-employment benefits in the form of superannuation paid during the year.

The Directors of the Company do not receive any other form of remuneration.

No options have been issued or granted as part of remuneration during the year.

This Directors' Report, incorporating the Remuneration Report, is signed in accordance with a resolution of the Board of Directors.



**Bryan Frost**  
**Chairman and Managing Director**  
26 February 2018

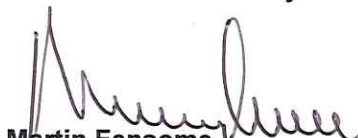
**AUDITOR'S INDEPENDENCE DECLARATION  
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001  
TO THE DIRECTORS OF PUBLIC HOLDINGS (AUSTRALIA) LIMITED**

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

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



McLean Delmo Bentleys Audit Pty Ltd



Martin Fensome  
Partner

26 February Hawthorn  
2018



# Public Holdings (Australia) Limited

ABN 65 000 332 918

## Statement of Profit or Loss and Other Comprehensive Income For the Year Ended 31 December 2017

	Note	31 Dec 2017 \$	31 Dec 2016 \$
Revenue	2	1,687	429,902
Administration expenses	2	(455,452)	(645,935)
Loss before income tax		<u>(453,765)</u>	<u>(216,033)</u>
Tax expense	3	-	-
Net Loss for the year		<u>(453,765)</u>	<u>(216,033)</u>
Total Comprehensive Loss for the year		<u>(453,765)</u>	<u>(216,033)</u>

	5b	2017 Cents/share	2016 Cents/share
Earnings (Loss) per ordinary share			
Basic earnings (loss) per share		(1.20)	(0.63)
Diluted earnings (loss) per share		(1.18)	(0.63)

The accompanying notes form part of these financial statements.

# Public Holdings (Australia) Limited

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## Statement of Financial Position As at 31 December 2017

	Note	31 Dec 2017 \$	31 Dec 2016 \$
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		303,771	39,877
Other receivables	4	18,180	450,000
<b>TOTAL CURRENT ASSETS</b>		<u>321,951</u>	<u>489,877</u>
<b>TOTAL ASSETS</b>		<u>321,951</u>	<u>489,877</u>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables		92,298	91,076
<b>TOTAL CURRENT LIABILITIES AND TOTAL LIABILITIES</b>		<u>92,298</u>	<u>91,076</u>
<b>NET ASSETS</b>		<u>229,653</u>	<u>398,801</u>
<b>EQUITY</b>			
Issued capital	5a	1,600,136	1,600,136
Convertible Note Reserve	6	271,150	-
Share Based Payment Reserve	6	13,467	-
Accumulated losses		(1,655,100)	(1,201,335)
<b>TOTAL EQUITY</b>		<u>229,653</u>	<u>398,801</u>

The accompanying notes form part of these financial statements.

# Public Holdings (Australia) Limited

ABN 65 000 332 918

## Statement of Changes in Equity For the Year Ended 31 December 2017

	Note	Share Capital	Convert- ible Note Reserve	Share Based Payment Reserve	Accum - ulated Losses	Total
		\$	\$	\$	\$	\$
Balance at 1 January 2016		1,153,136	-	-	(985,302)	167,834
Placement of 6,500,000 shares on 10 June 2016 net of capital raising expenses	5a	387,000	-	-	-	387,000
Issue of shares as consideration for services rendered	5a	60,000	-	-	-	60,000
Net loss for the year		-	-	-	(216,033)	(216,033)
<b>Balance at 31 December 2016</b>		<b>1,600,136</b>	<b>-</b>	<b>-</b>	<b>(1,201,335)</b>	<b>398,801</b>
Convertible notes recognised as Equity	6	-	290,000	-	-	290,000
Capital raising expenses	6	-	(18,850)	13,467	-	(5,383)
Net loss for the year		-	-	-	(453,765)	(453,765)
<b>Balance at 31 December 2017</b>		<b>1,600,136</b>	<b>271,150</b>	<b>13,467</b>	<b>(1,655,100)</b>	<b>229,653</b>

The accompanying notes form part of these financial statements.



# Public Holdings (Australia) Limited

ABN 65 000 332 918

## Statement of Cash Flows

For the Year Ended 31 December 2017

	Note	31 Dec 2017 \$	31 Dec 2016 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers		13,638	10,000
Receipt from Mobilicom Limited	4a	450,000	-
Payments to suppliers		(494,481)	(565,997)
Interest received		1,687	1,720
GST received from ATO		3,050	30,157
Net cash used in operating activities	7	(26,106)	(524,120)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
		-	-
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Funds raised from Convertible Notes		290,000	-
Placement of 6,500,000 shares net of capital raising expenses		-	387,000
Net cash provided by financing activities		290,000	387,000
Net increase/(decrease) in cash and cash equivalents held		263,894	(137,120)
Cash and cash equivalents at 1 January		39,877	176,997
Cash and cash equivalents at 31 December		303,771	39,877

The accompanying notes form part of these financial statements.

# Public Holdings (Australia) Limited

ABN 65 000 332 918

## Notes to the Financial Statements For the Year Ended 31 December 2017

### 1. Summary of Significant Accounting Policies

#### Corporate Information

Public Holdings (Australia) Limited is a listed public company, incorporated and domiciled in Australia.

#### 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 Company is a for-profit entity for financial reporting purposes under Australian Accounting Standards. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

Except for cash flow information, the financial statements have been prepared on an accruals basis and are based on historical costs.

The financial report was authorised for issue on 26 February 2018 by the Board of Directors.

#### a) Financial Instruments

##### Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the Company commits itself to either the purchase or sale of the asset. Financial instruments are initially measured at fair value plus transaction costs.

##### Classification and subsequent measurement

##### Receivables

Other receivables include amounts due for 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. Other receivables arise due to contractual obligations or settlement with third parties.

##### Financial liabilities

Financial liabilities are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial liability is derecognised.

#### b) Revenue and Other Income

Interest revenue is recognised using the effective interest method.

#### c) Goods and Services Tax (GST)

Revenues (with the exception of interest), 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 and included in receipts from customers or payments to suppliers.

## Public Holdings (Australia) Limited

ABN 65 000 332 918

### Notes to the Financial Statements For the Year Ended 31 December 2017

#### 1. Summary of Significant Accounting Policies (Cont'd)

##### d) Going Concern:

The financial statements have been prepared on a going concern basis, which contemplates the continuation of normal business operations and realisation of assets and settlement of liabilities in the normal course of business. The Directors have considered and noted the following with regard to the ability at the Company to continue as a going concern:

The Company incurred a net loss of \$453,765 for the year ended 31 December 2017 which included expenses of \$267,527 associated with the proposed acquisition of gold projects and re-listing.

Additional funding of \$290,000 (excluding capital raising costs) was raised during December 2017 in the form of convertible notes. This funding was used for the purposes of working capital.

An announcement was made to the share market on 10 January 2018 that the Company is to become a significant WA gold and base metals explorer. The Company plans to raise up to \$7.5 million via a share placement at 4 cents per share with a free one-for-one attaching option exercisable at 6 cents per share. The name change, acquisition of resource projects and capital raising are subject to shareholder approval, completion of the transaction and re-compliance with Chapters 1 and 2 of the ASX Listing Rules.

The Company has entered into conditional binding agreements with Great Sandy Pty Ltd and Drillabit Pty Ltd to acquire three resource projects.

The Board has the ability to raise funds for working capital should the need arise. This is based on previous history of the Board where funds have been raised based on ASX Listing Rule 7.1 and in the form of Convertible Notes. Listing Rule 7.1 provides the Company with a 15% placement capacity to raise additional funds.

On the basis of these factors, the Directors believe that the going concern basis of preparation of the financial statements is appropriate.

##### e) Adoption of New and Revised Accounting Standards:

During the current year the Company adopted all of the new and revised Australian Accounting Standards and Interpretations applicable to its operations which became mandatory.

There was no material impact on the financial statements as a result of the adoption of the revised Australian Accounting Standards and Interpretations applicable to its operations.

##### f) New Accounting Standards for Application in Future Periods:

At the date of authorisation of the financial report, there were a number of Standards on issue but not yet effective. Many standards are not relevant to the Company.

The Directors have reviewed these standards and based on the current operations of the Company, they do not believe that the standards will have a material impact on reported financial position or performance of the Company.



# Public Holdings (Australia) Limited

ABN 65 000 332 918

## Notes to the Financial Statements

For the Year Ended 31 December 2017

	Note	31 Dec 2017 \$	31 Dec 2016 \$
<b>2. Revenue and Expenses</b>			
The following revenue and expense items are relevant in explaining the financial performance for the year:			
<i>Revenue:</i>			
Settlement receivable from Mobilicom Limited	4a	-	418,182
Settlement received from Your Dash Pty Ltd		-	10,000
Interest received - bank accounts		1,687	1,720
Total Revenue		<u>1,687</u>	<u>429,902</u>
<i>Expenses:</i>			
Amounts received or due and receivable by the auditors:			
Auditing the financial statements		(12,350)	(9,350)
Expenses associated with proposed acquisition of gold projects and re-listing		(267,527)	-
Expenses associated with Mobilicom Limited transaction		<u>-</u>	<u>(540,134)</u>
<b>3. Income Tax Expense</b>			
The prima facie tax on net loss for year is reconciled to income tax as follows:			
Prima facie income tax on loss at 30%:		(136,130)	(64,810)
<b>Tax effect of:</b>			
Non-allowable items		117,709	16,622
Benefit of tax losses not recognised		18,421	48,188
Income tax attributable to entity		<u>-</u>	<u>-</u>
A deferred tax asset has not been recognised in respect of the carry forward of unused tax losses as at this stage it is not probable that future taxable profits will be derived. Tax losses approximate \$1,613,923 and capital losses \$2,190,196.			
The benefit of tax losses will only be obtained if:			
■ the Company derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the losses to be realised,			
■ the Company continues to comply with the conditions for deductibility imposed by tax legislation. This includes being able to satisfy the continuity of ownership test or the same business test which appear unlikely having regards to events noted after the reporting date and			
■ no changes in tax legislation adversely affect the Company in realising the benefit from tax losses.			
<b>4. Other Receivables - Current</b>			
Other receivables		18,180	-
Receivable - Mobilicom Limited	4a	-	450,000
		<u>18,180</u>	<u>450,000</u>
<i>Provision for impairment of loan</i>			
Opening balance		-	(102,301)
Your Dash Pty Ltd Loan written off against provision		-	102,301
Closing balance		<u>-</u>	<u>-</u>

# Public Holdings (Australia) Limited

ABN 65 000 332 918

## Notes to the Financial Statements

### For the Year Ended 31 December 2017

#### 4. Other Receivables - Current (cont'd)

4a. An announcement was made to the market on 17 January 2017 of the termination of the Share Swap Agreement with Mobilicom Limited. Settlement arrangements provided for the payment by Mobilicom Limited to the Company of the sum of \$450,000. Of this amount, \$100,000 represents the repayment of a fee paid to Mobilicom Limited under the terms of the Share Swap Agreement and \$350,000 (\$318,818 excluding GST) to cover expenses incurred by the Company in connection with its efforts to seek and implement the proposed transaction. The amount of \$450,000 was treated as an adjusting event at 31 December 2016 due to ongoing negotiations which commenced during December 2016 notwithstanding that the settlement agreement with Mobilicom Limited was not signed until 17 January 2017. Settlement funds of \$450,000 (\$418,182 excluding GST) were received by the Company as announced to the ASX on 3 March 2017.

#### 4b. Credit risk

The Company has no significant concentration of credit risk with respect to any single counterparty or group of counterparties. The class of assets described as 'trade and other receivables' is considered to be the main source of credit risk related to the Company. All the trade and other receivables are within initial trade terms.

#### 5. Issued Capital

##### 5a. Capital

37,958,000 (2016: 37,958,000) fully paid ordinary shares

At beginning of reporting period:

Placement of 6,500,000 shares on 10 June 2016

Capital raising expenses

Issue of shares as consideration for services rendered

At end of reporting period:

	31 Dec 2017	31 Dec 2016
	\$	\$
	1,600,136	1,600,136
At beginning of reporting period:	1,600,136	1,153,136
Placement of 6,500,000 shares on 10 June 2016	-	390,000
Capital raising expenses	-	(3,000)
Issue of shares as consideration for services rendered	-	60,000
At end of reporting period:	1,600,136	1,600,136

##### 5b. Shares

Number of shares at beginning of year:

Shares issued during the year:

Placement of 6,500,000 shares on 10 June 2016

Shares issued as consideration for services rendered

Number of shares at end of year:

	No of shares	No of shares
Number of shares at beginning of year:	37,958,000	30,458,000
Shares issued during the year:	-	6,500,000
Placement of 6,500,000 shares on 10 June 2016	-	1,000,000
Shares issued as consideration for services rendered	-	1,000,000
Number of shares at end of year:	37,958,000	37,958,000

Earnings (Loss) per ordinary share:

Basic earnings (loss) per share ('EPS')

Diluted earnings (loss) per share ('EPS')

	Cents/share	Cents/share
Basic earnings (loss) per share ('EPS')	(1.20)	(0.63)
Diluted earnings (loss) per share ('EPS')	(1.18)	(0.63)

Weighted average number of ordinary shares outstanding during the period used in the calculation of basic EPS

Weighted average number of ordinary shares and note holders shares used in the calculation of basic diluted EPS

	No of shares	No of shares
Weighted average number of ordinary shares outstanding during the period used in the calculation of basic EPS	37,958,000	34,174,066

	No of shares	No of shares
Weighted average number of ordinary shares and note holders shares used in the calculation of basic diluted EPS	38,386,440	-

Net loss for the year used in the calculation of basic and diluted earnings per share

	\$	\$
Net loss for the year used in the calculation of basic and diluted earnings per share	(453,765)	(216,033)

As the Company has the option to convert the notes to shares at any time, 9,666,667 ordinary shares have been taken into the calculation of the weighted average from the date the notes were signed by the Company during December 2017. The options attaching to the convertible notes have not been included in the calculation of the weighted average as they are viewed as antidiluted.

##### 5c. Capital Management:

The Directors control the capital to ensure that the Company can fund its operations and continue as a going concern. There are no externally imposed capital requirements.

The Directors effectively manage the Company's capital by assessing financial risks and adjusting its capital structure in response to changes in these risks and to changes in the market. The strategy adopted by the Board to manage risk and control the capital of the Company since the prior year has been to raise additional capital via a Convertible Note issue and carefully monitor expenditure.



# Public Holdings (Australia) Limited

ABN 65 000 332 918

## Notes to the Financial Statements For the Year Ended 31 December 2017

### 5c. Issued Capital : Capital Management (cont'd)

Further capital raising will occur during the 2018 as set out in an announcement to ASX made on 10 January 2018 that the Company is proposing to raise capital up to \$7.5 million for the purpose of becoming a significant WA gold and base metals explorer.

	Note	31 Dec 2017 \$	31 Dec 2016 \$
<b>6. Reserves</b>			
<i>Convertible Note Reserve</i>			
Opening balance		-	-
Convertible notes recognised as equity	6a	290,000	-
Less Capital raising expenses		(18,850)	-
Closing balance		<u>271,150</u>	<u>-</u>
<i>Share Based Payment Reserve</i>			
Opening Balance		-	-
Shares to be issued for services rendered	11	13,467	-
Closing balance		<u>13,467</u>	<u>-</u>

### 6a. Convertible Notes recognised as equity

Additional funding of \$290,000 was raised for the purposes of working capital during December 2017 in the form of convertible notes which are interest free and unsecured.

The Company has the option to convert the notes at any time to shares and they are convertible for a fixed number of shares. There is no unconditional obligation to pay cash or other financial asset to the holder and therefore in accordance with AASB 132, the notes have been classified as equity.

The notes will automatically convert to shares upon the Company issuing a Prospectus and obtaining shareholder approval for the issue of the shares on conversion of the notes. The note holders are entitled to a subscription for ordinary shares converting at an issue of \$0.03 (3 cents) per ordinary share (equivalent to 9,666,667 ordinary shares) and free attaching options with an exercise price of \$0.06 (6 cents). The options expire 30 months from the date of issue of the shares and entitle the holder to one ordinary share in the Company.

	31 Dec 2017 \$	31 Dec 2016 \$
<b>7. Cash Flow Information</b>		
<b>Reconciliation of cash flows from operations with net loss for the year</b>		
Net loss for the year	(453,765)	(216,033)
Non-cash flows from ordinary activities:		
Shares issued in lieu of services rendered	-	60,000
Changes in assets and liabilities:		
Decrease/(increase) in other receivables	431,820	(448,664)
Increase/(decrease) in trade and other payables	1,222	80,577
Other adjustments	(5,383)	-
Net cash used in operating activities	<u>(26,106)</u>	<u>(524,120)</u>

### 8. Contingent Liabilities

The Company is not aware of any contingent liabilities.

### 9. Operating Segments:

The Company operates in one reporting segment in Australia which is investments. This involves the holding of cash reserves to fund anticipated costs associated with identifying and assessing new business opportunities and funding costs associated with the acquisition of a new business opportunity.

### 10. Key Management Personnel (KMP) Remuneration:

No remuneration was paid to KMPs.

### 11. Related Party Transactions

Convertible note funding was organised by Peregrine Corporate Limited ('Peregrine') of which the Chairman, Bryan Frost is a Director and Shareholder. Commission of \$18,850 representing 6.5% of the capital raising costs is payable to Peregrine.

Peregrine has elected to receive \$13,467 of this amount as ordinary shares and the balance of \$5,383 as cash. The amount disclosed as shares has been recognised as a share based payment. As the shares will not be issued until the next General Meeting of the Company, the amount of \$13,467 has been transferred to the Share Based Payment Reserve.



# Public Holdings (Australia) Limited

ABN 65 000 332 918

## Notes to the Financial Statements

### For the Year Ended 31 December 2017

#### 12. Financial Risk Management

Financial instruments consist mainly of deposits with banks, other receivables and trade and other payables.

##### Financial Risk Management Policies

The use of financial instruments is governed by policies approved by the Board of Directors. The Directors are responsible for managing treasury requirements.

##### Financial Risk Exposures

The main risks the Company is exposed to through its financial instruments are interest rate risks and liquidity risk.

#### 12a. Interest rate risk

Interest rate risk is managed with a mixture of cash at bank, short term deposits and financial assets. The interest receivable on bank deposits can vary depending upon interest rates from time to time. The Company has not used interest rate swaps to hedge its exposure to interest rate risk.

	31 Dec 2017	31 Dec 2016
The effective interest rates of cash and cash equivalents of the Company at the reporting date are set out below:		
Average interest rate	0.54%	0.84%

#### 12b. Liquidity risk

The Board manages liquidity risk by monitoring cash flows and maintaining sufficient cash to meet operational requirements and the costs associated with identifying and assessing new business opportunities.

#### 12c. Financial liability maturity analysis

All liabilities of the current year and comparative year are due to be paid within six months. No liabilities extend beyond this period.

#### 12d. Credit risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the Statement of Financial Position and Notes to the financial statements. No collateral has been given in the form of a guarantee by the Company.

The Board monitors credit risk by actively assessing the rating quality and liquidity of counterparties. The Company's cash at bank and bank deposits are placed with reputable banks with good credit ratings.

#### 12e. Sensitivity Analysis

The Directors do not believe that any reasonably possible movement in the interest rate would cause a material impact on the reported result for the year.

#### 13. Events after the reporting date

An announcement was made to the ASX on 10 January 2018 that the Company is to become a significant WA gold and base metals explorer. It is proposed to hold a General Meeting to approve various resolutions relating to the change in its activities and for reinstatement of the Company's securities.

- It is the Company's intention to acquire mining projects involving exploration for gold, copper and base metals.
- It is proposed that the Company change its name to "First Au Limited".
- The Company will be raising up to \$7.5 million through a public offering at a subscription price of 4 cents per share, which includes a free 1 for 1 attaching 2-year listed option exercisable at 6 cents per share.
- The transaction is subject to the approval of PHA shareholders, the raising of a minimum subscription amount of \$5.5 million (Minimum Subscription Amount) and receiving conditional approval for reinstatement of the Company's securities on ASX.

## Public Holdings (Australia) Limited

ABN 65 000 332 918

### Directors' Declaration

In accordance with a resolution of the Directors of Public Holdings (Australia) Limited, the Directors of the Company declare that:

1. The financial statements and notes set out on pages 8 to 17 are in accordance with the *Corporations Act 2001* and:
  - (a) comply with Accounting Standards, which, as stated in accounting policy Note 1 to the financial statements, constitutes compliance with International Financial Reporting Standards; and
  - (b) give a true and fair view of the financial position as at 31 December 2017 and of the performance for the year ended on that date of the Company.
2. In the Director's opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and
3. The Directors have been given the declarations required by s 295A of the *Corporations Act 2001* from the Chief Executive Officer and Chief Financial Officer.



**Bryan Frost**  
**Chairman and Managing Director**  
26 February 2018

**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF PUBLIC HOLDINGS (AUSTRALIA) LIMITED**

**REPORT ON THE AUDIT OF THE FINANCIAL REPORT**

**Opinion**

We have audited the financial report of Public Holdings (Australia) Limited (the Company), which comprises the statement of financial position as at 31 December 2017, the statement of comprehensive income, statement of changes in equity and 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 Public Holdings (Australia) Limited, is in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the company's financial position as at 31 December 2017 and of its financial performance for the year then ended; and
- b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

**Basis for Opinion**

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Company 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.

**Material Uncertainty Related to Going Concern**

We draw attention to Note 1(d), "Going Concern" in the financial report which indicates that the company incurred a net loss of \$453,765 for the year ended 31 December 2017. In addition the company had a net operating cash outflow of \$26,106 for the year ended 31 December 2017. As stated in Note 1(d), this event along with other matters as set forth in note 1(d) indicate that a material uncertainty exists that may cast doubt on the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.



**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF PUBLIC HOLDINGS (AUSTRALIA) LIMITED (Continued)**

**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. We do not provide a separate opinion on these matters. Including the matter described in the Materiality Uncertainty Related to Going Concern, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matter	How our audit addressed the key audit matter
<p><b>Convertible Notes</b></p> <p>The company issued Convertible Notes in December 2017 as disclosed in Note 6(a) to the financial statements. These notes have been recognized as a convertible note reserve in the equity section of the Statement of Financial Position rather than a liability.</p> <p>Convertible notes are considered to be a key audit matter due to:</p> <ul style="list-style-type: none"> <li>• The value of the notes; and</li> <li>• The complexities involved in the recognition and measurement of these financial instruments.</li> </ul>	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> <li>• We evaluated the contractual agreements to identify the key terms and conditions of the convertible notes;</li> <li>• We verified the receipt the funds received from the issue of convertible notes during the year;</li> <li>• We evaluated management's assessment of the accounting treatment of the convertible notes in accordance with relevant Australian Accounting Standards;</li> <li>• We assessed the adequacy of the disclosures included in the financial report.</li> </ul>
<p><b>Going Concern</b></p> <p>The company incurred a net loss of \$453,765 for the year ended 31 December 2017 and had net operating cash outflows of \$26,106 for the year ended 31 December 2017 which indicates a material uncertainty regarding the application of the going concern basis of accounting.</p>	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> <li>• We analysed the cash flow projections by evaluating the underlying data used to generate the projections for consistency with other information tested by us, our understanding of the Company's intentions, and past practices;</li> <li>• We assessed the planned levels of operating expenditure for consistency of relationships and trends to the company's historical results, results since year end, and our understanding of the business and economic conditions of the company;</li> <li>• We evaluated the events after reporting date and the impact that such events may have on the company.</li> </ul>

**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF PUBLIC HOLDINGS (AUSTRALIA) LIMITED (Continued)**

**Other Information**

The directors are responsible for the other information. The other information comprises the information included in the Company's Annual Report for the year ended 31 December 2017, but does not include the financial report and our 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 Company's ability 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 Company or to cease operations, or have no realistic alternative but to do so.

**Auditor's Responsibilities for the Audit of the Financial Report**

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

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.



**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF PUBLIC HOLDINGS (AUSTRALIA) LIMITED (Continued)**

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

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

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**Report on the Remuneration Report**


*Opinion on the Remuneration Report*

We have audited the Remuneration Report included in page 6 of the directors' report for the year ended 31 December 2017.

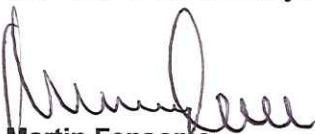
In our opinion, the Remuneration Report of Public Holdings (Australia) Limited, for the year ended 31 December 2017, complies with section 300A of the *Corporations Act 2001*.

*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.



McLean Delmo Bentleys Audit Pty Ltd



**Martin Fensome**  
Partner

26 February 2018 Hawthorn



## Public Holdings (Australia) Limited

ABN 65 000 332 918

### Shareholder Information

Shareholder information set out below was applicable as at 23 February 2018.

#### (a) Distribution of Equity Securities

(i) The number of ordinary shareholders in different categories are as follows:

100,001 and Over	30
10,001 to 100,000	14
5,001 to 10,000	12
1,001 to 5,000	168
1 to 1,000	1,177
Total	<b>1,401</b>

(ii) Holders of less than a marketable parcel	<b>1,356</b>
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#### (b) Substantial Shareholders

Names of substantial shareholders who own 5% of more of the voting shares:	<b>Shares held</b>
BRYAN FROST	7,250,000
NEWPORT PRIVATE WEALTH PTY LTD	5,333,333
CHIFLEY PORTFOLIOS PTY LTD	5,000,000
CLAYTON DODD	4,000,000
PENLEIGH BANNER PTY LTD	3,997,580

This list of substantial shareholders includes shares that are held directly, indirectly or beneficially.

#### (c) Voting rights

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

Twenty Largest Fully Paid Shareholders		Number of Shares	Percentage of shares
1	NEWPORT PRIVATE WEALTH PTY LTD	5,333,333	14.05%
2	CHIFLEY PORTFOLIOS PTY LTD	5,000,000	13.17%
3	CLAYTON DODD	4,000,000	10.54%
4	PENLEIGH BANNER PTY LTD	3,997,580	10.53%
5	QUEENSLAND MM PTY LTD	3,000,000	7.90%
6	ACTIONETTE PTY LTD	3,025,000	7.97%
7	MR ALEXANDER FLEMING WYLIE	1,300,000	3.42%
8	CAMAC INVESTMENTS PTY LTD	1,000,000	2.63%
8	MR PETER FREDERICK CHAPMAN & MRS DIANNE MARGARET CHAPMAN	1,000,000	2.63%
8	QUEENSLAND MM PTY LTD (AS TRUSTEE)	1,000,000	2.63%
9	LSAF HOLDINGS PTY LTD	950,000	2.50%
10	BRIDUN PTY LTD	819,857	2.16%
11	KASTIN PTY LTD	800,000	2.11%
12	GRACE CHAN SAI WAH CHU	655,512	1.73%
13	WINPAR HOLDINGS LIMITED	614,880	1.62%
14	AUSTRALIAN EXECUTOR TRUSTEES LIMITED	600,000	1.58%
15	CANTORI PTY LTD	584,315	1.54%
16	MRS SUSAN HELEN MCBAIN	583,333	1.54%
17	MR ORESTE ANTHONY BIZIAK	510,116	1.34%
18	SHARED OFFICE SERVICES PTY LTD	400,000	1.05%
19	GLENFARE INVESTMENTS PTY LTD	350,000	0.92%
20	PINK PUMPKIN PTY LTD	327,357	0.86%
TOTAL SHARES TOP 20		<b>35,851,283</b>	<b>94.45%</b>
TOTAL ISSUED SHARES		<b>37,958,000</b>	<b>100%</b>

#### Unquoted Securities:

The list of twenty largest fully paid shareholders includes CAMAC Investments Pty Ltd holding 1,000,000 shares. These shares are unquoted securities issued on 22 November 2016 and issued after the Company's suspension from official quotation on 6 June 2016.

## **Corporate Governance Statement**

The Corporate Governance Statement is current at 26 February 2018 and was approved by the Board.

There are some limitations in the application of these Corporate Governance Principles due to the small size of the Company. The Company does not employ staff at the date of this report.

It is planned to update the Corporate Governance Statement due to the proposed change at the next General Meeting of the Company in the nature and scale of activities of the Company resulting from the proposed acquisition of gold mining tenements and the capital raising of a maximum of \$7.5 million.

### **Principle 1: Lay solid foundations for management and oversight**

#### **1.1 A listed entity should disclose:**

- (a) *the respective roles and responsibilities of its Board and management, and*
- (b) *those matters expressly reserved to the Board and those delegated to management.*

The Board of Directors is responsible for the overall Corporate Governance of the Company including its strategic direction, establishing goals for management and monitoring the achievement of these goals.

At this stage in the Company's cycle, the Company has no employees other than Directors.

The primary responsibilities of the Board include responsibilities for:

- oversight of the Company, including its control and accountability systems;
- appointing and removing the Chief Executive Officer (or equivalent);
- ratifying the appointment and, where appropriate, the removal of the Chief Financial Officer (or equivalent) and the Company Secretary;
- input into and final approval of management's development of corporate strategy and performance objectives;
- reviewing and overseeing systems of risk management and internal compliance and control, codes of conduct, and legal compliance;
- monitoring senior management's performance and implementation of strategy, and ensuring appropriate resources are available. (note due to size, the Company does not have senior management);
- approving and monitoring the progress of major capital expenditure, capital management, and
- approving and monitoring financial and other reporting.

#### **1.2 A listed entity should:**

- (a) *undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election as a Director; and*
- (b) *provide security holders with all material in its possession relevant to a decision on whether or not to elect or re-elect a Director.*

The current Directors have been elected to take the Company through a transition phase culminating in the acquisition of a new business opportunity.

New Directors are expected to participate fully and actively in management decision-making at the earliest possible opportunity to ensure appropriate understanding about the Company's financial position, strategies, operations, risks management policies and the respective responsibilities and duties of the Board.

The Notice of Meeting of the Company sets out the Directors standing for re-election each year at the AGM. This notice provides security holders with all material in its possession relevant to a decision on whether or not to elect or re-elect a Director.

#### **1.3 A listed entity should have a written agreement with each Director and senior executive setting out the terms of their appointment.**

The Company does not have a written agreement with each Director setting out the terms of their appointment. The Directors do not consider this is necessary as their role is to investigate business opportunities leading to the introduction of a new business venture.

The Company is not compliant with Principle 1.3.



## **Corporate Governance Statement**

**1.4** *The Company Secretary of a listed entity should be accountable directly to the Board, through the Chair, on all matters to do with the proper functioning of the Board.*

The Company Secretary is accountable directly to the Board, through the Chair, on all matters to do with the proper functioning of the Board.

**1.5** *A listed entity should:*

- (a) *have a diversity policy which includes requirements for the Board or a relevant committee of the Board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them;*
- (b) *disclose that policy or a summary of it; and*
- (c) *disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the Board or a relevant committee of the Board in accordance with the entity's diversity policy and its progress towards achieving them and either:*
  - (1) *the respective proportions of men and women on the Board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or*
  - (2) *if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.*

As the current Board was appointed on 19 September 2014, the Board has not been in a position to incorporate gender diversity. This Principle will be re-considered following the acquisition of a new business venture.

The Company does not comply with Principle 1.5.

**1.6** *A listed entity should:*

- (a) *have and disclose a process for periodically evaluating the performance of the Board, its committees and individual Directors; and*
- (b) *disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.*

Due to the small size of the Board and as the Board has a specific task to locate a new business opportunity, a performance evaluation has not been undertaken

The Board has not complied with Principle 1.6(b) for the reasons noted above.

**1.7** *A listed entity should:*

- (a) *have and disclose a process for periodically evaluating the performance of its senior executives; and*
- (b) *disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.*

Due to the small size of the Company, there are no senior executives. At the date of this report, this section is not applicable.

### **Principle 2: Structure the Board to add value**

**2.1** *The Board of a listed entity should:*

- (a) *have a nomination committee which:*
  - (1) *has at least three members, a majority of whom are independent Directors; and*
  - (2) *is chaired by an independent Director,**and disclose:*
  - (3) *the charter of the committee;*
  - (4) *the members of the committee; and*
  - (5) *as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or*
- (b) *if it does not have a nomination committee, disclose that fact and the processes it employs to address Board succession issues and to ensure that the Board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.*



## **Corporate Governance Statement**

### **2.1 *The Board of a listed entity: (cont'd)***

The Company does not have a formal nomination committee due to the small scale and nature of the Company's activities. The whole Board meet to consider additional appointments to the Board.

The names and qualifications of the Directors of the Company in office at the date of this Statement are set out in the Directors' Report. Directors are appointed based on their corporate experience and ability to add value and to re-invigorate the Company.

The Board considers it has the balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.

### **2.2 *A listed entity should have and disclose a Board skills matrix setting out the mix of skills and diversity that the Board currently has or is looking to achieve in its membership.***

The current Board considers that has the necessary skills and diversity to transition the Company from an investment entity to an operating business venture. The experience of the Directors are set out in the Directors Report.

### **2.3 *A listed entity should disclose:***

- (a) *the names of the Directors considered by the Board to be independent directors;*
- (b) *if a Director has an interest, position, association or relationship, but the Board is of the opinion that it does not compromise the independence of the Director, the nature of the interest, position, association or relationship in question and an explanation of why the Board is of that opinion; and*
- (c) *the length of service of each Director.*

The names of the Board considered to be independent Directors are Mr Oreste Biziak and Mr Clayton Dodd.

The Board has considered the following matters in their determination of Executive and Non-Executive (Independent) Directors:

- Mr Bryan Frost is Chairman and Managing Director. He is responsible for the design, development and implementation of strategic plans for the Company in a cost-effective and time-efficient manner. Bryan is responsible for the day-to-day operations of the Company. Bryan also holds the positions of Chief Executive Officer (CEO) and Chief Financial Officer (CFO). He is considered to be an Executive Director.
- Mr Peter Chapman is involved in the day to day operations of the Company. Peter is considered to be an Executive Director.
- Mr Clayton Dodd is not involved in the day to day operations of the Company. Although he holds a substantial parcel of shares, he is considered by the Board to be a Non- Executive Director and therefore an independent Director.
- Mr Oreste Biziak has been a Director since 2005. During the term of the previous Directors, he was considered to be the only independent Director on the Board. The current Directors do not consider his term of office has impaired his ability to act as an independent Director. Oreste is not involved in the day to day operations of the Company and is considered to be a Non-Executive Director.

The length of service of each Director is set out in the Directors Report.

Due to a change in the planned activities of the Company to a Western Australia (WA) gold and base metal explorer, there is a proposal at the next General Meeting of the Company for the current Directors to resign except for Bryan Frost who would continue as Executive Chairman.

### **2.4 *A majority of the Board of a listed entity should be independent Directors.***

The current Board includes two Executive and two Non-Executive or independent Directors.

The Board does not intend to appoint further Directors until a new business venture is identified.

The Company does not comply with Principle 2.4.

### **2.5 *The Chair of the Board of a listed entity should be an independent Director and, in particular, should not be the same person as the CEO of the entity.***

The functions of the Chief Executive Officer (CEO) and Chief Financial Officer (CFO) are carried out by the Chairman of the Board of Directors.

Due to the small size of the Company, the Company does not employ senior staff to carry out the roles of CEO or CFO. The Company does not comply with Principle 2.5 of the Principles of Good Corporate Governance.

## **Corporate Governance Statement**

**2.6** *A listed entity should have a program for inducting new Directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as Directors effectively.*

The Board members have previous experience as Directors of Companies as explained in the Directors Report.

The Company does not have a program for inducting new Directors and therefore does not comply with Principle 2.6.

### **Principle 3: Act ethically and responsibly**

**3.1** *A listed entity should:*

- (a) *have a code of conduct for its Directors, senior executives and employees; and*
- (b) *disclose that code or a summary of it.*

The Company's commitment is to comply with its legal obligations and to act ethically and responsibly.

The Company's expectation are that all Directors, senior executives and employees will:

- act in the best interests of the entity;
- act honestly and with high standards of personal integrity;
- comply with the laws and regulations that apply to the entity and its operations;
- not knowingly participate in any illegal or unethical activity;
- not enter into any arrangement or participate in any activity that would conflict with the entity's best interests or that would be likely to negatively affect the entity's reputation;
- not take advantage of the property or information of the entity or its customers for personal gain or to cause detriment to the entity or its customers; and
- not take advantage of their position or the opportunities arising therefrom for personal gain.

The Company, Directors and personnel do not accept bribes and other unlawful or unethical payments or inducements. Business courtesies and facilitation payments are brought to the attention of the Chairman prior to acceptance.

Actual or potential conflicts of interest are discussed with the Chair or at Board level.

The Company encourages the reporting of unlawful or unethical behaviour and protects "whistle-blowers" who report violations in good faith. The Company adopts the Victorian *Whistle-blowers Protection Act 2001*.

### **Principle 4: Safeguard integrity in financial reporting**

**4.1** *The Board of a listed entity should:*

- (a) *have an audit committee which:*
  - (1) *has at least three members, all of whom are Non-Executive Directors and a majority of whom are independent directors; and*
  - (2) *is chaired by an independent Director, who is not the Chair of the Board, and disclose:*
    - (3) *the charter of the committee;*
    - (4) *the relevant qualifications and experience of the members of the committee; and*
    - (5) *in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or*
- (b) *if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.*

The current Board attend audit committee meetings. Two members of the Board are Executive Directors and two Directors are Non-Executive Directors. The Directors are not able to comply with this Principle that requires three members to be Non-Executive Directors due to the size and composition of the Board.

The audit committee is chaired by Mr Oreste Biziak who is an independent Director.



## Corporate Governance Statement

### Principle 4.1 (Continued)

The Charter of the audit committee is to review and make recommendations to the Board in relation to:

- the adequacy of the entity's corporate reporting processes;
- whether the entity's financial statements reflect the understanding of the committee members of, and otherwise provide a true and fair view of, the financial position and performance of the entity;
- the appropriateness of the accounting judgements or choices exercised by management in preparing the entity's financial statements;
- the appointment or removal of the external auditor;
- the rotation of the audit engagement partner;
- the scope and adequacy of the external audit;
- the independence and performance of the external auditor;
- any proposal for the external auditor to provide non-audit services and whether it might compromise the independence of the external auditor;

The Directors are all members of the audit committee. Their qualifications and experience are set out in the Directors Report.

The number of times the audit committee has met is set out in the Directors Report.

- 4.2 *The Board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.*

Section 295A of the *Corporations Act 2001* requires each person who performs the CEO or CFO function in a listed entity to provide a declaration that, in their opinion, the financial records of the Company for a financial year have been properly maintained in accordance with the Act and that the financial statements and the notes for the financial year comply with the accounting standards and give a true and fair view of the financial position and performance of the company. This declaration is provided before the Directors approve the financial statements for the financial year.

This statement is provided to the Board as required by Section 295A.

- 4.3 *A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.*

The external auditor has attended AGM's in previous years and will be invited to attend the Company's next AGM.

### Principle 5: Make timely and balanced disclosure

#### 5.1 *A listed entity should:*

- (a) *have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and*
- (b) *disclose that policy or a summary of it.*

The policy of the Company for complying with its continuous disclosure obligations under the Listing Rules:

- Subject to certain exceptions, the Company will disclose to ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of its securities.
- The Company will ensure all investors have equal and timely access to material information concerning the Company, including its financial position, performance, ownership and governance.
- The Chair and the Board are responsible for safeguarding confidentiality of corporate information to avoid premature disclosure.
- All media contact and comment is through the Chair.
- All external communications such as analyst briefings and responses to security holder questions are through the Chair.
- The Company will not comment on media speculation or market rumours. The Company will respond to any concerns by the ASX pursuant to Listing Rule 3.1B in relation to a false market.



## **Corporate Governance Statement**

### **Principle 6: Respect the rights of security holders**

#### **6.1** *A listed entity should provide information about itself and its governance to investors via its website.*

The Company does not have a web site. Information is communicated to shareholders as follows:

- notices of meetings of shareholders,
- letters to shareholders, and
- documents that are released publicly are made available on the ASX web site as market announcements.

#### **6.2** *A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.*

Two-way communications with investors is currently undertaken by market announcements, actively engaging at the AGM and responding to enquiries from time to time.

#### **6.3** *A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.*

The policies and processes to facilitate and encourage participation at meetings of security holders:

- provide an understanding of its business, governance, financial performance and prospects.
- provide an opportunity for security holders to express their views to the Board and management about areas of concern or interest.
- afford security holders who are not able to attend the general meeting the opportunity to provide questions or comments ahead of the meeting.

General meetings of the Company provide an opportunity for security holders to express their views about any areas of concern or interest.

#### **6.4** *A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.*

The registry does provide security holders the option to receive communications electronically.

The email address of the Company Secretary is located with the Company details on the ASX web site.

### **Principle 7: Recognise and manage risk**

#### **7.1** *The Board of a listed entity should:*

- (a) *have a committee or committees to oversee risk, each of which:*
  - (1) *has at least three members, a majority of whom are independent Directors; and*
  - (2) *is chaired by an independent Director,**and disclose:*
  - (3) *the charter of the committee;*
  - (4) *the members of the committee; and*
  - (5) *as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or*
- (b) *if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.*

Due to the size of the Company, it does not have a risk committee.

The processes the Company employs for overseeing the entity's risk management framework are:

- The Board monitors and where appropriate receives advice on areas of operational and financial risks, and considers strategies for appropriate risk management arrangements.
- Specific areas of risk, which are identified, are regularly considered at Board meetings and include performance of segments of the entity, human resources, environment, continuous disclosure obligations and financial matters covering internal control and cash flow.

## **Corporate Governance Statement**

### **7.2 The Board or a committee of the Board should:**

- (a) *review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and*
- (b) *disclose, in relation to each reporting period, whether such a review has taken place.*

A review of the risk framework including, where applicable, performance of segments of the entity, human resources, environment, continuous disclosure obligations and financial matters covering internal control and cash flow was undertaken by the current Board at its meeting held on 27 March 2017. It was considered that regular risk reviews were unnecessary unless the nature of the operations of the Company changed.

### **7.3 A listed entity should disclose:**

- (a) *if it has an internal audit function, how the function is structured and what role it performs; or*
- (b) *if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.*

The Company does not have an internal audit function. The Board evaluates and continually improves the effectiveness of its risk management and internal control processes by review and discussion at Board level.

### **7.4 A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.**

The Company does not have any material exposure to economic, environmental and social sustainability risks.

## **Principle 8: Remunerate fairly and responsibly**

### **8.1 The Board of a listed entity should:**

- (a) *have a remuneration committee which:*
  - (1) *has at least three members, a majority of whom are independent Directors; and*
  - (2) *is chaired by an independent Director,**and disclose:*
  - (3) *the charter of the committee;*
  - (4) *the members of the committee; and*
  - (5) *as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or*
- (b) *if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for Directors and senior executives and ensuring that such remuneration is appropriate and not excessive.*

Although the Board does not have a remuneration committee, the full Board takes on this function where required. The Board does not currently pay Directors fees.

In the event that the Board was required to pay Directors and senior executives remuneration, the Board would consider market rates and may consult with executive recruitment firms to ensure the remuneration is appropriate and not excessive.

### **8.2 A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive Directors and the remuneration of executive Directors and other senior executives.**

At the date of this Statement, the Directors are not paid Directors fees or salaries.

In the event the Company paid remuneration:

- Non-executive Directors: the fee would be a fixed remuneration and not based on performance as such a performance based fee may lead to bias in decision making and compromise objectivity. It would also be acceptable to consider equity-based remuneration.
- Executive Directors and other senior executives may be paid a mix of fixed remuneration and performance-based remuneration. Equity based remuneration would also be considered.

### **8.3 A listed entity which has an equity-based remuneration scheme should:**

- (a) *have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and*
- (b) *disclose that policy or a summary of it.*

The Company does not have an equity-based remuneration scheme at the date of this report.

In the event that the Company adopted an equity-based remuneration scheme, participants would not be allowed to hedge or otherwise limit the economic risk of participating in the scheme.