



NMG Corporation Limited
(Formerly Noble Mineral Resources Limited)
ABN 36 124 893 465

HALF - YEAR FINANCIAL REPORT

31 DECEMBER 2016



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Corporate information

ABN 36 124 893 465

Directors

Mike Hill – Executive Chairman
Mike Everett - Non Executive Director
Jonathan Pager – Finance Director
Brett Chenoweth -Executive Director

Company Secretary

Andrew Whitten

Registered Office and Principal Place of Business

Level 29, 201 Elizabeth Street
Sydney, NSW 2000

Share Registry

Link Market Services Limited
Level 4 Central Park
152 St Georges Terrace
Perth, Western Australia, 6000
Investor Enquiries: 1300 554 474
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Auditor

Stantons International
Level 2
1 Walker Avenue
Perth, Western Australia, 6005

Solicitors

Whittens Lawyers and Consultants
Level 29, 201 Elizabeth Street
Sydney, NSW 2000

Bankers

Westpac Banking Corporation
94 Church Street
Middle Brighton VIC 3186

Stock Exchange

Securities are listed on the Australian Securities Exchange (ASX)
ASX Code: NMG

Website

<http://www.nmglimited.com.au>



Directors' report

Your directors submit their report of NMG Corporation Limited (formerly Noble Mineral Resources Limited) for the half year ended 31 December 2016.

Directors

The names and details of the Company's directors in office during the financial year and until the date of this report are as follows.

Name	Particulars
Mike Hill	<i>Executive Chairman</i>
Mike Everett	<i>Non-Executive Director</i>
Jonathan Pager	<i>Finance Director</i>
Brett Chenoweth	<i>Executive Director</i>

The above named Directors held office during and since the financial year, except as otherwise indicated.

Principal activities

The principal activity of the Group during the financial year was exploration in Ghana.

Operating and financial review

Operating results

The Company's operations during the half year ended 31 December 2016 were primarily dedicated to the renewal of the Company's Ghanaian exploration tenements, developing an exploration program and considering investment in other projects. The directors of the Company's subsidiary, Noble Mineral Resources Ghana Limited ("NMRGL") are continuing to liaise with the Minister of Lands and Natural Resources to progress the renewal of the Company's Cape Three Points licences.

The total comprehensive loss for the financial year was \$299,261 (31 Dec 2015: gain \$8,796,250).



Directors' report (continued)

Significant changes in the state of affairs

On 21 November 2016 the Company held its AGMs and the shareholders of the Company passed all resolutions in the Notice of Annual General Meetings for 2013, 2014, 2015, and 2016.

On 23 November 2016 the Company issued and allotted the following options:

- 1,000,000 unlisted and unvested options for nil consideration, exercisable at \$0.01 per option, vests only when the 20 day VWAP of the Company's shares is \$0.02 or above, expiring on 23 November 2019;
- 1,000,000 unlisted and unvested options for nil consideration, exercisable at \$0.01 per option, vests only when the 20 day VWAP of the Company's shares is \$0.03 or above, expiring on 23 November 2021.

On 28 November 2016 the Company changed its name to NMG Corporation Limited (formerly Noble Mineral Resources Limited).

On 1 December 2016 the Company adopted a New Constitution.

The consolidated financial statements are presented in AUD dollars. In the prior year the financial report was presented in \$US as operations were predominantly conducted in \$US. The comparatives for 31 December 2015 have been restated to reflect the change in foreign currency.

Significant events after the balance date

There were no events subsequent to balance date

Share options

Unissued shares

As at the date of this report, the following were unquoted and unissued ordinary shares under option:

- 75,000,000 unquoted options exercisable at \$0.01, expires on 30 June 2018;
- 15,000,000 unlisted and unvested options exercisable at \$0.01 per option, vests only when the 20 day VWAP of the Company's shares is \$0.02 or above, expires on 12 April 2019;
- 15,000,000 unlisted and unvested options exercisable at \$0.01 per option, vests only when the 20 day VWAP of the Company's shares is \$0.03 or above, expires on 12 April 2021;
- 1,000,000 unlisted and unvested options exercisable at \$0.01 per option, vests only when the 20 day VWAP of the Company's shares is \$0.02 or above, expires on 23 November 2019;
- 1,000,000 unlisted and unvested options exercisable at \$0.01 per option, vests only when the 20 day VWAP of the Company's shares is \$0.03 or above, expires on 23 November 2021.



Directors' report (continued)

Share options (continued)

Shares issued as a result of the exercise of options

During or since the end of the half year, there have been no shares issued as a result of the exercise of options over unissued ordinary shares.

Environmental regulation and performance

The Group is subject to environmental regulation in respect of its exploration activities in Ghana. The Group's operations are also subject to environmental regulations in Australia under Commonwealth and State legislation.

Dividends paid and proposed

No dividend has been paid or proposed during the period.

Auditor independence and non-audit services

The auditor's independence declaration for the half year ended 31 December 2016 has been received and is located with the Independent Auditor's Report on page 25.

Incomplete records

The management and affairs of the Company and all its controlled entities were not under the control of the Directors of the Group when it entered into voluntary administration on 12 September 2013.

The financial report was prepared by Directors who were appointed on 24 December 2015.

To prepare the comparatives for the 31 December 2015 in the financial report, the Directors have reconstructed the financial records of the Group using data extracted from the Group's accounting systems and the record of receipts and payments made available by the Administrator of the Company and its subsidiaries for the period from their appointment. However, it has not been possible for the Directors to obtain all the books and records of the Group for the period prior to the appointment of the Administrators.

Consequently, although the Directors have prepared this financial report to the best of their knowledge based on the information made available to them, they are of the opinion that it is not possible to state that this financial report has been prepared in accordance with Australian Accounting Standards including Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001, because of the possible effect of the incomplete records on the comparatives disclosure for 31 December 2015.



Directors' report (continued)

Signed in accordance with a resolution of behalf of the Directors

A handwritten signature in blue ink, appearing to read 'Mike Hill'.

Mike Hill
Executive Chairman
16 March 2017



Consolidated statement of financial position

As at 31 December 2016

	Note	31 Dec 2016 AUD \$	30 Jun 2016 AUD \$
ASSETS			
Current Assets			
Cash and cash equivalents	7	763,592	1,180,194
Trade and other receivables		29,863	18,051
Prepayments		3,688	9,468
Total current assets		797,143	1,207,713
Non-current assets			
Exploration and evaluation assets	5	69,098	67,331
Property, plant and equipment		13,820	13,466
Total non-current assets		82,918	80,797
TOTAL ASSETS		880,061	1,288,510
LIABILITIES			
Current Liabilities			
Trade and other payables	10	135,348	248,578
Total current liabilities		135,348	248,578
TOTAL LIABILITIES		135,348	248,578
NET ASSETS		744,713	1,039,932
EQUITY			
Issued capital	8	1,865,819	1,865,819
Reserves	9	120,067	82,906
Accumulated losses		(1,241,173)	(908,793)
TOTAL EQUITY		744,713	1,039,932

The accompanying notes form part of these financial statements.



Consolidated statement of profit or loss and other comprehensive income

For the half year ended 31 December 2016

	Note	31 Dec 2016 AUD \$	Restated 31 Dec 2015 AUD \$
Revenue			
Other income		1,902	1,696
Total Revenue		1,902	1,696
Expenses			
Employee benefit expenses	4	(111,899)	-
Legal expenses		(35,269)	(63,576)
Mineral Right Fee & Preservation expenses		(11,623)	(89,263)
Business development expenses	4	(80,000)	-
Other expenses		(95,491)	(107,445)
Total Expenses		(334,282)	(260,284)
Loss before Income Tax		(332,380)	(258,588)
Income tax		-	-
Net loss from continuing operations		(332,380)	(258,588)
Discontinued Operations			
Profit from discontinued operations after tax	4	-	9,054,838
Net (loss)/profit attributable to members of the Company		(332,380)	8,796,250
Other comprehensive income			
Exchange differences arising on translation of operations		33,119	-
Total other comprehensive income		(299,261)	-
Total comprehensive (loss)/profit for the period		(299,261)	8,796,250
		Cents	Cents
(Losses)/ Earnings per share for loss from continuing operations attributable to the ordinary equity holders:			
Basic (loss)/ earnings per share (cents per share)			
- Continuing operations	6	(0.11)	(0.04)
- Discontinuing operations	6	-	1.36
Diluted (loss) /earnings per share (cents per share)			
- Continuing operations	6	(0.11)	(0.04)
- Discontinuing operations	6	-	1.36
The accompanying notes form part of these financial statements.			



Consolidated statement of changes in equity

For the half year ended 31 December 2016

	Issued Capital AUD \$	Foreign Currency Translation Reserve AUD \$	Option Reserve AUD \$	Accumulated Losses AUD \$	Total AUD \$
Balance as at 1 July 2016	1,865,819	20,446	62,460	(908,793)	1,039,932
Net loss for the period	-	-	-	(332,380)	(332,380)
Other comprehensive income	-	33,119	-	-	33,119
Total comprehensive loss for the period	-	33,119	-	(332,380)	(299,261)
Issue of share capital	-	-	-	-	-
Share based payments	-	-	4,042	-	4,042
Share issue costs	-	-	-	-	-
Balance as at 31 December 2016	1,865,819	53,565	66,502	(1,241,173)	744,713
Balance as at 1 July 2015	214,860,677	(555,990)	5,765,625	(228,949,438)	(8,879,126)
Net profit for the period	-	-	-	8,796,250	8,796,250
Other comprehensive income	-	-	-	-	-
				8,796,250	8,796,250
Balance as at 31 December 2015 Restated	214,860,677	(555,990)	5,765,625	(220,153,188)	(82,876)

The accompanying notes form part of these financial statements.



Consolidated statement of cash flows

For the half year ended 31 December 2016

	Note	Consolidated	
		31 Dec 2016 AUD \$	Restated 31 Dec 2015 AUD \$
Cash flows from operating activities			
Interest income received		1,902	2,745
Payments to suppliers and employees		(421,427)	(37,515)
DOCA settlement		-	(562,555)
Net cash flows (used in) operating activities		(419,525)	(597,325)
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		-	123,470
Net cash flows provided by investing activities		-	123,470
Cash flows from financing activities			
Proceeds from syndicate loan		-	505,000
Net cash flows provided by financing activities		-	505,000
Net (decrease)/increase in cash and cash equivalents		(419,525)	31,145
Net foreign exchange differences		2,923	-
Cash and cash equivalents at the beginning of the period		1,180,194	57,555
Cash and cash equivalents at the end of the period	7	763,592	88,700

The accompanying notes form part of these financial statements.



Notes to the consolidated financial statements

For the half year ended 31 December 2016

1. Corporate information

The consolidated financial statements of NMG Corporation Limited (formerly Noble Mineral Resources Limited) ("NMG") for the half year ended 31 December 2016 were authorised for issue at the date of the director's report. NMG is a limited company incorporated and domiciled in Australia whose shares are quoted on the Australian Securities Exchange.

NMG Corporation Limited is the ultimate parent of the consolidated entity. Noble Mineral Resources Ghana Limited is a subsidiary which is 100% controlled by NMG Corporation Limited.

The principal activities of the Group during the half year were exploration in Ghana.

2. Summary of Significant accounting policies

(a) Basis of preparation

Unless stated elsewhere, the consolidated financial statements of NMG and all its subsidiaries (the "Group") are general purpose financial reports which have been prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board.

The consolidated financial statements have been prepared on a historical cost basis. The consolidated financial statements are presented in AUD dollars. In the prior period the financial report was presented in \$US as operations were predominantly conducted in \$US. The comparatives for 31 December 2015 have been restated to reflect the change in foreign currency.

The Company is a for profit entity.

(b) Compliance Statement

The interim financial report is a general purpose financial report which was prepared in accordance with the Corporations Act 2001 and Accounting Standards AASB 134: Interim Financial Reporting where possible (refer to basis of preparation above). Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34: Interim Financial Reporting. The interim financial report does not include notes of the type normally included in an annual financial report and shall be read in conjunction with the most recent annual financial report.

(c) Incomplete Records

The management and affairs of the Company and all its controlled entities were not under the control of the Directors of the Group when it entered into voluntary administration on 12 September 2013.

The financial report was prepared by Directors who were appointed on 24 December 2015.



Notes to the consolidated financial statements

For the half year ended 31 December 2016

2. Summary of Significant accounting policies (continued)

(c) Incomplete Records (continued)

To prepare the comparatives for the 31 December 2015 in the financial report, the Directors have reconstructed the financial records of the Group using data extracted from the Group's accounting systems and the record of receipts and payments made available by the Administrator of the Company and its subsidiaries for the period from their appointment. However, it has not been possible for the Directors to obtain all the books and records of the Group for the period prior to the appointment of the Administrators.

Consequently, although the Directors have prepared this financial report to the best of their knowledge based on the information made available to them, they are of the opinion that it is not possible to state that this financial report has been prepared in accordance with Australian Accounting Standards including Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001, because of the possible effect of the incomplete records on the comparatives disclosure for 31 December 2015.

(d) Going concern

The financial report has been prepared on the going concern basis that contemplates the continuity of normal business activities and the realisation and extinguishment of liabilities in the ordinary courses of business.

For the half year ended 31 December 2016 the consolidated entity incurred a total comprehensive loss of \$332,380 (31 Dec 2015: total comprehensive gain of \$8,796,250) and had working capital of \$658,107 (30 June 2016: \$949,667). Based upon the Group's existing cash resources of \$763,592 (30 June 2016: \$1,180,194), on the ability to modify expenditure outlays if required, and to source additional funds, the Directors consider there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable, and therefore the going concern basis of preparation is considered to be appropriate for the 31 December 2016 half year financial report.

The Board of Directors are aware, having prepared a cashflow forecast, of the Group's working capital requirements and the need to access additional equity funding or asset divestment if required within the next 12 months.

In the event that the Group is not able to continue as a going concern, it may be required to realise assets and extinguish liabilities other than in the normal course of business and perhaps at amounts different to those stated in its financial report.

(e) Adoption of new and amended accounting standards and interpretations

The Group has adopted all new and amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to the operations and effective for the current year.



Notes to the consolidated financial statements (continued)

For the half year ended 31 December 2016

2. Summary of Significant accounting policies (continued)

(e) Adoption of new and amended accounting standards and interpretations

The adoption of all the new and revised Standards and Interpretations has not resulted in any material changes to the Group's accounting policies in order to comply with these amendments. However, the changes in accounting policies have no effect on the amounts reported for the current or prior years.

3. Operating segments

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

The operating segments are identified by management based on the phase of each project as the risks are affected predominantly by differences in the phases in which each project is currently defined. Discrete financial information about each of these operating businesses is reported to the executive management team on at least a monthly basis.

The Group has the following segments:

Australia	Mineral exploration and corporate activities
Ghana	Mineral exploration activities

Accounting policies and inter-segment transactions

The accounting policies used by the Group in reporting segments internally are the same as those contained in the most recent annual financial statements as at 30 June 2016.



Notes to the consolidated financial statements (continued)

For the half year ended 31 December 2016

3. Operating segments (continued)

	Ghana		Total	
	Restated		Restated	
	31 Dec 2016	31 Dec 2015	31 Dec 2016	31 Dec 2015
	AUD \$	AUD \$	AUD \$	AUD \$
Inter- segment eliminations			-	-
Corporate and other unallocated interest income			1,902	1,696
Total revenue per the statement of profit or loss and other comprehensive income			1,902	1,696
Segment revenue reconciliation to the statement of profit or loss and other comprehensive income				
<i>The analysis of the location of revenue is as follows:</i>				
Australia			1,902	1,696
Ghana			-	-
Result				
Segment result	(34,798)	-	(34,798)	-
Inter-segment eliminations			-	-
Corporate and other unallocated			(266,365)	8,794,554
Net (loss)/profit after tax and other comprehensive income			(299,261)	8,796,250



Notes to the consolidated financial statements (continued)

For the half year ended 31 December 2016

3. Operating segments (continued)

Segment assets

Segment assets

Inter-segment eliminations:

Inter-entity loans

Corporate and unallocated assets

Total assets per the statement of financial position

Segment assets reconciliation to the statement of financial position

The analysis of the location of non-current assets is as follows:

Australia

Ghana

Segment liabilities

Segment liabilities

Inter-segment eliminations:

Inter-entity loans

Corporate and unallocated liabilities

Total liabilities per the statement of financial position

Ghana		Total	
31 Dec 2016	30 Jun 2016	31 Dec 2016	30 Jun 2016
AUD \$	AUD \$	AUD \$	AUD \$
91,514	80,797	91,514	80,797
		-	-
		788,547	1,207,713
		880,061	1,288,510
		788,547	1,207,713
		91,514	80,797
143,001	-	143,001	96,856
		(143,001)	(96,856)
		135,348	248,578
		135,348	248,578



Notes to the consolidated financial statements (continued)

For the half year ended 31 December 2016

4. Profit and loss information

	Consolidated 31 Dec 2016 AUD \$	Restated 31 Dec 2015 AUD \$
Revenue		
Profit from discontinued operations	-	9,054,838
Expenses		
Salaries and fees	107,857	-
Share based payment expense	4,042	-
Business development expenses	80,000	-

5. Exploration and evaluation assets

	Consolidated 31 Dec 2016 AUD \$	30 Jun 2016 AUD \$
At cost:	69,098	67,331
	69,098	67,331

The value of the Group's interest in exploration and evaluation assets is dependent upon the continuance of the Group's rights to tenure of the areas of interest, the results of future exploration and the recoupment of costs through successful development and exploitation of the areas of interest, or alternatively, by their sale. The exploration and evaluation assets are at director's valuation of \$69,098. Whilst there is a renewal application in relation to the Company's Ghanaian tenements pending, impairment of the exploration and evaluation asset has been reviewed by the directors and no impairment considered necessary.



Notes to the consolidated financial statements (continued)

For the half year ended 31 December 2016

6. (Loss) /Earnings per share

Basic earnings per share amounts are calculated by dividing the net loss for the year by the weighted average number of ordinary shares outstanding during the year.

	Consolidated	
	31 Dec 2016	Restated 31 Dec 2015
Net loss from continued operations (AUD \$)	(332,380)	(258,588)
Net profit from discontinued operations (AUD \$)	-	9,054,838
Weighted average number of ordinary shares (number of shares)	313,328,147	666,397,952
Continuing operations:		
Basic loss per ordinary share from continuing operations (cents)	(0.11)	(0.04)
Diluted earnings/ (loss) per ordinary share from continuing operations (cents)	(0.11)	(0.04)
Discontinuing operations:		
Basic earnings per ordinary share from continuing operations (cents)	-	1.36
Diluted earnings per ordinary share from continuing operations (cents)	-	1.36

The total number of share options and conversion options outstanding at reporting date, but not considered to be dilutive is Nil (31 Dec 2015: Nil). No shares have been issued after the reporting date as a result of the exercise of listed options.

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of completion of these financial statements.

7. Cash and cash equivalents

	Consolidated	
	31 Dec 2016 AUD \$	30 Jun 2016 AUD \$
Cash at bank and in hand	763,592	1,180,194
	763,592	1,180,194



Notes to the consolidated financial statements (continued)

For the half year ended 31 December 2016

8. Issued capital

	Consolidated	
	31 Dec 2016 AUD \$	30 Jun 2016 AUD \$
Ordinary share capital	1,865,819	1,865,819
(a) Ordinary shares issued and fully paid	Number	AUD \$
As at 1 July 2015	666,397,952	214,860,677
Share consolidation (i)	(653,069,805)	-
Issue of shares (ii)	300,000,000	1,875,000
Share issue costs		(9,181)
Write back of accumulated losses*	-	(214,860,677)
As at 1 July 2016	313,328,147	1,865,819
Movement	-	-
As at 31 Dec 2016	313,328,147	1,865,819

Fully paid ordinary shares carry one vote per share and carry the right to dividends.

- (i) On 23 November 2015 the issued capital of the Company was approved by shareholders to be consolidated such that every fifty (50) shares were consolidated into one (1) share.
- (ii) Shares issued on 12 April 2016 were:
- 150,000,000 fully paid ordinary shares an issue price of \$0.0025 per share; and
 - 150,000,000 fully paid ordinary shares at an issue price of \$0.01 per share.

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held. On a show of hands, every holder of ordinary shares present at a meeting, in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

* The directors of the Company elected to apply relief under section 258F of the Corporations Act 2001, as the Paid Up Share Capital is considered cost or is not represented by available assets.



Notes to the consolidated financial statements (continued)

For the half year ended 31 December 2016

8. Issued capital (continued)

(b) Options

	Expiry Date	Exercise Price	Balance at 1 July 2016	Movement for the period	Balance at 31 Dec 2016	Note
Unlisted						
Unlisted	30 June 2018	AUD \$0.01	75,000,000	-	75,000,000	(i)
Unlisted	12 April 2019	AUD \$0.01	15,000,000	-	15,000,000	(ii)
Unlisted	12 April 2021	AUD \$0.01	15,000,000	-	15,000,000	(ii)
Unlisted	23 November 2019	AUD \$0.01	-	1,000,000	1,000,000	(iii)
Unlisted	23 November 2021	AUD \$0.01	-	1,000,000	1,000,000	(iii)

- (i) On 12 April 2016, as part of the recapitalisation, the Company issued 75,000,000 unlisted options at an issue price \$0.000025 per option, exercisable at \$0.01 per option, expiring on or before 30 June 2018 to raise \$1,875.
- (ii) On 12 April 2016, the Company issued 30,000,000 management options for no consideration on the following terms:
- 15,000,000 unlisted and unvested options, which vest once the 20 day VWAP of the Company's shares is \$0.02 or above, each exercisable at \$0.01 per option, expiring on 12 April 2019.
 - 15,000,000 unlisted and unvested options, which vest once the 20 day VWAP of the Company's shares is \$0.03 or above, each exercisable at \$0.01 per option, expiring on 12 April 2021.
- (iii) On 23 November 2016, the Company issued 2,000,000 management options for no consideration on the following terms:
- 1,000,000 unlisted and unvested options, which vest once the 20 day VWAP of the Company's shares is \$0.02 or above, each exercisable at \$0.01 per option, expiring on 23 November 2019.
 - 1,000,000 unlisted and unvested options, which vest once the 20 day VWAP of the Company's shares is \$0.03 or above, each exercisable at \$0.01 per option, expiring on 23 November 2021.

The grant of the management options was treated as a share based payment and resulted in \$66,502 being booked to the share based payment reserve.



Notes to the consolidated financial statements (continued)

For the half year ended 31 December 2016

9. Reserves

	Foreign Currency Translation Reserve AUD \$	Consolidated Option Reserve AUD \$	Total AUD \$
As at 1 July 2015	(555,990)	5,765,625	5,209,635
Unlisted option issue – share-based payments	-	62,460	62,460
Foreign currency movements	20,446	-	20,446
Write back of accumulated losses*	555,990	(5,765,625)	(5,209,635)
As at 1 July 2016	20,446	62,460	82,906
Unlisted option issue – share-based payment	-	4,042	4,042
Foreign currency movements	33,119	-	33,119
As at 31 December 2016	53,565	66,502	120,067

Nature and purpose of reserves:

Foreign currency translation reserve

This reserve is used to record exchange differences arising on translation of the group entities that do not have a functional currency of AUD dollars and have been translated for presentation purposes.

* The directors of the Company elected to apply relief under section 258F of the Corporations Act 2001, as the Paid Up Share Capital is considered cost or is not represented by available assets.

10. Trade and other payables

	Consolidated	
	31 Dec 2016 AUD \$	30 Jun 2016 AUD \$
Current		
Trade payables	135,348	248,578
	135,348	248,578

Trade and other payables are recognised at their fair value. Trade payables are generally due for settlement within 30 days.

Trade payables as at 31 December 2016 are considered outside the normal trading terms.



Notes to the consolidated financial statements (continued)

For the half year ended 31 December 2016

11. Share based payments

On 23 November 2016, key management and advisors received the following unlisted management options for \$NIL consideration:

- 1,000,000 Management options that vest once the 20 day VWAP of the Company's shares is \$0.02 per share, each exercisable at \$0.01 per option, expiring 3 years from the date of issue on 23 November 2019 (**3 Year Options**);
- 1,000,000 Management options that vest once the 20 day VWAP of the Company's shares is \$0.03 per share, each exercisable at \$0.01 per option, expiring 5 years from the date of issue on 23 November 2021 (**5 Year Options**).

The options were valued using the Black Scholes option pricing model that takes into account the exercise price, the term of the option, the share price at grant date, the expected volatility (54.3%) of the underlying share, the expected dividend yield (\$0) and the risk-free interest rate (1.8%) for the term of the option.

The grant of the management options was treated as a share based payment and resulted in \$4,042 being booked to the share based payment reserve.

12. Capital commitments and other contingencies

Directors' fees

Each of the Directors and the advisory committee members have agreed to receive 35% of their respective base salary/fees up until the first material acquisition is made by the Company, at which time Directors will be paid the outstanding base salary/fee to ensure that each of the above mentioned persons receives 100% of their respective base salary/fee for the period from the date of their appointment to the date of the acquisition. The remaining 65% of base salary/fee (true up) has been treated as a contingent liability. Thereafter 100% of their respective base salary will be payable monthly. The Company has also engaged Bombora Group to provide advisory services. Bombora is owned equally by Messrs Hill, Everett and Chenoweth. Bombora will be paid up to \$190,000 per annum for its services. Until the first acquisition is made, Bombora has agreed to receive a maximum of \$164,000 per annum for its services, with the remaining balance paid post completion of the first acquisition.

As at 31 December 2016 the contingent liability associated with the true up is \$347,645 (30 June 2016: \$166,044).

The Group does not have any further contingent liabilities at balance date.

13. Events after the reporting date

There are no subsequent events after balance date.



Directors' declaration

- 1) Subject to the uncertainty over the completeness of source documentation and its impact on comparatives disclosure, as disclosed in Note 2(c), in the opinion of the Directors of NMG Corporation Limited (the 'Company'), the directors of the Company declare that:
 - a) the condensed financial statements, notes and the additional disclosures as set out on pages 8 to 22 are in accordance with the Corporations Act 2001 including:
 - i) giving a true and fair view financial position as at 31 December 2016 and of the performance for the half year ended on that date of the consolidated entity; and
 - ii) complying with the Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001;
 - b) At the date of this statement, and, as set out in Note 2(d), there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable;

This statement is made in accordance with a resolution of the Board of Directors made pursuant to S.303 (5) of the Corporations Act 2001.

On behalf of the Directors

A handwritten signature in blue ink, appearing to read 'Mike Hill'.

Mike Hill
Executive Chairman
16 March 2017

**INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF
NMG CORPORATION LIMITED**

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of NMG Corporation Limited, which comprises the consolidated statement of financial position as at 31 December 2016, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity, and the consolidated statement of cash flows for the half-year ended on that date, condensed notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration, for NMG Corporation Limited (the consolidated entity). The consolidated entity comprises both NMG Corporation Limited (the Company) and the entities it controlled during the half year.

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standards on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Company's financial position as at 31 December 2016 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of NMG Corporation Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Whilst we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our review was not designed to provide assurance on internal controls.

Our review did not involve an analysis of the prudence of business decisions made by the directors or management.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, has been provided to the directors of NMG Corporation Limited on 16 March 2017.

Basis for Qualified Review Conclusion

The company was placed into administration on 12 September 2013 and the Deed of Company Arrangement was effectuated on 24 December 2015. Consequently, the financial information relating to the comparative period to 30 June 2016 was not subject to the same accounting and internal controls processes, which includes the implementation and maintenance of internal controls that are relevant to the preparation and fair presentation of the financial report.

As stated in Note 2(c), the Directors are unable to state that the financial report is in accordance with all the requirements of the *Corporations Act 2001* and the Australian Accounting Standards.

Qualified Review Conclusion

Based on our review, which is not an audit, with the exception of the matter described in the preceding paragraph, nothing has come to our attention that causes us to believe that the 31 December 2016 financial report of NMG Corporation Limited does not present fairly, in all material respects, the financial position of the NMG Corporation Limited as at 31 December 2016, and of its financial performance and its cash flows for the half year period ended on that date, in accordance with Corporations Act 2001, including:

- (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and of its performance for the half-year ended on that date; and
- (ii) complying with Accounting Standard AASB 134 Interim Financial Reporting and Corporations Regulations 2001.

Emphasis of Matter Regarding Going Concern

As referred to in Note 2(d) to the financial statements, the financial statements have been prepared on a going concern basis. At 31 December 2016, the entity had working capital of \$661,795, net assets of \$744,713, cash and cash equivalents of \$763,592 and had incurred a loss after tax for the period amounting to \$332,380.

The ability of the entity to continue as a going concern is subject to successful recapitalisation of the entity. In the event that the Board is not successful in recapitalising the entity and in raising further funds, the Company may not be able to meet its liabilities as they fall due.

STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD
(Trading as Stantons International)
(An Authorised Audit Company)

Stantons International Audit & Consulting Pty Ltd



Martin Michalik
Director

West Perth, Western Australia
16 March 2017

16 March 2017

Board of Directors
NMG Corporation Limited
Level 29,
201 Elizabeth Street,
Sydney,
NSW, 2000

Dear Sirs

RE: NMG CORPORATION LIMITED

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of NMG Corporation Limited.

As Audit Director for the review of the financial statements of NMG Corporation Limited for the half year ended 31 December 2016, 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 review; and
- (ii) any applicable code of professional conduct in relation to the review.

Yours faithfully

STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LIMITED
(Trading as Stantons International)
(An Authorised Audit Company)



Martin Michalik
Director