Abra Mining Pty Limited
ABN 30 110 233 577

Special Purpose Financial Report

For the year ended 31 December 2016

Contents

Directors' report

For the year ended 31 December 2016

The directors submit their report on the company for the financial year ended 31 December 2016.

DIRECTORS

The names of company's directors in office during the period and until the date of this report are set out below. Directors were in office for this entire year unless otherwise stated.

Mr. Li Li (Chairman) (Ceased on 22/07/2016)
Mr. Mingyan Wang (Managing Director) (Ceased on 27/12/2016)
Ms Yingjie Deng (Ceased on 22/07/2016)
Mr. Wenzhong Guo (Ceased on 22/07/2016)
Mr. Zhong Jie Sheng (Ceased on 21/07/2016)
Mr Tim Morrison (appointed on 27/10/2016)

REVIEW OF OPERATIONS

The loss of the company for the financial year ended 31 December 2016 was $26,915,460 (2015: $914,342).

NATURE OF OPERATIONS AND PRINCIPAL ACTIVITIES

The company engages in the exploration, evaluation, and development of mineral resource properties in Australia.

DIVIDENDS

No dividends were paid during the financial year and the Directors do not recommend the payment of a dividend.

OPTIONS

No options over issued shares or interests in the company or a controlled entity were granted during or since the end of the financial year.

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

The company has arranged Directors and Officers Liability/Company Reimbursement Insurance Policies which covers all the Directors and Officers of the Company and its controlled entities.

INDEMNIFICATION OF AUDITORS

No indemnities have been given or insurance premiums paid, during or since the end of the financial year, for any person who is, or has been, an auditor of the company.

LEGAL PROCEEDINGS

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

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

Director

ABRA MINING PTY LIMITED
ABN 30 110 233 577

Statement of Comprehensive income

For the year ended 31 December 2016

	Note	2016 $	2015 $
Revenue from continuing operations	3	99	5,212
Expenses			
Consultant and professional fees		(70,045)	(45,098)
Depreciation and impairment expenses	4	(71,366)	(34,795)
Employee costs	4	(113,488)	(355,108)
Insurance expense		(7,770)	(16,458)
Gain/(Loss) on disposal of fixed assets		2,337	(6,787)
Occupancy expense	4	(3,047)	(386,025)
Other expenses		(37,758)	(55,563)
Travel and accommodation expense		(18,930)	(19,720)
Exploration and loan written off		(26,595,492)	-
Loss before income tax		**(26,915,460)**	**(914,342)**
Income tax expense		-	-
Loss after tax		**(26,915,460)**	**(914,342)**
Total comprehensive loss for the period, after tax		**(26,915,460)**	**(914,342)**

The above Statement of Comprehensive Income should be read in conjunction with the notes to the financial Statements.

ABRA MINING PTY LIMITED
ABN 30 110 233 577

Statement of Financial Position

AS AT 31 DECEMBER 2016

	Note	2016 $	2015 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	6	567	128,333
Other receivables	7	26,016	49,809
Other assets	8	-	4,645
TOTAL CURRENT ASSETS		**26,583**	**182,787**
NON-CURRENT ASSETS			
Plant and equipment	9	-	83,279
Exploration and evaluation	10	-	26,716,193
TOTAL NON-CURRENT ASSETS		**-**	**26,799,472**
TOTAL ASSETS		**26,583**	**26,982,259**
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	11	8,500	28,000
Provisions	12	-	20,716
TOTAL CURRENT LIABILITIES		**8,500**	**48,716**
TOTAL LIABILITIES		**8,500**	**48,716**
NET ASSETS		**18,083**	**26,933,543**
EQUITY			
Contributed equity	13	40,635,397	40,635,397
Reserves	14	-	2,912,185
Accumulated losses	15	(40,617,314)	(16,614,039)
TOTAL EQUITY		**18,083**	**26,933,543**

The above Statement of Financial Position should be read in conjunction with the notes to the financial statements

ABRA MINING PTY LIMITED
ABN 30 110 233 577

Statement of Cash Flows

FOR THE YEAR ENDED 31 DECEMBER 2016

	Note	2016 $	2015 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from government rebate		-	(39,047)
Interest received		99	5,902
Bank fee paid		(644)	(4,371)
Payments to suppliers and employees		(695,765)	(905,110)
Net cash used in operating activities	5	**(696,310)**	**(942,626)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of plant and equipment		2,337	5,797
Payments for exploration expenditure		-	(372,507)
Net cash used in investing activities		**2,337**	**(366,710)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash received from HNC (Australia) Resources Holding Pty Ltd		566,207	-
Net cash used in financing activities		566,207	-
Net decrease in cash held		**(127,766)**	**(1,309,336)**
Movement of term deposit		-	118,000
Cash at beginning of financial year		**128,333**	**1,319,669**
Cash at end of financial year	6	567	**128,333**

The above Statement of Cash flows should be read in conjunction with the notes to the financial statements

Statement of Changes in Equity

FOR THE YEAR ENDED 31 DECEMBER 2016

	Note	Reserve $	Issued Capital $	Accumulated Losses $	Total $
Opening balance 1 January 2015		**2,912,185**	**40,635,397**	**(15,699,697)**	**27,847,885**
Total comprehensive loss for the year		-	-	(914,342)	(914,342)
Balance at 31 December 2015		**2,912,185**	**40,635,397**	**(16,614,039)**	**26,933,543**
Transfer of share based payments reserve		(2,912,185)	-	2,912,185	-
Total comprehensive loss for the period		-	-	(26,915,460)	(26,915,460)
Balance at 31 December 2016		**-**	**40,635,397**	**(40,617,314)**	**18,083**

The above Statement of Changes in Equity should be read in conjunction with the notes to the financial statements

Notes to the Financial Statements

Note 1 - BASIS OF PREPARATION AND ACCOUNTING POLICIES

a) Basis of preparation

Abra Mining Pty Limited is a proprietary company limited by shares incorporated and domiciled in Australia.

The financial report is a special purpose financial report prepared in order to satisfy the financial report preparation requirements of the *Corporations Act 2001*. The directors have determined that the Company is not a reporting entity.

The financial report is presented in Australian dollars.

b) Statement of compliance

The financial report has been prepared in accordance with the requirements of the *Corporations Act 2001* and the following applicable Accounting Standards:

- AASB 101	Presentation of Financial Statements
- AASB 107	Cash Flow Statements
- AASB 108	Accounting Policies, Changes in Accounting Estimates and Errors
- AASB 1031	Materiality
- AASB 1048	Interpretation and Application of Standards

c) Income tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities based on the current period's taxable income. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the income statement. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

d) Other taxes

Revenues, expenses and assets are recognised net of the amount of GST except:
• when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expenses item as applicable; and
• receivables and payables which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the relevant taxation authority is included as part of receivables or payables in the Statement of Financial Position.

Cash flows are included in the Statement of Cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the relevant taxation authority, is classified as part of operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the relevant taxation authority.

e) Exploration and evaluation expenditure

Exploration and evaluation expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are carried forward only if they relate to an area of interest for which rights of tenure are current and in respect of which:
• such costs are expected to be recouped through successful development and exploitation or from sale of the area; or
• exploration and evaluation activities in the area have not, at balance date, reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active operations in or relating to, the area are continuing.

Notes to the Financial Statements

For the year ended 31 December 2016

Note 1 - BASIS OF PREPARATION AND ACCOUNTING POLICIES (CONTINUED)

Accumulated costs in respect of areas of interest which are abandoned or assessed as not having economically recoverable reserves are written off in full against profit in the year in which the decision to abandon the area is made.

A periodic review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

f) Plant and equipment

Plant and equipment are measured at historical cost less accumulated depreciation and any accumulated impairment costs.

The carrying amount of plant and equipment is reviewed annually to ensure it is not in excess of the recoverable amount from these assets. External factors, such as changes in expected future processes, technology and economic conditions, are also monitored to assess for indicators of impairment. If any indication of impairment exists, an estimate of the asset's recoverable amount is calculated.

Depreciation

The depreciable amount of all fixed assets is depreciated on either a diminishing value or straight line basis over their useful lives to the Company commencing from the time the asset is held ready for use. The depreciation rates used for each class of depreciable assets are:

Class of fixed asset	Depreciation rate
Office furniture	*7.50% to 37.25%*
Leasehold improvements	*37.5%*
Motor vehicles	*18.75%*
Plant and equipment	*5% to 50%*
Low value pool	*37.5%*

An asset's residual value, useful life and amortization method are reviewed, and adjusted if appropriate, at each financial year end.

Gains or losses on disposals are determined by comparing proceeds with the net carrying amount. These are included in the Statement of Comprehensive Income.

g) Leases

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

h) Revenue

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

Interest revenue is recognised as the interest accrues (using the effective interest method, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument) to the net carrying amount of the financial asset.

i) Cash and cash equivalents

Cash and cash equivalents in the Statement of Financial Position comprise cash at bank and in hand, cash on call and short-term deposits with an original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Note 1 - BASIS OF PREPARATION AND ACCOUNTING POLICIES (CONTINUED)

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. Bank overdrafts are included within interest-bearing loans and borrowings in current liabilities on the statement of financial position.

j) Impairment of assets

At each reporting date the company assesses whether there is any indication that an asset may be impaired. Where an indication of impairment exists, the Company makes a formal estimate of recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Recoverable amount is the greater of fair value (less costs to sell) and value-in-use. It is determined for an individual asset, unless the asset's value-in-use cannot be estimated to be close to its fair value (less costs to sell) and it does not generate cash inflows that are largely independent of those from other assets, in which case the recoverable amount is determined for the cash generating unit to which the asset belongs.

In assessing value-in-use, the estimated future pre-tax cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

k) Trade and other payables

Trade and other payables are carried at amortised cost and due to their short term nature they are not discounted. They represent liabilities for goods and services provided to the Company prior to the end of the financial year that are unpaid and arise when the Company becomes obliged to make future payments in the respect of the purchase of these goods and services. The amounts are unsecured and usually paid within 30 days of recognition.

l) Employee benefits

Provision is made for the company's liability for employee benefits arising from services rendered by employees to balance date.

Contributions are made by the company to employee superannuation and pension funds and are charged as expenses when incurred.

Liabilities for wages and salaries, including non-monetary benefits, annual leave expected to be settled within 12 months of the reporting date are recognised in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid

When the liabilities are settled, the liability for long service leave is recognised and measured at its current dollar value.

m) Contributed equity

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

n) Receivables

Receivables, which generally have 30-60 day terms, are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less an allowance for impairment.

Collectability of receivables is reviewed on an ongoing basis. Individual debts that are known to be uncollectible are written off when identified.

An impairment allowance is recognised when there is objective evidence that the company will not be able to collect the receivable. Financial difficulties of the debtor, and default payments or debts more than 90 days overdue (apart from GST), are considered objective evidence of impairment. The amount of the impairment loss is the

Notes to the Financial Statements

For the year ended 31 December 2016

Note 1 - BASIS OF PREPARATION AND ACCOUNTING POLICIES (CONTINUED)

receivable carrying amount compared to the present value of estimated future cash flows, discounted at the original effective interest rate.

o) Significant accounting judgments, estimates and assumptions

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgments and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses.

Management bases its judgments and estimates on historical experience and on other various factors it believes to be reasonable under the circumstances, the results of which form the basis of the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions and conditions.

Management has identified the following critical accounting policies for which significant judgments, estimates and assumptions are made. Actual results may differ from these estimates under different assumptions and conditions and may materially affect financial results or the financial position reported in future periods.

Further details of the nature of these assumptions and conditions are as below.

Impairment of capitalised exploration and evaluation expenditure

The future recoverability of capitalised exploration and evaluation expenditure is dependent on a number of factors, including whether the Company decides to exploit the related lease itself or, if not, whether it successfully recovers the related exploration and evaluation asset through sale.

Factors which could impact the future recoverability include the level of measured, indicated and inferred mineral resources, proven and probable ore reserves, future technological changes which could impact the cost of mining, future legal changes (including changes to environmental restoration obligations), changes to commodity prices and the successful issue of a mining license.

To the extent that capitalised exploration and evaluation expenditure is determined not to be recoverable in the future, this will reduce profits and net assets in the period in which this determination is made.

p) Going concern

On 30 June 2016, Hunan Nonferrous Metals Corporation Limited ("Vendor") reached a Share Sale Deed with Bloomgold Resources Pty Ltd (A.C.N: 612918993) ("Purchaser"). All of the issued shares of the Company were transferred to Bloomgold Resources Pty Ltd on 1 December 2016.

The Statement of Comprehensive Income shows the company incurred a net loss of $26,915,460 during the year ended 31st December 2016. The Statement of Financial Position as at 31st of December 2016 shows that the company has cash and cash equivalents of $567.

The accounts have been prepared on the basis of a going concern.

Note 2 - NEW ACCOUNTING STANDARDS AND INTERPRETATIONS

The AASB has issued new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, some of which are relevant to the company. The company has decided not to early adopt these Standards. None of these are expected to have a significant impact on the financial statements of the company.

Notes to the Financial Statements

For the year ended 31 December 2016

	2016 $	2015 $
Note 3 – REVENUE		
Revenue and other income		
Interest income	99	5,212
Total revenue and other income	**99**	**5,212**

Note 4 – LOSS BEFORE INCOME TAX

Net gains and expenses

Loss before related income tax expense includes the following net gains and expenses:

	2016 $	2015 $
DEPRECIATION AND IMPAIRMENT INCLUDED IN THE STATEMENT OF COMPREHENSIVE INCOME		
Depreciation & impairment	71,366	34,795
Total depreciation	**71,366**	**34,795**
Employee benefit expense		
Salaries and wages	113,488	579,697
Less: amounts deferred in exploration and evaluation	-	(224,589)
Total employee benefit expense	**113,488**	**355,108**
Lease payments included in statement of comprehensive income		
Minimum lease payments - operating lease	3,047	386,025
Total occupancy expense	**3,047**	**386,025**

	2016	2015
	$	$

Note 5 - RECONCILIATION OF NET LOSS TO CASH FROM OPERATING ACTIVITIES

Reconciliation of the net loss after tax to the net cash flows from operations

	2016 $	2015 $
Net loss	(26,915,460)	(914,342)
Add back non-cash items		
Depreciation and amortisation	71,366	34,795
Loss/(Gain) on Asset Disposals	(2,337)	6,787
Impairment of plant and equipment and exploration	26,595,492	-
Impairment of non-current receivable	4,004	-
Capitalised expenditure	(437,597)	-
Changes in assets and liabilities		
(Increase)/decrease in receivables	23,793	(39,399)
(Increase)/decrease in other assets	4,645	-
Increase/(decrease) in accruals	(19,500)	11,075
Increase/(decrease) in provisions	(20,716)	(41,542)
Net cash flow (used in) / from operating activities	**(696,310)**	**(942,626)**

Note 6 - CASH AND CASH EQUIVALENTS

	2016 $	2015 $
Current		
Cash at bank	567	115,445
Cash at call (interest bearing)	-	12,888
Total cash	**567**	**128,333**

Note 7 - OTHER RECEIVABLES

	2016 $	2015 $
Receivable from MMG Limited	-	39,047
Goods and services tax receivable	26,016	10,762
Total other receivables	**26,016**	**49,809**

Note 8 - OTHER ASSETS (CURRENT)

	2016 $	2015 $
Prepayments - other	-	4,645
Total other assets	**-**	**4,645**

Notes to the Financial Statements

For the year ended 31 December 2016

	2016	2015
	$	$
Note 9 - PLANT AND EQUIPMENT		
Motor Vehicles		
At cost	-	30,909
Accumulated depreciation	-	(18,352)
	-	**12,557**
Office furniture and equipment		
At cost	69,912	69,912
Accumulated depreciation & impairment	(69,912)	(67,410)
	-	**2,502**
Leasehold improvements		
At cost	1,455	1,455
Accumulated depreciation	(1,455)	(1,455)
	-	-
Low value pool		
At cost	20,997	20,997
Accumulated depreciation	(20,997)	(20,650)
	-	**347**
Plant and equipment		
At cost	619,720	619,720
Accumulated depreciation	(619,720)	(550,047)
	-	**67,873**
Total plant and equipment	**-**	**83,279**

Notes to the Financial Statements

For the year ended 31 December 2016

Reconciliations

Reconciliations of the carrying amounts of each class of property, plant and equipment at the beginning and end of the current financial year are set out below.

2016	Motor Vehicles	Office Furniture	Low Value Pool	Plant &Equipment	Total
Balance at beginning of period	12,557	2,502	347	67,873	83,279
Additions	-	-	-	-	-
Disposals	(30,909)	-	-	-	(30,909)
Depreciation (Expense)/Reversal	18,352	(2,502)	(347)	(67,873)	(52,370)
Carrying Amount at 31 December 2016	-	-	-	-	-

2015	Motor Vehicles	Office Furniture	Low Value Pool	Plant &Equipment	Total
Balance at beginning of period	30,386	4,291	617	95,366	130,660
Additions	-	-	-	-	-
Disposals	(43,002)	-	(999)	(13,630)	(57,631)
Depreciation (Expense)/Reversal	25,173	(1,789)	729	(13,863)	10,250
Carrying Amount at 31 December 2015	12,557	2,502	347	67,873	83,279

	2016 $	2015 $
Note 10- EXPLORATION AND EVALUATION		
Non-current		
Exploration expenditure brought forward	26,716,193	26,321,283
Exploration expenditure incurred during the year	445,506	394,910
Impairment of exploration expenditure (i)	(27,161,699)	-
Total exploration and evaluation	-	**26,716,193**

(i): $26,399,915 of the impairment of exploration expenditure was allocated and determined by the then shareholder China Minmetals Non-ferrous Metals Holding Co., Ltd on 30th June 2016 and $761,784 by the Director at 31 December 2016.

	2016	2015
Note 11 - TRADE AND OTHER PAYABLES		
Current		
Trade and other payables	8,500	-
Total trade and other payables	**8,500**	-

Notes to the Financial Statements

For the year ended 31 December 2016

	2016	2015
	$	$
Note 12 - PROVISIONS		
Current		
PAYG withholding payable	-	8,966
Employee entitlements - current	-	11,750
Total current provisions	-	**20,716**

Note 13- CONTRIBUTED EQUITY

	2016	2015
(a) Share capital		
2016: 149,376,999 (2015: 149,376,999)		
Fully paid ordinary shares	**40,635,397**	**40,635,397**
(b) Movements in ordinary shares on issue		
At beginning of reporting period	40,635,397	40,635,397
Movement during the period	-	-
Balance at end of reporting period	**40,635,397**	**40,635,397**

Ordinary shares participate in dividends and the proceeds on winding up of the company in proportion to the number of shares held.

At shareholders' meeting, each ordinary share is entitled to one vote when a poll is called; otherwise each shareholder has one vote on a show of hands.

	2016	2015
Note 14 - RESERVES		
Balance at beginning of reporting period	2,912,185	2,912,185
Transfer to accumulated losses	(2,912,185)	-
Balance at end of reporting period	-	**2,912,185**
Note 15 - ACCUMULATED LOSSES		
Accumulated losses at the beginning of reporting period	16,614,039	15,699,697
Transfer from reserves	(2,912,185)	-
Total comprehensive loss for the period	26,915,460	914,342
Accumulated losses at the end of reporting period	**40,617,314**	**16,614,039**

	2016 $	2015 $
Note 16 - COMMITMENTS FOR EXPENDITURE		
Not later than 1 year	-	131,110
Later than 1 year but not later than 5 years	-	524,440
Total Exploration Commitments	-	**655,550**

The Company has no capital commitments as at 31 December 2016 either in its own right or as a result of joint venture activities.

Note 17- CONTINGENT LIABILITIES

Native title claims have been made with respect to areas which include tenements in which the Company has interests. The Company is unable to determine the prospects for success or otherwise of the claims and, in any event, whether or not and to what extent the claims may significantly affect the Company or its projects.

Note 18 - AUDITORS REMUNERATION

	2016 $	2015 $
Statutory audit or review of the financial report	8,500	15,000
Total Auditor's remuneration	**8,500**	**15,000**

Note 19 - RELATED PARTY DISCLOSURES

Ultimate parent

The previous ultimate parent of the Company was China Minmetals Corporation through its controlling interest in Hunan Nonferrous Metals Holding Company Co., Ltd. which controls Hunan Nonferrous Metals Corporation Limited, 100% shareholder of Abra Mining Pty Limited.

On 30 June 2016, Hunan Nonferrous Metals Corporation Limited ("Vendor") reached a Share Sale Deed with Bloomgold Resources Pty Ltd (A.C.N: 612918993) ("Purchaser"). The Vendor has agreed to sell, and the Purchaser has agreed to purchase, all of the issued shares of the Company on the terms and conditions set out in the Share Sale Deed. The completion date shall be 30 days from the date of the Share Sale Deed, unless another date is agreed by the Purchaser and the Vendor's Representative in writing.

All of the issued shares of the Company were transferred to Bloomgold Resources Pty Ltd on 1 December 2016.

Note 20 - MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Company, or the state of affairs of the Company in future financial years.

Directors' Declaration

For the year ended 31 December 2016

The directors have determined that the Company is not a reporting entity and that this 'special purpose financial report' has been prepared in accordance with the accounting policies described in Note 1 to the financial statements.

The directors of the Company declare that:

(a) There are reasonable grounds to believe that the Company will be able to pay their debts as and when they become due and payable; and

(b) The financial statements and notes thereto are in accordance with the *Corporations Act 2001*, including compliance with accounting standards and giving a true and fair view of the financial position as at 31 December 2016 and performance of the Company for the year ended on that date in accordance with the accounting policies described in Note 1 to the financial statements.

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

On behalf of the Directors

Director

Date: 24/4/2017

ROTHSAY

Level 1, Lincoln House, 4 Ventnor Avenue, West Perth WA 6005
P.O. Box 8716, Perth Business Centre WA 6849
Phone 9486 7094 www.rothsayresources.com.au

INDEPENDENT AUDIT REPORT TO THE MEMBERS OF ABRA MINING PTY LTD

SCOPE

We have audited the financial statements, being a special purpose financial report of Abra Mining Pty Ltd for the year ended 31 December 2016. The company's directors are responsible for the preparation and presentation of the financial statements and the information they contain, and have determined that the accounting policies used and described in Note 1 to the financial statements are appropriate to meet the requirements of the Corporations Act and the needs of the members.

AUDIT APPROACH

We have conducted an independent audit of these financial statements in order to express an opinion on them to the members of the company on their preparation and presentation. No opinion is expressed as to whether the accounting policies used, and described in Note 1, are appropriate to the needs of the members.

We conducted an independent audit of the financial report in order to express an opinion on it to the members of the Company. Our audit was conducted in accordance with Australian Auditing Standards in order to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to assess whether in all material respects the financial report presents fairly in accordance with the Corporations Act 2001, Australian Accounting Standards and other mandatory professional reporting requirements in Australia, a view which is consistent with our understanding of the Company's financial position, and of its performance as represented by the results of its operations and cash flows.

We formed our opinion on the basis of these procedures, which included examining on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report, and assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the directors. Whilst we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

AUDIT OPINION

In our opinion, the financial statements of Abra Mining Pty Ltd are properly drawn up in accordance with the Corporations Act giving a true and fair view of the company's financial position as at 31 December 2016 and of its performance for the year ended on that date and in accordance with applicable accounting standards.

Rothsay

ROTHSAY AUDITING

GRAHAM R SWAN FCA
Partner

Dated 24/4/17

Chartered Accountants

Liability Limited by the Accountants Scheme, approved under the Professional Standards Act 1994 (NSW).