LUIRI GOLD LIMITED

EXEMPT COMPANY NO. 46884
ARBN 139 588 926

Annual Report
31 December 2016

CONTENTS

CORPORATE INFORMATION

Directors	Rob Brown Stuart Murray Peter Hawkins Angela Pankhurst
Company secretary	Angela Pankhurst
Registered office	Clarendon House 2 Church Street Hamilton, Bermuda
Australian office	c/- Westland Settlements Pty Ltd Suite 5, 9 Bowman Street South Perth, Western Australia 6151 Telephone: +61-8 6102 0399 Facsimile: +61-8 6323 4661
Share registry	Computershare Investor Services Pty Ltd Reserve Bank Building Level 2, 45 St George's Terrace Perth, Western Australia 6000
Auditors	HLB Mann Judd Chartered Accountants Level 4, 130 Stirling Street Perth, Western Australia 6000
Solicitors	HWL Ebsworth Lawyers Level 11, 167 St Georges Terrace Perth, Western Australia 6000
ASX code	Luiri Gold Limited is listed on the Australian Securities Exchange (Shares: LGM)
Website	www.luirigold.com

Your Directors present their financial report for the year ended 31 December 2016. The financial report is prepared in accordance with the Bermudian Companies Act, 1981.

Directors

The following persons were Directors of Luiri Gold Limited (the Company or Luiri) during the whole of the period and up to the date of this report unless otherwise stated:

Robert Brown – *Non-executive Chairman*
Stuart Murray – *Managing Director/ Deputy Chairman*
Peter Hawkins – *Non-Executive Director*
Angela Pankhurst – *Executive Director/ Company Secretary*

Review of operations

The Company has had no operations since it completed the sale of its subsidiaries which held the Luiri Hill Gold Project ("Project") on 30 June 2014.

Corporate

During 2016 the directors completed preliminary due diligence on a business opportunity outside the mining industry which the Board believes will be a good value proposition for the Company's shareholders. The investment target completed most of the required milestones and the terms of the transaction have been agreed in-principle.

The Board is now completing due diligence and finalising terms. Details of the investment will be announced as soon as there is sufficient certainty to do so.

The company continues to keep administration costs to a minimum and will pay directors fees in shares, subject to shareholder approval, to preserve cash.

Corporate Governance Statement

The Company Corporate Governance Statement is available on its website at http://lurigold.com/index.php/corporate-governance/.

This report is signed in accordance with a resolution of Directors.

Angela Pankhurst
Director/Company Secretary

Perth
30 March 2017

LUIRI GOLD LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2016

	Note	Consolidated 12 months ended 31 December 2016 $	 31 December 2015 $
Continuing Operations			
Interest income		1,357	1,620
		1,357	1,620
Foreign exchange loss		484	6,277
Administration expenses	2	153,992	180,442
		154,476	186,719
Loss before income tax expense		(153,119)	(185,099)
Income tax expense	3	-	-
Loss after income tax		(153,119)	(185,099)
Other comprehensive income		-	-
Total comprehensive result for the period		(153,119)	(185,099)
		Cents	**Cents**
Basic loss per share from continuing operations (cents per share)	4	(0.03)	(0.05)

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

LUIRI GOLD LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2016

		Consolidated	
		31 December 2016	**31 December 2015**
	Note	**$**	**$**
Current assets			
Cash and cash equivalents		76,751	188,129
Trade and other receivables	6	31,882	22,039
Total current assets		108,633	210,168
Total assets		108,633	210,168
Current liabilities			
Trade and other payables	7	22,387	28,058
Total current liabilities		22,387	28,058
Total liabilities		22,387	28,058
Net assets		86,246	182,110
Equity			
Issued capital	8	594,262	594,262
Shares to be issued	8	31,535	7,421
Reserves	9	4,655,946	4,622,805
Accumulated losses		(5,195,497)	(5,042,378)
Total equity		86,246	182,110

The above statement of financial position should be read in conjunction with the accompanying notes.

LUIRI GOLD LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2016

	Consolidated				
	Issued capital	**Shares to be issued**	**Accumulated losses**	**Reserves**	**Total equity**
	$	**$**	**$**	**$**	**$**
Balance as at 31 December 2014	3,211,065	189,426	(35,358,103)	32,077,449	119,837
Loss for the period	-	-	(185,099)	-	(185,099)
Total comprehensive result for period	-	-	(185,099)	-	(185,099)
Shares issued during the period	172,274	(189,426)	-	253,691	236,539
Shares to be issued	-	7,421	-	3,412	10,833
Transfer reserves (refer note 11)			30,500,824	(30,500,824)	-
Change of par value (refer note 10)	(2,789,077)	-	-	2,789,077	-
Balance at 31 December 2015	594,262	7,421	(5,042,378)	4,622,805	182,110
Loss for the period	-	-	(153,119)	-	(153,119)
Total comprehensive result for period	-	-	(153,119)	-	(153,119)
Shares to be issued	-	24,114	-	33,141	57,255
Balance at 31 December 2016	594,262	31,535	(5,195,497)	4,655,946	86,246

The above statement of changes in equity should be read in conjunction with the accompanying notes.

LUIRI GOLD LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2016

		Consolidated 12 months ended	
	Note	31 December 2016 $	31 December 2015 $
Cash flows from operating activities			
R&D tax incentive		-	138,913
Payments to suppliers and employees		(112,735)	(201,698)
Interest received		1,357	1,620
Net cash outflow from operating activities	10	(111,378)	(61,165)
Cash flows from investing activities		-	-
Net cash outflow from investing activities		-	-
Cash flows from financing activities			
Proceeds from the issue of securities		-	230,000
Net cash inflow from financing activities		-	230,000
Net increase/(decrease) in cash held		(111,378)	168,835
Cash at the beginning of the period		188,129	19,294
Effect of exchange rate changes on cash and cash		-	-
Cash at the end of the period		76,751	188,129

The above statement of cash flows should be read in conjunction with the accompanying notes.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

This general purpose financial report for the reporting period ended 31 December 2016 has been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

The financial report is presented in Australian dollars. The Company is listed on the Australian Securities Exchange (ASX: LGM). The Company is a Bermudian incorporated company subject to the Bermudian Companies Act, 1981 as amended from time to time. The Company is not subject to the Australian Corporations Act, 2001 with regards to financial report presentation and disclosure.

The financial report has been prepared on a historical cost basis. The accounting policies detailed below have been consistently applied to all of the years presented unless otherwise stated.

(b) Going Concern

During the year ended 31 December 2016, the Group incurred a loss of $153,119 (2015: $185,099) and at 31 December 2016 had cash and cash equivalents of $76,751 (2015: $188,129) and positive working capital of $86,246 (2015: $182,110). The Group recorded a net cash outflow from operating and financing activities of $111,378.

The Directors have considered the appropriateness of the going concern assertion in the preparation of these financial statements. The Group does not have sufficient cash on hand to fund its current level of activity for a period of at least twelve months from the date of approval of these financial statements, and will require additional sources of funding such as by way of equity or director loans.

When the proposed investment, or an alternate investment, is contracted activity levels will change and additional funding will be necessary for legal and any other expenses associated with the transaction.

Based upon their assessment, the Directors believe it is appropriate to adopt the going concern basis of preparation in these financial statements. Should the Company be unable to obtain sufficient funding as outlined above, there is a material uncertainty that may cast significant doubt over whether it will be able to continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amount stated in the financial report.

(c) Adoption of new and revised standards

Changes in accounting policies on initial application of Accounting Standards

In the year ended 31 December 2016, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the IASB that are relevant to the Group's operations and effective for the current annual reporting period. It has been determined by the Directors that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on the Group and, therefore, no change is necessary to Group accounting policies.

New standards and interpretations not yet adopted

The Directors have also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the period ended 31 December 2016. As a result of this review the Directors have determined that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on the Group and, therefore, no change necessary to Group accounting policies.

(d) Statement of compliance

The financial report complies with International Financial Reporting Standards (IFRS) and was authorised by the Board of Directors for issue on 9 March 2017.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Basis of consolidation

The consolidated financial statements comprise the financial statements of Luiri Gold Limited ("Company" or "parent entity") and its controlled entity as at 31 December 2016 (the "Group").

The financial statements of the controlled entity are prepared for the same reporting period as the parent entity, using consistent accounting policies.

In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profit and losses resulting from intra-group transactions have been eliminated in full. Controlled entities are fully consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group. Control exists where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

(f) Significant accounting judgements estimates and assumptions

The application of accounting policies requires the use of judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions are recognised in the period in which the estimate is revised if it affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

(g) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Interest income
Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

(h) Income tax

The income tax expense or benefit for the year is the tax payable on the current year's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary difference and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance date.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income tax (Continued)

Deferred income tax liabilities are recognised for all taxable temporary differences except:

- when the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the taxable temporary difference is associated with investments in controlled entities, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the deductible temporary difference is associated with investments in controlled entities, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each balance date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the financial year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance date.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

(i) Cash and cash equivalents

Cash comprises cash at bank and in hand. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Temporary bank overdrafts are included in cash at bank and in hand. Permanent bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

(j) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Trade and other payables

Trade and other payables are carried at amortised costs and represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. Trade and other payables are presented as current liabilities unless payment is not due within 12 months.

(l) Issued capital

Ordinary shares are classified as equity. Luiri Gold Limited is a Bermuda Registered company and its shares have a par value of US$0.001. Amounts paid for shares in excess of the par value are accounted for in the share premium reserve, any discount to par value is accounted for in the capital reserve. Share issue costs are offset against the share premium reserve or capital reserve as appropriate. Par value is recorded in A$ at the exchange rate on the date of issue of the shares.

(m) Foreign currency translation

The functional and presentation currency of the Company and its Australian subsidiary is Australian dollars.

Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance date.

All exchange differences in the consolidated financial report are taken to profit or loss.

Tax charges and credits attributable to exchange differences on those borrowings are also recognised in equity.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction.

(n) Earnings per share

Basic earnings per share is calculated as net profit or loss attributable to members of the parent, adjusted to exclude any costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares.

Diluted earnings per share is calculated as net profit or loss attributable to members of the parent, adjusted for:

- costs of servicing equity (other than dividends) and preference share dividends;
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares, divided by the weighted average number of ordinary shares and dilutive potential ordinary shares.

	Consolidated 12 months ended	
	31 December 2016	31 December 2015
NOTE 2: REVENUE AND EXPENSES	$	$
Expenses		
Loss from ordinary activities before income tax expense includes the following specific expenses:		
Auditor's remuneration	22,650	20,527

NOTE 3: INCOME TAX

	31 December 2016	31 December 2015
(a) Income tax benefit		
The prima facie income tax expense on pre-tax accounting result from operations reconciles to the income tax benefit in the financial statements as follows:		
Accounting loss before tax from continuing operations	(153,119)	(185,099)
Tax expense/(benefit) calculated at 30%	(45,936)	(55,530)
Non-deductible expenses		
Unused tax losses and tax offset not recognized as deferred tax assets	111	4,293
Deferred tax assets and tax liabilities not recognized in relation to foreign expenses	45,825	51,237
Income tax expense/(benefit) reported in the statement of comprehensive income	-	-
(b) Unrecognized deferred tax balances		
The following deferred tax assets have not been brought to account:		
Accruals	4,293	-
Losses available for offset against future income	111	4,293
Net unrecognized deferred tax assets	4,404	4,293

NOTE 4: LOSS PER SHARE

	31 December 2016	31 December 2015
Total basic loss per share (cents)	(0.03)	(0.05)
The loss and weighted average number of ordinary shares used in the calculation of basic loss per share is as follows:		
Net loss for the period	(153,119)	(185,099)
The weighted average number of ordinary shares	460,422,251	397,042,786

The diluted loss per share is not reported as the result is anti-dilutive.

NOTE 5: SEGMENT INFORMATION

For management purposes, the Board of Directors of the Company has been defined as the Chief Operating Decision Maker. Segment information is presented in respect of the Group's business segments based on the Group's management and internal reporting structure.

The group has had no operations, only administration in Australia.

	Consolidated	
	31 December 2016	31 December 2015
NOTE 6: TRADE AND OTHER RECEIVABLES	$	$
GST receivable	1,237	1,117
Prepayments	30,645	20,922
	31,882	22,039

NOTE 7: TRADE AND OTHER PAYABLES

Trade payables (i)	7,387	2,910
Other accruals	15,000	18,000
Related party payables (ii)	-	7,148
	22,387	28,058

(i) Trade payables are non-interest bearing and are normally paid on 30 day terms.

(ii) Related party payables are expenses incurred on behalf of the company by directors to be reimbursed at a future date and are non-interest bearing.

	Consolidated	
	31 December 2016	31 December 2015
NOTE 8: ISSUED CAPITAL	$	$
(a) Ordinary shares		
Ordinary shares on issue:		
460,422,251 (2015: 460,422,251)	594,262	594,262
Ordinary shares to be issued:		
22,696,054 (2015: 5,416,667)	31,535	7,421
	625,797	601,683

Holders of ordinary shares are entitled to receive dividends and are entitled to one vote per share at shareholders' meetings. In the event of winding up of the parent entity, ordinary shareholders rank after all creditors and are fully entitled to any proceeds on liquidation.

Luiri Gold Limited is a Bermuda Registered company and its shares have a par value of US$0.001. Amounts paid for shares in excess of the par value are accounted for in the share premium reserve, any discount to par value is accounted for in the capital reserve. Share issue costs are offset against the share premium reserve or capital reserve as appropriate. The Company became a Bermudan company in September 2012, the excess of issued capital over par value at that date is accounted for in the capital reserve. Par value is recorded in A$ at the exchange rate on the date of issue of the shares.

(b) Movements in ordinary shares issued

Date	Details	Shares issued #	Issue Price ¢	Par Value ¢	Share premium/ capital reserve $	Issued capital $
01/01/2015	Balance	326,702,571				3,211,065
12/06/2015	Change in par value (i)			0.13	2,789,077	(2,789,077)
22/06/2015	Repayment of loans	37,500,500	0.20	0.13	26,688	48,313
22/06/2015	In-lieu directors fees	6,219,180	0.20	0.13	4,427	8,012
30/06/2015	Placement	90,000,000	0.20	0.13	64,050	115,949
31/12/2015	Balance	460,422,251				594,262
31/12/2016	Balance	460,422,251				594,262

(i) On 12 June 2015 shareholders approved a change in par value from US$0.01 to US$0.001, the excess of issued capital over the new par value of shares on issue was transferred to the capital reserve.

(c) Movements in ordinary shares to be issued

Ordinary shares to be issued are accounted for at par value plus/minus the share premium/discount which is reflected in the share premium/capital reserve (refer (b) above). A$ par value is calculated using the exchange rate at balance date.

Date	Details	Shares to be issued #	Issue Price ¢	Par Value ¢	Share Premium Reserve $	Shares to be issued $
01/01/2015	Balance	15,450,000				189,426
22/06/2015	Shares issued	(15,450,000)			158,526	(189,426)
31/12/2015	In-lieu directors' fees	5,416,667	0.20	0.14	3,412	7,421
31/12/2015	Balance	5,416,667				7,421
31/12/2016	Reverse balance	(5,416,667)	0.20	0.14	(3,412)	(7,421)
31/12/2016	In lieu directors' fees (i)	8,611,111	0.30	0.14	13,868	11,965
31/12/2016	In lieu expense reimbursement (i)	14,084,943	0.30	0.14	22,685	19,570
31/12/2016	Balance	22,696,054				31,535

(i) Shares to be issued in lieu of directors' fees and expense reimbursements to be issued at the same time and price as the next capital raising 0.3 cents (2015: 0.2 cents).

NOTE 9: RESERVES

	Consolidated	
	31 December 2016	31 December 2015
	$	$
Share premium reserve (a)	131,718	98,577
Capital reserve (b)	4,524,228	4,524,228
	4,655,946	4,622,805

(a) Share premium reserve

The share premium reserve is used to record the excess of the market price paid over par value US$0.001 for shares issued, net of share issue costs (refer Note 8(a)). Movements in the share premium reserve are as follows:

Date	Details	Share premium reserve $
01/01/2015	Balance	1,576,626
12/06/2015	Transfer to capital reserve (Note 8(a))	(1,576,626)
22/06/2015	1333,719,680 shares issued above par (Note 8(b))	95,165
31/12/2015	5,416,667 shares to be issued above par (Note 8(c))	3,412
31/12/2015	Balance	98,577
31/12/2016	Reverse 5,416,667 shares to be issued above par (Note 8(c))	(3,412)
31/12/2016	22,696,054 shares to be issued above par (Note 8(c))	36,553
31/12/2016	Balance	131,718

(c) Capital reserve

The capital reserve is used to record amounts which are equity but are not properly classified as issued capital or in other reserves, this includes amounts that were issued capital prior to the Company's continuance to Bermuda (refer Note 8(a)). The capital reserve is also used to record any discount to par value of shares issued. As at 30 June 2015 the portion of the capital reserve representing pre continuance capital was transferred to accumulated losses as permitted under Bermudan law. Movements in the capital reserve are as follows:

Date	Details	Capital reserve $
01/01/2015	Balance	26,764,259
12/06/2015	Transfer from ordinary shares issued (Note 8(c))	2,789,077
12/06/2015	Transfer from share premium reserve ((b) above)	1,576,626
12/06/2015	Issue of shares to be issued 31/12/2014 (Note 8(b))	158,526
30/06/2015	Transfer to accumulated losses	(26,764,260)
31/12/2015	Balance	4,524,228
31/12/2016	Balance	4,524,228

NOTE 10: RECONCILIATION OF LOSS AFTER INCOME TAX TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES

	Consolidated 12 months ended	
Reconciliation of loss from ordinary activities after income tax to net cash outflow from operating activities	**31 December 2016 $**	**31 December 2015 $**
Loss from ordinary activities after income tax	(153,119)	(185,099)
Add/(less) non-cash items:		
Non-cash payment directors' fees and expenses	57,255	17,372
Changes in operating assets and liabilities		
(Increase) / decrease in receivables	(120)	156,198
(Increase) / decrease in prepayments	(9,723)	(11,018)
Increase / (decrease) in payables	(5,671)	(38,618)
Net cash outflow from operating activities	(111,378)	(61,165)

NOTE 11: KEY MANAGEMENT PERSONNEL DISCLOSURES

	Consolidated 12 months ended	
	31 December 2016 $	**31 December 2015 $**
Aggregate compensation made to directors (short-term)	42,706	40,705
	42,706	40,705

NOTE 12: FINANCIAL INSTRUMENTS

(a) Capital risk management

Prudent capital risk management implies maintaining sufficient cash and marketable securities to be able to conduct the Group's business in an orderly and professional manner. The Board monitors its future capital requirements on a regular basis and will, when appropriate, consider the need for raising additional equity capital.

(b) Categories of financial instruments

The Group's principal financial instruments comprise of cash and short-term deposits. The main purpose of these financial instruments is to finance the Group's operations. The Group has various other financial assets and liabilities such as receivables and trade payables, which arise directly from its administration. It is, and has been throughout the year, the Group's policy that no trading in financial instruments shall be undertaken.

NOTE 12: FINANCIAL INSTRUMENTS (CONTINUED)

(c) Financial risk management objectives

The Group is exposed to market risk, credit risk and liquidity risk.

The main risks arising from the Group's financial instruments are interest rate risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below.

Market risk

Interest rate risk management

All cash balances attract a floating rate of interest. Excess funds that are not required in the short term are placed on deposit for a period of no more than 3 months As the Group has no interest bearing borrowings its exposure to interest rate movements is limited to the amount of interest income it can potentially earn on surplus cash deposits.

Foreign currency risk management

Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates.

Credit risk management

The Group has adopted a policy of only dealing with credit worthy counterparties and obtaining sufficient collateral or other security where appropriate, as a means of mitigating the risk of financial loss from any defaults.

Liquidity risk management

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities to ensure continuity of tenure to exploration assets and to be able to conduct the Group's business in an orderly and professional manner. Cash deposits are only held with major financial institutions.

The Group's only financial liabilities are trade and other payables $7,387 (2015: $10,058), payable within 1 month.

The carrying value of financial assets and financial liabilities recognised in the financial statements approximate their fair values.

NOTE 13: COMMITMENTS AND CONTINGENCIES

The Group has no commitments or contingencies at balance date.

NOTE 14: RELATED PARTY DISCLOSURE

The ultimate parent entity in the wholly-owned group and the ultimate Bermudian parent entity is Luiri Gold Limited. There were no transactions between Luiri Gold Limited and its controlled entities during the financial year (2015: nil). The consolidated financial statements include the financial statements of Luiri Gold Limited and its wholly owned, Australian incorporated, subsidiary Luiri Gold Australia Pty Ltd.

NOTE 15: EVENTS AFTER THE BALANCE DATE

There has not been any matter or circumstance that has arisen after balance date that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial periods.

In the Directors' opinion:

(a) the financial statements and notes set out on pages 4 to 16:

  (i) are in accordance with International Accounting Standards; and

  (ii) give a true and fair view of the Group's financial position as at 31 December 2016 and of its performance for the year then ended; and

(b) there are reasonable grounds to believe that Luiri Gold Limited will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

Angela Pankhurst
Director/Company Secretary

Perth, Western Australia
30 March 2017

HLB Mann Judd

Accountants | Business and Financial Advisers

INDEPENDENT AUDITOR'S REPORT

To the members of Luiri Gold Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Luiri Gold Limited ("the Company") and its controlled entities ("the Group"), which comprises the consolidated statement of financial position as at 31 December 2016, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group:

a) gives a true and fair view of the Group's financial position as at 31 December 2016 and of its financial performance for the year then ended; and

b) complies with International Financial Reporting Standards.

Basis for opinion

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

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

Material uncertainty relating to going concern

We draw attention to Note 1(b) in the financial report, which indicates that during the year ended 31 December 2016, the Group incurred a loss of $153,119 (2015:$185,099) and at 31 December 2016 had cash and cash equivalents of $76,751. As stated in Note 1(b), these events or conditions, along with other matters as set forth in Note 1(b), indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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. Except for the matter described in the *Material Uncertainty Related to Going Concern* section, we have determined that there are no key audit matters to communicate in our report.

Information other than the financial report and auditor's report thereon

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 31 December 2016, but does not include the financial report and our auditor's report thereon.

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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 International Financial Reporting Standards and the *Bermudian Companies Act 1981* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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.

- 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 Group'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 Group 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.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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.

HLB Mann Judd

HLB Mann Judd
Chartered Accountants

M R W Ohm
Partner

Perth, Western Australia
30 March 2017

The shareholder information set out below was applicable as at 28 February 2016.

A. Distribution of equity securities

Analysis of numbers of equity security holders by size of holding:

	Class of equity Ordinary shares
1 – 5,000	10
1,001 – 5,000	26
5,001 – 10,000	33
10,001 – 100,000	120
100,000 and over	179
	368

There were 230 holders of less than a marketable parcel of ordinary shares.

B. Equity security holders

Twenty largest quoted equity security holders – ordinary shares

Name	**Ordinary shares held**	**% issued shares**
Zero Nominees Pty Ltd	109,282,739	23.74
Jutland Nominees Pty Ltd <Robert Brown Family A/C>	23,398,115	5.08
Beach Corporation Pty Ltd	20,833,500	4.52
Laguna Bay Capital Pty Ltd	20,826,667	4.52
Palace Trading Investments Ltd	14,641,667	3.18
Croesus mining Pty Ltd <Steinepreis Super Fund A/C>	14,274,600	3.10
Portico Investments Ltd	13,250,000	2.88
Shukran GMBH	13,250,000	2.88
HSBC Custody Nominees (Australia) Ltd	11,189,184	2.43
Mr Jay Evan Dale Hughes <Inkese Family A/C>	10,000,000	2.17
Zambian Iron Ore Limited	10,000,000	2.17
JP Morgan Nominees Australia Limited	9,595,305	2.08
Citicorp Nominees Pty Limited	8,531,462	1.85
N & J Mitchell Holdings Pty Ltd <The Mitchell Unit A/C>	8,333,500	1.81
Mr Peter Cahal Tanham	8,000,000	1.74
Boronia investments Pty Ltd	6,219,180	1.35
N & J Mitchell Holdings Pty Ltd <Ord St Properties A/C>	6,000,000	1.30
Ascent Capital Holdings Pty Ltd	5,697,144	1.24
Lanza Holdings	5,610,000	1.22
Kirby Gold Pty Ltd <E & A Kirby S/F A/C>	5,500,000	1.19
	324,433,063	70.46

C. Substantial shareholders

Substantial shareholders in the Company are:

Name	Ordinary shares held	% of issued shares
Stuart Murray	90,300,000	19.61
Jutland Nominees Pty Ltd <Robert Brown Family A/C>	44,231,615	9.61
NJ Mitchell Holdings Pty Ltd & associated holders	32,338,410	8.83

D. Voting rights

The voting rights attaching to each class of equity securities are set out below:

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