Goldfinch Consulting and
Management Group Pty Ltd

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Telephone 9381 4388
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MINERAL DEVELOPMENTS PTY LTD
ACN 602 988 992

**SPECIAL PURPOSE INTERIM FINANCIAL REPORT
FOR THEYEAR ENDED
30 JUNE 2015**

Mineral Developments Pty Ltd

ACN 602 988 992

DIRECTOR'S DECLARATION

The director has determined that the company is not a reporting entity and that this Special Purpose Financial Report should be prepared in accordance with the accounting policies outlined in Note 1 to the financial statements.

The sole director of the company declares that:

1. the financial statements and notes present fairly the company's financial position as at 30 June 2015 and its performance for the year ended on that date in accordance with the accounting policies described in Note 1 to the financial statements; and
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.

This declaration is made in accordance with a resolution of the sole Director:

M. Sillcock

Michael Sillcock
Director

Dated: 2 MAY 2017

Mineral Developments Pty Ltd
Statement of Financial Position
As of June 30, 2015

	Jun 30, 15	Jun 30, 14
ASSETS		
Current Assets		
Chequing/Savings		
ANZ Cheque Account 34985	201,238.45	0.00
Cash On Hand	10.00	0.00
Total Chequing/Savings	201,248.45	0.00
Total Current Assets	201,248.45	0.00
Other Assets		
Mining Tenements		
E08/2693		
Application Fee	1,290.25	0.00
Capitalised Costs	1,155.00	0.00
Capitalised Rent	2,442.00	0.00
Total E08/2693	4,887.25	0.00
E09/2132		
Application Fee	1,290.25	0.00
Capitalised Costs	82.50	0.00
Capitalised Rent	2,197.80	0.00
Total E09/2132	3,570.55	0.00
E09/2133		
Application Fee	1,290.75	0.00
Capitalised Costs	82.50	0.00
Capitalised Rent	610.00	0.00
Total E09/2133	1,983.25	0.00
E09/2135		
Application Fee	1,290.25	0.00
Capitalised Costs	1,278.75	0.00
Capitalised Rent	12,698.40	0.00
Total E09/2135	15,267.40	0.00
E09/2136		
Application Fee	1,290.25	0.00
Capitalised Costs	1,278.75	0.00
Capitalised Rent	1,709.40	0.00
Total E09/2136	4,278.40	0.00
Capitalised Costs	8,800.00	0.00
Total Mining Tenements	38,786.85	0.00
Total Other Assets	38,786.85	0.00
TOTAL ASSETS	**240,035.30**	**0.00**
LIABILITIES		
Current Liabilities		
Other Current Liabilities		
Accrued Expenses	1,485.00	0.00
Total Other Current Liabilities	1,485.00	0.00
Total Current Liabilities	1,485.00	0.00

Mineral Developments Pty Ltd
Statement of Financial Position
As of June 30, 2015

	Jun 30, 15	Jun 30, 14
Long Term Liabilities		
Loan B Anderson	100,000.00	0.00
Loan Mick Sillcock	146,037.50	0.00
Total Long Term Liabilities	246,037.50	0.00
TOTAL LIABILITIES	247,522.50	0.00
NET ASSETS	**-7,487.20**	**0.00**
EQUITY		
Issued Capital	10.00	0.00
Net Income	-7,497.20	0.00
TOTAL EQUITY	**-7,487.20**	**0.00**

Mineral Developments Pty Ltd
Statement of Financial Performance
July 2014 through June 2015

	2015	2014
Ordinary Income/Expense		
Expense		
Accounting Fees	1,485.00	0.00
ASIC Fees	308.00	0.00
Tenement Expenses	1,180.25	0.00
Bank Charges	123.95	0.00
Directors fees	4,400.00	0.00
Total Expense	7,497.20	0.00
Net Ordinary Income	-7,497.20	0.00
Net Income	**-7,497.20**	**0.00**

These special purpose financial statements have been audited and should be read in conjunction with the independant auditor's report. The accompanying notes form part of the financial statements.

Mineral Developments Pty Ltd
Statement of Cash Flows
For the year ended 30 June 2015

	Note	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		0	0
Payments to suppliers and employees		-5,888	0
Dividends received		0	0
Interest received		0	0
Finance costs		-124	0
Income tax paid		0	0
Net cash provided by operating activities	2	-6,012	0
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		0	0
Proceeds from sale of investments		0	0
Payment for property, plant and equipment		0	0
Payment for exploration		-38,787	0
Loans to related parties – amounts granted		0	0
Net cash used in investing activities		-38,787	0
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		246,037	0
Repayment of borrowings		0	0
Dividends paid		0	0
Proceeds from Shares Issued		10	0
Net cash provided by (used in) financing activities		246,047	0
Net (decrease) increase in cash held		201,248	0
Cash at beginning of financial year		0	0
Cash at end of financial year		201,248	0

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The director has prepared the financial statements on the basis that the company is a non-reporting entity because there are no users dependent on general purpose financial reports. This financial report is therefore a Special Purpose Financial Report that has been prepared in order to meet the needs of members.

The financial report has been prepared in accordance with the significant accounting policies disclosed below which the director has determined are appropriate to meet the needs of members. Such accounting policies are consistent with the previous period unless stated otherwise.

The financial statements have been prepared on an accruals basis and are based on historical costs unless otherwise stated in the notes. The accounting policies that have been adopted in the preparation of this report are as follows:

- **Income Tax**

The income tax expense (revenue) for the year comprises current income tax expense (income). The company does not recognise deferred tax assets or liabilities.

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

- **Inventories**

Inventories are measured at the lower of cost and net realisable value. The cost of manufactured inventories includes direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenses.

- **Property, Plant and Equipment**

All property, plant and equipment except for freehold land and buildings are initially measured at cost and are depreciated over their useful lives on a straight-line basis. Depreciation commences from the time the asset is available for its intended use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The carrying amount of plant and equipment is reviewed annually by the director to ensure it is not in excess of the recoverable amount. Freehold land and buildings are carried at their recoverable amounts, based on periodic valuations by the director. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have not been discounted in determining recoverable amounts.

- **Exploration and Development Expenditure**

Exploration, evaluation and development expenditures incurred are capitalised in respect of each identifiable area of interest. These costs are only capitalised to the extent that they are expected to be recovered through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Accumulated costs in relation to an abandoned area are written off in full against profit or loss in the year in which the decision to abandon the area is made.

If production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to capitalise costs in relation to that area.

Costs of site restoration are provided for over the life of the project from when exploration commences and are included in the costs of that stage. Site restoration costs include the dismantling and removal of mining plant, equipment and building structures, waste removal, and rehabilitation of the site in accordance with local laws and regulations and clauses of the permits. Such costs have been determined using estimates of future costs, current legal requirements and technology on an undiscounted basis.

Any changes in the estimates for the costs are accounted for on a prospective basis. In determining the costs of site restoration, there is uncertainty regarding the nature and extent of the restoration due to community expectations and future legislation. Accordingly, the costs have been determined on the basis that the restoration will be completed within one year of abandoning the site.

- **Goodwill**

Goodwill is initially measured at the amount by which the purchase price for a business combination exceeds the fair value attributed to the interest in the net fair value of identifiable assets, liabilities and contingent liabilities acquired at date of acquisition.

Goodwill is subsequently measured at cost less any impairment losses.

Goodwill is subject to impairment testing when the director considers that there is objective evidence the business has been impaired. Impairment losses are calculated based on the director's assessment of the business's recoverable amount. Recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have not been discounted in determining recoverable amount.

Gains and losses on the disposal of a business include the carrying amount of goodwill relating to the business sold.

- **Trade and Other Receivables**

Trade receivables are recognised initially at cost and are subsequently measured at cost less any provision for impairment. Most sales are made on the basis of normal credit terms and are not subject to interest. Where credit is extended beyond normal credit terms and is more than 12 months, receivables are discounted to their present value.

At the end of each reporting period, the carrying amounts of trade and other receivables are reviewed to determine whether there is any objective evidence that the amounts are not recoverable. A provision for impairment is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables.

Other receivables include loans granted by the company and are discounted to present values using the interest rate inherent in the loan.

- **Investments**

Investments include equity securities (ie shares) of listed and unlisted entities. The company recognises and measures these investments at cost less any accumulated impairment losses.

- **Impairment of Assets**

At the end of each reporting period, property, plant and equipment, intangible assets and investments are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset (or group of related assets) is estimated and compared with its carrying amount. The recoverable amount is the higher of the asset's fair value less costs to sell and the present value of the asset's future cash flows discounted at the expected rate of return. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount and an impairment loss is recognised immediately in profit or loss.

- **Trade Payables**

Trade payables represent the liabilities for goods and services received by the company that remain unpaid at the end of the reporting period. They are recognised at their transaction price. Trade payables are subject to normal credit terms (30–60 days) and do not bear interest.

- **Employee Benefits**

Provision is made for the company's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits have been measured at the nominal amounts expected to be paid when the liability is settled, plus any related on-costs. Both annual leave and long service leave are recognised within the employee provisions liability.

- **Provisions**

Provisions are recognised when the company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions are measured at the best estimate of the amounts required to settle the obligation at the end of the reporting period.

- **Cash and Cash Equivalents**

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

- **Revenue and Other Income**

Revenue is measured at the value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. For this purpose, deferred consideration is not discounted to present values when recognising revenue.

Interest revenue is recognised using the effective interest method, which for floating rate financial assets is the rate inherent in the instrument. Dividend revenue is recognised when the right to receive a dividend has been established.

Revenue recognition relating to the provision of services is determined with reference to the stage of completion of the transaction at the end of the reporting period and where outcome of the contract can be estimated reliably. Stage of completion is determined with reference to the services performed to date as a percentage of total anticipated services to be performed. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent that related expenditure is recoverable.

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

- **Goods and Services Tax (GST)**

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO), in which case the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables stated 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 balance sheet.

NOTE 2: CASH FLOW INFORMATION

	2015	2014
	$	$
Reconciliation of Cash Flows from Operating Activities with Profit after Income Tax		
Profit after income tax	(7,497)	-
Non-cash flows in profit:		
– depreciation	-	-
– write-downs to recoverable amount	-	-
– net gains on disposal of plant and equipment	-	-
– net gains on disposal of investments	-	-
– bad and doubtful debts	-	-
– write-off of obsolete inventory	-	-
– impairment of non-current investments	-	-
Changes in assets and liabilities:		
– increase in receivables	-	-
– decrease in other assets	-	-
– increase in inventories	-	-
– increase in payables	1,485	-
– increase in provisions	-	-
– increase/(decrease) in income taxes payable	-	-
	(6,012)	-

NOTE 3: EVENTS AFTER THE BALANCE SHEET DATE

Since the end of the financial year the company has entered into a heads of agreement dated 11 March 2017 for Pure Manganese Pty Ltd to purchase 80% of the issued capital in the company.

ROTHSAY
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INDEPENDENT AUDIT REPORT TO THE MEMBERS OF MINERAL DEVELOPMENTS PTY LTD

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Mineral Developments Pty Ltd ("the Company") which comprises the statement of financial position as at 30 June 2015, the statement of financial performance and the statement of cash flows for the year then ended on that date 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 Mineral Developments Pty Ltd is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the company's financial position as at 30 June 2015 and of its performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards to the extent described in Note 1, and the *Corporations Regulations 2001*.

Basis for Opinion

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

Emphasis of Matter – Basis of Accounting

We draw attention to Note 1 in the financial report which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the directors' financial reporting responsibilities under the *Corporations Act 2001*. As a result the financial report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Directors' Responsibility 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 the Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the company 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 cease operations, or have no realistic alternative but to do so.

Auditor's Responsibility 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 misstatementt, 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.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: www.auasb.gov.au/Home.aspx

We communicate with the directors regarding, amongst 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.

Rothsay

Rothsay Auditing

Graham R Swan FCA
Partner

Dated 2 May 2017

Chartered Accountants

Goldfinch Consulting and
Management Group Pty Ltd

Ground Floor, 563 Hay St
Daglish WA 6008

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MINERAL DEVELOPMENTS PTY LTD
ACN 602 988 992

SPECIAL PURPOSE INTERIM FINANCIAL REPORT FOR THEYEAR ENDED 30 JUNE 2016

Mineral Developments Pty Limited

ACN 602 988 992

DIRECTOR'S DECLARATION

The director has determined that the company is not a reporting entity and that this Special Purpose Financial Report should be prepared in accordance with the accounting policies outlined in Note 1 to the financial statements.

The sole director of the company declares that:

1. the financial statements and notes present fairly the company's financial position as at 30 June 2016 and its performance for the year ended on that date in accordance with the accounting policies described in Note 1 to the financial statements; and
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.

This declaration is made in accordance with a resolution of the sole Director:

M. Sillcock

(Insert Director Name)

Director MICHAEL SILLCOCK

Dated: 2 MAY 2017

Mineral Developments Pty Ltd
Statement of Financial Position
As of June 30, 2016

	Jun 30, 16	Jun 30, 15
ASSETS		
Current Assets		
Chequing/Savings		
ANZ Cheque Account 34985	80,344.80	201,238.45
Cash On Hand	10.00	10.00
Total Chequing/Savings	80,354.80	201,248.45
Total Current Assets	80,354.80	201,248.45
Other Assets		
Mining Tenements		
E08/2693		
Application Fee	1,290.25	1,290.25
Capitalised Costs	2,363.57	1,155.00
Capitalised Rent	2,442.00	2,442.00
Total E08/2693	6,095.82	4,887.25
E09/2132		
Application Fee	1,290.25	1,290.25
Capitalised Costs	907.50	82.50
Capitalised Rent	2,197.80	2,197.80
Total E09/2132	4,395.55	3,570.55
E09/2133		
Application Fee	1,290.75	1,290.75
Capitalised Costs	1,732.50	82.50
Capitalised Rent	610.00	610.00
Total E09/2133	3,633.25	1,983.25
E09/2135		
Application Fee	1,372.75	1,290.25
Capitalised Costs	2,103.75	1,278.75
Capitalised Rent	12,698.40	12,698.40
Total E09/2135	16,174.90	15,267.40
E09/2136		
Application Fee	1,290.25	1,290.25
Capitalised Costs	1,856.25	1,278.75
Capitalised Rent	1,709.40	1,709.40
Total E09/2136	4,855.90	4,278.40
Capitalised Costs	16,816.90	8,800.00
Total Mining Tenements	51,972.32	38,786.85
Total Other Assets	51,972.32	38,786.85
TOTAL ASSETS	**132,327.12**	**240,035.30**
LIABILITIES		
Current Liabilities		
Other Current Liabilities		
Accrued Expenses	3,135.00	1,485.00
Total Other Current Liabilities	3,135.00	1,485.00
Total Current Liabilities	3,135.00	1,485.00

These special purpose financial statements have been audited and should be read in conjunction with the independant auditor's report. The accompanying notes form part of the financial statements.

Mineral Developments Pty Ltd
Statement of Financial Position
As of June 30, 2016

	Jun 30, 16	Jun 30, 15
Long Term Liabilities		
Loan B Anderson	0.00	100,000.00
Loan Mick Sillcock	146,957.32	146,037.50
Total Long Term Liabilities	146,957.32	246,037.50
TOTAL LIABILITIES	150,092.32	247,522.50
NET ASSETS	**-17,765.20**	**-7,487.20**
EQUITY		
Issued Capital	10.00	10.00
Retained Earnings	-7,497.20	0.00
Net Income	-10,278.00	-7,497.20
TOTAL EQUITY	**-17,765.20**	**-7,487.20**

Mineral Developments Pty Ltd
Statement of Financial Performance
July 2015 through June 2016

	2016	2015
Ordinary Income/Expense		
Expense		
Accounting Fees	1,650.00	1,485.00
ASIC Fees	628.00	308.00
Tenement Expenses	0.00	1,180.25
Bank Charges	300.00	123.95
Directors fees	7,700.00	4,400.00
Total Expense	10,278.00	7,497.20
Net Ordinary Income	-10,278.00	-7,497.20
Net Income	**-10,278.00**	**-7,497.20**

Mineral Developments Pty Ltd
Statement of Cash Flows
For the year ended 30 June 2016

	Note	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers			
Payments to suppliers and employees		-8,328	-5,888
Dividends received		0	0
Interest received		0	0
Finance costs		-300	-124
Income tax paid		0	0
Net cash provided by operating activities	2	-8,628	-6,012
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		0	0
Proceeds from sale of investments		0	0
Payment for property, plant and equipment		0	0
Payment for exploration		-13,185	-38,787
Loans to related parties – amounts granted		0	0
Net cash used in investing activities		-13,185	-38,787
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		0	246,037
Repayment of borrowings		-99,080	0
Dividends paid		0	0
Proceeds from Shares Issued		0	10
Net cash provided by (used in) financing activities		-99,080	246,047
Net (decrease) increase in cash held		-120,893	201,248
Cash at beginning of financial year		201,248	0
Cash at end of financial year		80,355	201,248

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The director has prepared the financial statements on the basis that the company is a non-reporting entity because there are no users dependent on general purpose financial reports. This financial report is therefore a Special Purpose Financial Report that has been prepared in order to meet the needs of members.

The financial report has been prepared in accordance with the significant accounting policies disclosed below which the director has determined are appropriate to meet the needs of members. Such accounting policies are consistent with the previous period unless stated otherwise.

The financial statements have been prepared on an accruals basis and are based on historical costs unless otherwise stated in the notes. The accounting policies that have been adopted in the preparation of this report are as follows:

- **Income Tax**

The income tax expense (income) for the year comprises current income tax expense (income). The company does not recognise deferred tax assets or liabilities.

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

- **Inventories**

Inventories are measured at the lower of cost and net realisable value. The cost of manufactured inventories includes direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenses.

- **Property, Plant and Equipment**

All property, plant and equipment except for freehold land and buildings are initially measured at cost and are depreciated over their useful lives on a straight-line basis. Depreciation commences from the time the asset is available for its intended use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The carrying amount of plant and equipment is reviewed annually by the director to ensure it is not in excess of the recoverable amount. Freehold land and buildings are carried at their recoverable amounts, based on periodic valuations by the director. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have not been discounted in determining recoverable amounts.

- **Exploration and Development Expenditure**

Exploration, evaluation and development expenditures incurred are capitalised in respect of each identifiable area of interest. These costs are only capitalised to the extent that they are expected to be recovered through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Accumulated costs in relation to an abandoned area are written off in full against profit or loss in the year in which the decision to abandon the area is made.

If production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to capitalise costs in relation to that area.

Costs of site restoration are provided for over the life of the project from when exploration commences and are included in the costs of that stage. Site restoration costs include the dismantling and removal of mining plant, equipment and building structures, waste removal, and rehabilitation of the site in accordance with local laws and regulations and clauses of the permits. Such costs have been determined using estimates of future costs, current legal requirements and technology on an undiscounted basis.

Any changes in the estimates for the costs are accounted for on a prospective basis. In determining the costs of site restoration, there is uncertainty regarding the nature and extent of the restoration due to community expectations and future legislation. Accordingly, the costs have been determined on the basis that the restoration will be completed within one year of abandoning the site.

- **Goodwill**

Goodwill is initially measured at the amount by which the purchase price for a business combination exceeds the fair value attributed to the interest in the net fair value of identifiable assets, liabilities and contingent liabilities acquired at date of acquisition.

Goodwill is subsequently measured at cost less any impairment losses.

Goodwill is subject to impairment testing when the director considers that there is objective evidence the business has been impaired. Impairment losses are calculated based on the director's assessment of the business's recoverable amount. Recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have not been discounted in determining recoverable amount.

Gains and losses on the disposal of a business include the carrying amount of goodwill relating to the business sold.

- **Trade and Other Receivables**

Trade receivables are recognised initially at cost and are subsequently measured at cost less any provision for impairment. Most sales are made on the basis of normal credit terms and are not subject to interest. Where credit is extended beyond normal credit terms and is more than 12 months, receivables are discounted to their present value.

At the end of each reporting period, the carrying amounts of trade and other receivables are reviewed to determine whether there is any objective evidence that the amounts are not recoverable. A provision for impairment is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables.

Other receivables include loans granted by the company and are discounted to present values using the interest rate inherent in the loan.

- **Investments**

Investments include equity securities (ie shares) of listed and unlisted entities. The company recognises and measures these investments at cost less any accumulated impairment losses.

- **Impairment of Assets**

At the end of each reporting period, property, plant and equipment, intangible assets and investments are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset (or group of related assets) is estimated and compared with its carrying amount. The recoverable amount is the higher of the asset's fair value less costs to sell and the present value of the asset's future cash flows discounted at the expected rate of return. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount and an impairment loss is recognised immediately in profit or loss.

- **Trade Payables**

Trade payables represent the liabilities for goods and services received by the company that remain unpaid at the end of the reporting period. They are recognised at their transaction price. Trade payables are subject to normal credit terms (30–60 days) and do not bear interest.

- **Employee Benefits**

Provision is made for the company's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits have been measured at the nominal amounts expected to be paid when the liability is settled, plus any related on-costs. Both annual leave and long service leave are recognised within the employee provisions liability.

- **Provisions**

Provisions are recognised when the company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions are measured at the best estimate of the amounts required to settle the obligation at the end of the reporting period.

- **Cash and Cash Equivalents**

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

- **Revenue and Other Income**

Revenue is measured at the value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. For this purpose, deferred consideration is not discounted to present values when recognising revenue.

Interest revenue is recognised using the effective interest method, which for floating rate financial assets is the rate inherent in the instrument. Dividend revenue is recognised when the right to receive a dividend has been established.

Revenue recognition relating to the provision of services is determined with reference to the stage of completion of the transaction at the end of the reporting period and where outcome of the contract can be estimated reliably. Stage of completion is determined with reference to the services performed to date as a percentage of total anticipated services to be performed. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent that related expenditure is recoverable.

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

- **Goods and Services Tax (GST)**

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO), in which case the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables stated 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 balance sheet.

NOTE 2: CASH FLOW INFORMATION

	2016	2015
	$	$
Reconciliation of Cash Flows from Operating Activities with Profit after Income Tax		
Profit after income tax	(10,278)	(7,497)
Non-cash flows in profit:		
– depreciation	-	-
– write-downs to recoverable amount	-	-
– net gains on disposal of plant and equipment	-	-
– net gains on disposal of investments	-	-
– bad and doubtful debts	-	-
– write-off of obsolete inventory	-	-
– impairment of non-current investments	-	-
Changes in assets and liabilities:		
– increase in receivables	-	-
– decrease in other assets	-	-
– increase in inventories	-	-
– increase in payables	1,650	1,485
– increase in provisions	-	-
– increase/(decrease) in income taxes payable	-	-
	(8,628)	(6,012)

NOTE 3: EVENTS AFTER THE BALANCE SHEET DATE

Since the end of the financial year the company has entered into a heads of agreement dated 11 March 2017 for Pure Manganese Pty Ltd to purchase 80% of the issued capital in the company.

ROTHSAY

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INDEPENDENT AUDIT REPORT TO THE MEMBERS OF MINERAL DEVELOPMENTS PTY LTD

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Mineral Developments Pty Ltd ("the Company") which comprises the statement of financial position as at 30 June 2016, the statement of financial performance and the statement of cash flows for the year then ended on that date 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 Mineral Developments Pty Ltd is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the company's financial position as at 30 June 2016 and of its performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards to the extent described in Note 1, and the *Corporations Regulations 2001*.

Basis for Opinion

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

Emphasis of Matter – Basis of Accounting

We draw attention to Note 1 in the financial report which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the directors' financial reporting responsibilities under the *Corporations Act 2001*. As a result the financial report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Directors' Responsibility 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 the Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the company 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 cease operations, or have no realistic alternative but to do so.

Auditor's Responsibility 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 misstatementt, 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.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: www.auasb.gov.au/Home.aspx

We communicate with the directors regarding, amongst 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.

Rothsay

Rothsay Auditing

Graham R Swan FCA
Partner

Dated 2 May 2017

Goldfinch Consulting and Management Group Pty Ltd

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Daglish WA 6008

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MINERAL DEVELOPMENTS PTY LTD

ACN 602 988 992

SPECIAL PURPOSE INTERIM FINANCIAL REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

Mineral Developments Pty Limited

ACN 602 988 992

DIRECTOR'S DECLARATION

The director has determined that the company is not a reporting entity and that this Special Purpose Financial Report should be prepared in accordance with the accounting policies outlined in Note 1 to the financial statements.

The sole director of the company declares that:

1. the financial statements and notes present fairly the company's financial position as at 31 December 2016 and its performance for the half-year ended on that date in accordance with the accounting policies described in Note 1 to the financial statements; and
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.

This declaration is made in accordance with a resolution of the sole Director:

M. Sillcock

Michael Sillcock
Director

Dated: 2 MAY 2017

Mineral Developments Pty Ltd
Statement of Financial Position
As of December 31, 2016

	Dec 31, 16
ASSETS	
Current Assets	
Chequing/Savings	
ANZ Cheque Account 34985	83,318.38
Cash On Hand	10.00
Total Chequing/Savings	83,328.38
Total Current Assets	83,328.38
Other Assets	
Mining Tenements	
E08/2693	
Application Fee	1,290.25
Capitalised Costs	3,759.99
Capitalised Rent	5,032.00
Total E08/2693	10,082.24
E09/2132	
Application Fee	1,290.25
Capitalised Costs	2,062.50
Capitalised Rent	2,197.80
Total E09/2132	5,550.55
E09/2133	
Application Fee	1,290.75
Capitalised Costs	2,653.75
Capitalised Rent	610.00
Total E09/2133	4,554.50
E09/2136	
Application Fee	1,290.25
Capitalised Costs	2,612.50
Capitalised Rent	1,709.40
Total E09/2136	5,612.15
Capitalised Costs	23,293.55
Total Mining Tenements	49,092.99
Total Other Assets	49,092.99
TOTAL ASSETS	**132,421.37**
LIABILITIES	
Current Liabilities	
Accounts Payable	
Accounts Payable	2,754.75
Total Accounts Payable	2,754.75
Other Current Liabilities	
Accrued Expenses	3,905.00
Total Other Current Liabilities	3,905.00
Total Current Liabilities	6,659.75

Mineral Developments Pty Ltd
Statement of Financial Position
As of December 31, 2016

	Dec 31, 16
Long Term Liabilities	
Loan Mick Sillcock	76,658.63
Total Long Term Liabilities	76,658.63
TOTAL LIABILITIES	83,318.38
NET ASSETS	**49,102.99**
EQUITY	
Issued Capital	10.00
Retained Earnings	-17,775.20
Net Income	66,868.19
TOTAL EQUITY	**49,102.99**

Mineral Developments Pty Ltd
Statement of Financial Performance
July through December 2016

	Jul - Dec 16
Ordinary Income/Expense	
Expense	
Accounting Fees	770.00
ASIC Fees	249.00
Tenement Expenses	4,851.50
Bank Charges	150.00
Total Expense	6,020.50
Net Ordinary Income	-6,020.50
Other Income/Expense	
Other Income	
Forgiveness of Loan	72,888.69
Total Other Income	72,888.69
Net Income	**66,868.19**

These interim special purpose financial statements have been audited and should be read in conjunction with the independant auditor's report. The accompanying notes form part of the financial statements.

Mineral Developments Pty Ltd
Statement of Cash Flows
For the period 1 July 2016 to 31 December 2016

	Note	31/12/2016	30/6/2016
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		0	0
Payments to suppliers and employees		-1,624	-8,328
Dividends received		0	0
Interest received		0	0
Finance costs		-150	-300
Income tax paid		0	0
Net cash provided by operating activities	2	-1,774	-8,628
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		0	0
Proceeds from sale of investments		0	0
Payment for property, plant and equipment		0	0
Payment for exploration		-10,541	-13,185
Refund of tenement rent		12,698	0
Net cash used in investing activities		2,157	-38,787
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		2,590	0
Repayment of borrowings		0	-99,080
Dividends paid		0	0
Proceeds from Shares Issued		0	0
Net cash provided by (used in) financing activities		2,590	-99,080
Net (decrease) increase in cash held		2,973	-120,893
Cash at beginning of half year period		80,355	201,248
Cash at end of half year period		83,328	80,355

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The director has prepared the financial statements on the basis that the company is a non-reporting entity because there are no users dependent on general purpose financial reports. This financial report is therefore a Special Purpose Financial Report that has been prepared in order to meet the needs of members.

The financial report has been prepared in accordance with the significant accounting policies disclosed below which the director has determined are appropriate to meet the needs of members. Such accounting policies are consistent with the previous period unless stated otherwise.

The financial statements have been prepared on an accruals basis and are based on historical costs unless otherwise stated in the notes. The accounting policies that have been adopted in the preparation of this report are as follows:

- **Income Tax**

The income tax expense (income) for the year comprises current income tax expense (income). The company does not recognise deferred tax assets or liabilities.

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

- **Inventories**

Inventories are measured at the lower of cost and net realisable value. The cost of manufactured inventories includes direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenses.

- **Property, Plant and Equipment**

All property, plant and equipment except for freehold land and buildings are initially measured at cost and are depreciated over their useful lives on a straight-line basis. Depreciation commences from the time the asset is available for its intended use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The carrying amount of plant and equipment is reviewed annually by the director to ensure it is not in excess of the recoverable amount. Freehold land and buildings are carried at their recoverable amounts, based on periodic valuations by the director. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have not been discounted in determining recoverable amounts.

- **Exploration and Development Expenditure**

Exploration, evaluation and development expenditures incurred are capitalised in respect of each identifiable area of interest. These costs are only capitalised to the extent that they are expected to be recovered through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Accumulated costs in relation to an abandoned area are written off in full against profit or loss in the year in which the decision to abandon the area is made.

If production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to capitalise costs in relation to that area.

Costs of site restoration are provided for over the life of the project from when exploration commences and are included in the costs of that stage. Site restoration costs include the dismantling and removal of mining plant, equipment and building structures, waste removal, and rehabilitation of the site in accordance with local laws and regulations and clauses of the permits. Such costs have been determined using estimates of future costs, current legal requirements and technology on an undiscounted basis.

Any changes in the estimates for the costs are accounted for on a prospective basis. In determining the costs of site restoration, there is uncertainty regarding the nature and extent of the restoration due to community expectations and future legislation. Accordingly, the costs have been determined on the basis that the restoration will be completed within one year of abandoning the site.

- **Goodwill**

Goodwill is initially measured at the amount by which the purchase price for a business combination exceeds the fair value attributed to the interest in the net fair value of identifiable assets, liabilities and contingent liabilities acquired at date of acquisition.

Goodwill is subsequently measured at cost less any impairment losses.

Goodwill is subject to impairment testing when the director considers that there is objective evidence the business has been impaired. Impairment losses are calculated based on the director's assessment of the business's recoverable amount. Recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have not been discounted in determining recoverable amount.

Gains and losses on the disposal of a business include the carrying amount of goodwill relating to the business sold.

- **Trade and Other Receivables**

Trade receivables are recognised initially at cost and are subsequently measured at cost less any provision for impairment. Most sales are made on the basis of normal credit terms and are not subject to interest. Where credit is extended beyond normal credit terms and is more than 12 months, receivables are discounted to their present value.

At the end of each reporting period, the carrying amounts of trade and other receivables are reviewed to determine whether there is any objective evidence that the amounts are not recoverable. A provision for impairment is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables.

Other receivables include loans granted by the company and are discounted to present values using the interest rate inherent in the loan.

- **Investments**

Investments include equity securities (ie shares) of listed and unlisted entities. The company recognises and measures these investments at cost less any accumulated impairment losses.

- **Impairment of Assets**

At the end of each reporting period, property, plant and equipment, intangible assets and investments are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset (or group of related assets) is estimated and compared with its carrying amount. The recoverable amount is the higher of the asset's fair value less costs to sell and the present value of the asset's future cash flows discounted at the expected rate of return. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount and an impairment loss is recognised immediately in profit or loss.

- **Trade Payables**

Trade payables represent the liabilities for goods and services received by the company that remain unpaid at the end of the reporting period. They are recognised at their transaction price. Trade payables are subject to normal credit terms (30–60 days) and do not bear interest.

- **Employee Benefits**

Provision is made for the company's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits have been measured at the nominal amounts expected to be paid when the liability is settled, plus any related on-costs. Both annual leave and long service leave are recognised within the employee provisions liability.

- **Provisions**

Provisions are recognised when the company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions are measured at the best estimate of the amounts required to settle the obligation at the end of the reporting period.

- **Cash and Cash Equivalents**

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

- **Revenue and Other Income**

Revenue is measured at the value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. For this purpose, deferred consideration is not discounted to present values when recognising revenue.

Interest revenue is recognised using the effective interest method, which for floating rate financial assets is the rate inherent in the instrument. Dividend revenue is recognised when the right to receive a dividend has been established.

Revenue recognition relating to the provision of services is determined with reference to the stage of completion of the transaction at the end of the reporting period and where outcome of the contract can be estimated reliably. Stage of completion is determined with reference to the services performed to date as a percentage of total anticipated services to be performed. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent that related expenditure is recoverable.

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

- **Goods and Services Tax (GST)**

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO), in which case the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables stated 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 balance sheet.

NOTE 2: CASH FLOW INFORMATION

		31/12/16	**30/6/16**
		$	**$**
Reconciliation of Cash Flows from Operating Activities with Profit after Income Tax			
Profit after income tax		66,868	(10,278)
Non-cash flows in profit:			
–	depreciation	-	-
–	write-downs to recoverable amount	3,477	-
–	net gains on disposal of plant and equipment	-	-
–	net gains on disposal of investments	-	-
–	loan forgiven	(72,889)	
–	write-off of obsolete inventory	-	-
–	impairment of non-current investments	-	-
Changes in assets and liabilities:			
–	increase in receivables	-	-
–	decrease in other assets	-	-
–	increase in inventories	-	-
–	increase in payables	770	1,650
–	increase in provisions	-	-
–	increase/(decrease) in income taxes payable	-	-
		(1,774)	(8,628)

NOTE 3: EVENTS AFTER THE BALANCE SHEET DATE

Since the end of the financial year the company has entered into a heads of agreement dated 11 March 2017 for Pure Manganese Pty Ltd to purchase 80% of the issued capital in the company.

ROTHSAY
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Independent Review Report to the Members of Mineral Developments Pty Ltd

The financial report and directors' responsibility
The interim special purpose financial report comprises the statement of financial position, statement of financial performance, cashflow statement, accompanying notes to the financial statements, and the directors' declaration for Mineral Developments Pty Ltd for the period ended 31 December 2016.

The Company's directors are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Review approach
We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim 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 interim special purpose financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the financial position as at 31 December 2016 and the performance for the half year ended on that date; and complying with applicable Australian Accounting Standards and the *Corporations Regulations 2001*. As auditor of Mineral Developments Pty Ltd, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of an interim special purpose 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.

Independence
In conducting our review we have complied with the independence requirements of the *Corporations Act 2001*.

Conclusion
Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the interim special purpose financial report of Mineral Developments Pty Ltd is not in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the financial position as at 31 December 2016 and of the performance for the period ended on that date; and
- complying with applicable Australian Accounting Standards and the *Corporations Regulations 2001*.

Rothsay

Rothsay Auditing

GRSwan

Graham R Swan
Partner

Dated 2 May 2017

Chartered Accountants