MANGROVE RESOURCES PTY LTD

ACN 612 043 240

2017
FINANCIAL REPORT

for the period ended
31 March 2017

Contents

The financial report is presented in Australian dollars.

Registered Office:
c/-McCormack Accountants & Advisors
Level 3, 29 King William Street,
ADELAIDE SA 5000

Directors' Report

Mangrove Resources' Directors have pleasure in submitting their report on the Company for the period ended 31 March 2017.

DIRECTORS

The names of the directors in office at any time during the reporting period and since the end of the period are:

William James McKinnon-Matthews (appointed 26/4/2016)

Timothy John McCormack (appointed 26/4/2016, resigned

OPERATING RESULTS

The net loss of the Company for the period after providing for income tax amounted to $835 primarily due to tenement administration.

PRINCIPAL ACTIVITIES

The principal activity of the Company during the period was exploration on three licences in the Northern Territory, EL31272, EL30496 and EL30590.

On 31 March 2017, the Company entered into a binding HoA with Northern Cobalt Pty Ltd (NC) to acquire all issued shares in the Company. NC is required to pay an option fee of $28,000 (subject to ASX approval) and may exercise the option to acquire all shares in the Company subject to various due diligence conditions and approval to list on ASX. As consideration for the acquisition of shares in the Company, NC will issue 6,500,000 ordinary shares and 14,500,000 performance shares to the Company's parent company (or nominees), Coolabah Group Pty Ltd – performance shares will vest subject to meeting certain exploration based conditions.

EVENTS ARISING SINCE THE END OF THE REPORTING 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, the results of those operations or the state of affairs of the Company in subsequent financial years.

LIKELY DEVELOPMENTS

The Company is currently in the process of sale of all of its shares to NC subject to a successful ASX listing by NC.

ENVIRONMENTAL LEGISLATION

The Company's operations are not regulated by any significant environmental regulations under a law of the Commonwealth or of a state or territory of Australia.

DIVIDENDS

There were no dividends paid or declared during the reporting period or to the date of this report.

UNISSUED SHARES UNDER OPTION

There are no unissued ordinary shares under option.

INDEMNITIES GIVEN AND INSURANCE PREMIUMS PAID TO AUDITORS AND OFFICERS

During the reporting period, the Company has not paid a premium to insure officers of the Company

PROCEEDINGS ON BEHALF OF THE COMPANY

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

The Company was not a party to any such proceedings during the year.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 (Cth) is set out on page 3 and forms part of this directors' report.

Signed in accordance with a resolution of the Directors.

Jim McKinnon-Matthews
Director

Adelaide
15 May 2017

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AUDITOR'S INDEPENDENCE DECLARATION
TO THE DIRECTORS OF MANGROVE RESOURCES PTY LTD

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of Mangrove Resources Pty Ltd for the year ended 31 March 2017, I declare that, to the best of my knowledge and belief, there have been:

a no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

b no contraventions of any applicable code of professional conduct in relation to the audit.

Grant Thornton,

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

J L Humphrey
Partner – Audit & Assurance

Adelaide, 15 May 2017

Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the period ended 31 March 2017

	Notes	31 March 2017 $	30 June 2016 $
Exploration expense	5	(835)	(37,296)
Profit / (loss) before tax		(835)	(37,296)
Income Tax (expense) / benefit		-	-
Loss for the period from continuing operations attributable to owners of the parent		(835)	(37,296)
Other Comprehensive income attributable to owners of the parent		-	-
Total Comprehensive loss for the period attributable to owners of the parent		(835)	(37,296)
Earnings Per Share from Continuing Operations Basic and diluted profit / (loss) – dollars per share	2	(835)	(37,296)

This statement should be read in conjunction with the notes to the financial statements.

Consolidated Statement of Financial Position
As at 31 March 2017

	Notes	31 March 2017 $	30 June 2016 $
ASSETS			
Current assets			
Cash and cash equivalents	3	1	1
Other current assets	4	544	544
Total current assets		545	545
TOTAL ASSETS		545	545
LIABILITIES			
Current liabilities			
Trade and other payables	6	38,675	37,840
Total current liabilities		38,675	37,840
TOTAL LIABILITIES		38,675	37,840
NET ASSETS		(38,130)	(37,295)
EQUITY			
Issued capital	7	1	1
Accumulated losses		(38,131)	(37,296)
TOTAL EQUITY		(38,130)	(37,295)

This statement should be read in conjunction with the notes to the financial statements.

Consolidated Statement of Changes in Equity
For the period ended 31 March 2017

2017 – 31 March

	Share capital	Accumulated losses	Total equity
	$	**$**	**$**
As at 1 July 2016	**1**	**(37,296)**	**(37,295)**
Issue of securities	-	-	-
Transactions with owners	-	-	-
Comprehensive income:			
Total profit or loss for the reporting period	-	(835)	(835)
Total other comprehensive income for the reporting period	-	-	-
Balance 31 March 2017	**-**	**(38,129)**	**(38,130)**

2016 – 30 June 2016

	Share capital	Accumulated losses	Total equity
	$	**$**	**$**
As at 26 April 2016 (incorporation date)	**-**	**-**	**-**
Issue of securities - incorporation	1	-	1
Transactions with owners	1	-	1
Comprehensive income:			
Total profit or loss for the reporting period	-	(37,296)	(37,296)
Total other comprehensive income for the reporting period	-	-	-
Balance 30 June 2016	**1**	**(37,296)**	**(37,295)**

This statement should be read in conjunction with the notes to the financial statements.

Consolidated Statement of Cash Flows
For the period ended 31 March 2017

	Notes	31 March 2017 $	30 June 2016 $
Operating activities			
Payments to suppliers and employees		-	-
Net cash used in operating activities		-	-
Investing activities			
Payments for capitalised exploration expenditure		(835)	(37,296)
Net cash used in investing activities		(835)	(37,296)
Financing activities			
Proceeds from issue of shares		-	1
Loan from parent company		835	37,296
Net cash from financing activities		835	37,296
Net change in cash and cash equivalents		-	1
Cash and cash equivalents, beginning of reporting year		1	0
Cash and cash equivalents, end of period	3 (a)	1	1

This statement should be read in conjunction with the notes to the financial statements.

Notes to the consolidated financial statements
For the period ended 31 March 2017

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

This general purpose financial statements of the Company have been prepared in accordance with the requirements of the Corporations Act 2001 (Cth), Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. Compliance with Australian Accounting Standards results in full compliance with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). Mangrove Resources Pty Ltd is an unlisted private company, registered and domiciled in Australia. Mangrove Resources Pty Ltd is a for profit entity for the purpose of preparing the financial statements.

The financial statements for the reporting period ended 31 March 2017 were approved and authorised by the Board of Directors on 15 May 2017.

The Financial Report has been prepared on an accruals basis, and is based on historical costs, modified by the measurement at fair value of selected on-current assets, financial assets and financial liabilities.

The significant policies which have been adopted in the preparation of this financial report are summarised below.

a) Operating segment

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity), whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available. This includes start-up operations which are yet to earn revenues. Management will also consider other factors in determining operating segments such as the existence of a line manager and the level of segment information presented to the Board of Directors.

Operating segments have been identified based on the information provided to the chief operating decision makers – being the Board.

The Company aggregates two or more operating segments when they have similar economic characteristics, and the segments are similar in the nature of the minerals targeted.

Operating segments that meet the quantitative criteria, as prescribed by AASB 8, are reported separately. However, an operating segment that does not meet the quantitative criteria is still reported separately where information about the segment would be useful to users of the financial statements.

The Directors have considered the requirements of AASB 8 – Operating Segments and the internal reports that are reviewed by the Board in allocating resources have concluded that at this time there are no separately identifiable segments.

b) Finance income and expense

Finance income comprises interest income on funds invested, gains on disposal of financial assets and changes in fair value of financial assets held at fair value through profit or loss. Finance expenses comprise changes in the fair value of financial assets held at fair value through profit or loss and impairment losses on financial assets.

Interest income is recognised as it accrues in profit or loss, using the effective interest rate method. All income is stated net of goods and services tax (GST).

c) Exploration and evaluation expenditure

Exploration and evaluation expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that right of tenure is current and those costs are expected to be recouped through the successful development of the area (or, alternatively by its sale) or where activities in the area have not yet reached a stage which permits reasonable assessment of the existence of economically recoverable reserves and operations in relation to the area are continuing.

Refer key judgements – note 1(k)(ii)

d) Financial instruments

Initial recognition and measurement
Financial assets and financial liabilities are recognised when the entity becomes a party to the provisions to the instrument. For financial assets, this is equivalent to date that the Company commits itself to either the purchase or sale of the asset.

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified as 'fair value through profit and loss', in which case the costs are expensed to profit or loss immediately.

Classification and subsequent measurement
Financial instruments are subsequently measured at either fair value or amortised cost using the interest method or cost. Fair value represents the amount for which an asset could be exchanged, or a liability settle, between knowledgeable willing parties. Where available, quoted prices in an active market are used to determine fair value.

(i) Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost. Loans and receivables are included in current assets except for those not expected to mature within 12 months after the end of the reporting period.

(ii) Financial liabilities
Non-derivative financial liabilities are subsequently measured at cost.

Impairment
At each reporting date, the Company assesses whether there is objective evidence that a financial instrument has been impaired.

e) Impairment of assets

At each reporting date, the Company reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to profit or loss.

Where it is not probable to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

f) Trade and other receivables

Trade and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Company provides money, goods or services directly to a debtor with no intention of selling the receivables. They are included in current assets, except for those with maturities greater than 12 months after the balance date which are classified as non-current assets.

Trade and other receivables are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method, less provision for impairment. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss.

g) Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Company prior to the end of the reporting period which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date. They are recognised initially at their fair value and subsequently amortised cost using the effective interest rate method. Trade and other payables are stated at amortised cost.

h) Income Tax

Tax expense recognised in profit or loss comprises the sum of deferred tax and current tax not recognised in other comprehensive income or directly in equity.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, the Australian Taxation Office (ATO) and other fiscal authorities relating to the current or prior reporting periods, that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from profit or loss in the financial statements.

Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred income taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases. Deferred tax on temporary differences associated with investments in subsidiaries and joint ventures is not provided if reversal of these temporary differences can be controlled by the Company and it is probable that reversal will not occur in the foreseeable future.

Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted by the end of the reporting period. Deferred tax liabilities are always provided for in full.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which deductible temporary differences can be utilised.

Deferred tax assets and liabilities are offset only when the Company has a right and intention to set-off current tax assets and liabilities from the same taxation authority.

Changes in deferred tax assets or liabilities are recognised as a component of tax income or expense in profit or loss, except where they relate to items that are recognised in other comprehensive income (such as the revaluation of land) or directly in equity, in which case the related deferred tax is also recognised in other comprehensive income or equity, respectively.

i) Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less.

j) 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 Tax Office. In these circumstances 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 in the statement of financial position are shown inclusive of GST. Cash flows are presented in the statement of cash flows on a gross basis, except for the GST components of investing and financing activities, which are disclosed as operating cash flows.

k) Critical accounting estimates and judgements

The Directors evaluate estimates and judgements incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends of economic data, obtained both externally and within the Company.

i) Key estimates – impairment

The Company assesses impairment at each reporting date by evaluating conditions specific to the Company that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined.

ii) Key judgements – 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.

In preparing the financial statements, the directors have had regard for the limited financing available to progress exploration at this time. As a consequence, costs associated with exploration have been expensed as incurred. Should available funds for exploration become available this approach may change.

l) Adoption of the new and revised accounting standards

The Company has adopted the following revisions and amendments to AASB's issued by the Australian Accounting Standards Board and IFRS issued by the International Accounting Standards Board, which are relevant to and effective for the Company's financial statements for the annual period beginning 1 July 2016:

- AASB 2014-3 Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations;
- AASB 2014-4 Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation;

- AASB 2015-1 Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012-2014 Cycle;
- AASB 2015-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101
- AASB 1057 Application of Australian Accounting Standards;
- AASB 2014-8 Amendments to Australian Accounting Standards arising from AASB 9 (December 2014) – Application of AASB 9 (December 2009) and AASB 9 (December 2010); and
- AASB 2015-3 Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality

Management has reviewed the requirements of the above standards and has concluded that there was no effect on the classification or presentation of balances.

m) Recently issued accounting standards to be applied in future accounting periods

The accounting standards that have not been early adopted for the period ended 31 March 2017, but will be applicable to the Company in future reporting periods are detailed below. Apart from these standards, we have considered other accounting standards that will be applicable in future reporting periods, however they have been considered insignificant to the Company.

Standard / Interpretation	**Effective Date**
AASB 9 Financial Instruments, AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010), AASB 2014-1 Amendments to Australian Accounting Standards (Part E-Financial Instruments), AASB 2014-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2014).	1 January 2018
AASB 16 'Leases'	1 January 2019
AASB 2016-1 'Amendments to Australian Accounting Standards - Recognition of Deferred Tax Assets for Unrealised Losses'	1 January 2017
AASB 2016-2 'Amendments to Australian Accounting Standards - Disclosure Initiative: Amendments to AASB 107'	1 January 2017

There are no other standards that are not yet effective and that are expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

2. EARNINGS PER SHARE

The weighted average number of shares for the purpose of diluted earnings per share can be reconciled to the weighted average number of ordinary shares used in the calculation of basic earnings per share as follows:

	31 March 2017 #	**30 June 2016 #**
Weighted average number of shares used in basic earnings per share	1	1
Weighted average number of shares used in diluted earnings per share	1	1
Profit / (loss) per share – basic and basic (dollars)	(835)	(37,296)

In accordance with AASB 133 'Earnings per Share', there are no dilutive securities.

3. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include the following:

	31 March 2017 $	**30 June 2016 $**
Cash at bank and in hand	1	1
Cash and cash equivalents	1	1

(a) Reconciliation of cash at the end of the period.

The above figures are reconciled to cash at the end of the financial year as shown in the statement of cash flows as follows:

Cash and cash equivalents	1	1

4. OTHER CURRENT ASSETS

Other current assets include the following:

Prepaid expenses	544	544
Total current assets	544	544

No receivables are considered past due and / or impaired.

5. EXPLORATION AND EVALUATION EXPENDITURE

Opening balance	-	-
Expenditure on exploration during the year	835	37,296
Exploration expenditure expensed	(835)	(37,296)
Closing balance	-	-

6. TRADE AND OTHER PAYABLES

	31 March 2017 $	30 June 2016 $
Parent entity loan – Coolabah Group Pty Ltd	38,675	37,840
Total trade and other payables	38,675	37,840

All amounts are short term and the carrying values are considered to be a reasonable approximation of fair value.

7. ISSUED CAPITAL

	31 March 2017 $	30 June 2016 $
(a) Issued and paid up capital		
Fully paid ordinary shares	1	1

(b) Movements in fully paid shares	Number	$
Balance at 26 April 2016 – issue on incorporation	1	1
Balance at 30 June 2016	1	1
Balance as 31 March 2017	1	1

The share capital of Mangrove Resources Pty Ltd consists only of fully paid ordinary shares. All shares are eligible to receive dividends and the repayment of capital and represent one vote at the shareholders' meeting of Mangrove Resources Pty Ltd. The shares do not have a par value and the Company does not have a limited amount of authorised capital. In the event of winding up the Company, ordinary shareholders rank after all creditors and are fully entitled to any proceeds of liquidation.

(c) Capital management
Management effectively manages the Company's capital by assessing the Company's financial risks and adjusting its capital structure accordingly. The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market

confidence and to sustain future development of the business. The Company's capital is shown as issued capital in the statement of financial position.

8. COMMITMENTS AND CONTINGENCIES

Exploration commitments

In order to maintain rights of tenure to exploration permits, the Company has certain obligations to perform minimum exploration work and expend amounts of money.

Due to the nature of the Company's operations in exploring and evaluating areas of interest, it is difficult to accurately forecast the nature or amount of future expenditure. It will be necessary for the Company to incur expenditure in order to retain present interests in exploration licences.

9. RELATED PARTY TRANSACTIONS

The Company's related party transactions include its key management personnel.

(a) Transactions with key management personnel

Transactions with key management personnel are made on normal commercial terms and conditions and at market rates. Outstanding balances are unsecured and are repayable in cash (all amounts are exclusive of GST).

Duncan Chessell
Mangrove Resources has entered into an agreement with Coolabah Group Pty Ltd (the Company's parent company) and Northern Cobalt Pty Ltd (NC) for NC to acquire all shares in Mangrove Resources. Mr Chessell is a director and shareholder of Coolabah Group and NC.

10. FINANCIAL RISK MANAGEMENT AND CAPITAL MANAGEMENT

The Company's financial instruments consist mainly of accounts receivable and payable.

The total for each category of financial instruments are as follows:

	Note	31 March 2017 $	30 June 2016 $
Financial assets			
Cash and cash equivalents	3	1	1
		1	1
Financial liabilities			
Trade and other payables	6	38,675	37,840
		38,675	37,840

Financial risk management policy
Risk management is carried out by the Managing Director under policies approved by the Board of Directors. The Board provides written principles for overall risk management, as well as policies covering specific areas, such as interest rate and credit risk.

a) Liquidity risk

Liquidity risk arises from the possibility that the Company might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities.

The Company manages liquidity risk by monitoring forecast cash flows and ensuring that adequate working capital is maintained for the coming months. Upcoming capital needs and the timing of raisings are assessed by the board. Financial liabilities are expected to be settled within 12 months.

b) Net fair values of financial assets and financial liabilities

Fair value represents the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The net fair values of financial assets and liabilities are determined by the Company based on the following:

i) Monetary financial assets and financial liabilities not readily traded in an organised financial market are carried at book value.
ii) Non-monetary financial assets and financial liabilities are recognised at their carrying values recognised in the statement of financial position.

The carrying amount of financial assets and liabilities is equivalent to fair value at reporting date.

11. EVENTS ARISING SINCE THE END OF THE REPORTING PERIOD

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, the results of those operations or the state of affairs of the Company in subsequent financial years.

12. GOING CONCERN BASIS OF ACCOUNTING

The financial report has been prepared on the basis of a going concern.

The consolidated entity incurred a net loss before tax of $835 during the period ended 31 March 2017, and had a net cash outflow of $835 from operating and investing activities. The consolidated entity continues to be reliant upon financial support from its parent entity for continued operations and the provision of working capital.

If additional capital is not obtained, the going concern basis may not be appropriate, with the result that the Company may have to realise its assets and extinguish its liabilities, other than in the ordinary course of business and at amounts different from those stated in the financial report. No allowance for such circumstances has been made in the annual financial report.

Directors' Declaration

In the opinion of the Directors of Mangrove Resources Pty Ltd:

a) the consolidated financial statements and notes of Mangrove Resources Pty Ltd are in accordance with the *Corporations Act 2001 (Cth),* including:

i. giving a true and fair view of its financial position as at 31 March 2017 and of its performance for the financial period ended on that date; and

ii. complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001 (Cth)*; and

b) there are reasonable grounds to believe that Mangrove Resources Pty Ltd will be able to pay its debts when they become due and payable.

The consolidated financial statements comply with International Financial Reporting Standards.

Signed in accordance with a resolution of the Directors:

W.J. McK Ma...

Jim McKinnon-Matthews
Director

Adelaide
15 May 2017

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INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF MANGROVE RESOURCES PTY LTD

Auditor's Opinion

We have audited the financial report of Mangrove Resources Pty Ltd (the Company), which comprises the consolidated statement of financial position as at 31 March 2017, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and 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 Mangrove Resources Pty Ltd is in accordance with the *Corporations Act 2001*, including:

a giving a true and fair view of the financial position as at 31 March 2017 and of its performance for the year ended on that date; and

b complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

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

Information other than the Financial Report and Auditor's Report

Those charged with governance are responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended 31 March 2017, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors of the Responsible Entity for the Financial Report

The Directors of the Responsible Entity of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001*. The Directors of the Responsible Entity responsibility also includes such internal control as the Directors of the Responsible Entity 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 of the Responsible Entity are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: . This description forms part of our auditor's report.

Emphasis of Matter regarding Going Concern

Without qualification to the audit opinion expressed above, we draw attention to Note 13 in the financial report which indicates that the company incurred a net loss of $835 during the year ended 31 March 2017 and, as of the date, had a current asset deficiency of $38,131. These conditions, along with other matters as set forth in Note 13, indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern and therefore, the company may be unable to realise its assets and discharge its liabilities in the normal course of business, and at the amounts stated in the financial report.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

J L Humphrey
Partner – Audit & Assurance

Adelaide, 15 May 2017