Interpose Holdings Limited

(Formerly named Sunbird Energy Limited)

ABN 21 150 956 773

Annual Report
30 June 2017

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Corporate Directory

Directors	Mr Barnaby Egerton-Warburton *Non-executive director* Mr Gabriel Chiappini *Non-executive director* Mr Justin Barton *Non-executive director*
Company Secretary	Mr Gabriel Chiappini
Registered Office	Level 1, 50 Ord Street West Perth WA 6005 Tel: +618 9463 3260 Fax: +618 9463 6630
Share Register	Link Market Services Limited Level 12 QV1 Building 250 St Georges Terrace Perth WA 6000 Tel (within Australia): 1300 554 474 Tel (outside Australia): +61 2 8280 7111
Stock Exchange Listings	Australian Securities Exchange (ASX: IHS)
Auditor	BDO Audit (WA) Pty Ltd 38 Station Street Subiaco WA 6008
Solicitors	DLA Piper Australia 31/152-158 St Georges Terrace Perth WA 6000
Website	www.interposeholdings.com

Director's Report

Your directors present their report on of Interpose Holdings Limited (the 'Company') for the year ended 30 June 2017.

Review of Operations

Acquisition of the Gallatin Gas- Condensate Project and Director Changes

As announced on 10 January 2017 the company acquired a 7.5% working Interest (WI) in the Gallatin gas/condensate project located in central Cherokee County, in the southern portion of the East Texas Basin from BMNW Resources LLC ("BMNW") of Dallas Texas. BMNW are an accomplished geological group and the generator of the Gallatin Gas- Condensate Project (the "Project").

The Project will test the production prospectivity of a productive section of the Pettit formation that lies across the prospect area, and will be operated by F.W Rabalais Inc from Fort Worth, Texas. Rabalais operate wells in multiple counties across Texas.

This same formation produces at approximately 9,000 feet from the Anne Field (discovered in 2010) and Buffkin Field (discovered in 2009) both of which lie directly to the south-east of the Gallatin Prospect. Wells in these fields produce from 6-10ft zones with 18% porosity at rates up to 1.3 mmcfpd and 15 bopd. .

Key terms of the transactions:

- 7.5% working interest with a 25% back in after payout to the project generator;
- Interpose portion of the dry hole cost is estimated to be USD$73,762;
- Completion costs are estimated to be USD$23,000 if a successful well is identified;
- Interpose will earn a 7.5% WI in 1,074 acres covering the project; and
- Net Revenue Interest of 75%.

During February 2017, the Company completed drilling of the Christine Keahey #1 well (CK#1 well). Analysis revealed a narrow than expected Petit formation section with low porosity (<6%). As a result, the decision was made to plug and abandon the well.

After the abandonment of the CK#1 well the Company has elected to participate in further leasing of acreage to the east of the CK#1 well in the belief that the productive Petit bar is east of the number 1 well location. As a result, an additional 95 acres have been leased by the working interest group. The next well location has been staked and drill site title opinion is underway. It is expected that the second well at the project will be spudded in mid-September.

Completion of sale of African Subsidiaries

On the 18 April 2016 Interpose Holdings Ltd announced that the Company would be disposing of its African subsidiaries. The Disposal was completed on 28 July 2016 at which point the Company ceased to have any control and equity interests in African subsidiaries.

The African subsidiaries were sold in consideration for a total of AU$8,349,449 comprising of:

(a) a cash payment of A$802,371;

(b) the buyback and cancellation of 55 million existing shares from the purchaser for nil consideration with a fair value of AU$2,200,000 ($0.04 per share being the share price on the date the transaction became unconditional) in the Company held by parties associated with the Purchaser; and

(c) assignment of all of the Company's debt, totalling A$5,347,078, to the Purchaser.

Director's Report (Cont.)

A breakdown of the gain on sale of the African Subsidiaries is as follows:

Consideration received or receivable:	
- Cash	802,371
- Buy back and cancellation of 55,000,000 shares	2,200,000
- Assignment of debt	5,347,078
Total disposal consideration	**8,349,449**
Carrying amount of net assets sold	(3,496,376)
Gain on sale before income tax and reclassification of foreign currency translation reserve and non- controlling interest	**4,853,073**
Reclassification of foreign currency translation reserve	(643,813)
Reclassification of non- controlling interest	(858,210)
Gain on sale after income tax	**3,351,050**

Board restructure

Pursuant to the terms of the sale of the African Subsidiaries, Dorian Wrigley and Kerwin Rana resigned as directors of the Company effective 28 July 2016.

On 28 July 2016 Mr Barnaby Egerton-Warburton was appointed as a director of the Company.

On 10 January 2017 Mr Justin Barton was appointed and Mr Marcus Gracey resigned as directors of the Company.

Change of Name

Effective 11 August 2016 and pursuant to the ordinary resolution passed by shareholders at the General Meeting held on 9 June 2016, the Company changed its name to "Interpose Holdings Limited". On 12 August 2016 the Company began trading under the name of "Interpose Holdings Limited" (ASX: IHS).

Non-Renounceable Rights Issue

As announced 23 September 2016 the company carried out a non-renounceable rights issue, to issue 1 new fully paid ordinary share for every 2 fully paid ordinary shares held on the record date at $0.02. The rights issue was to issue up to a total of 42,296,064 new shares and raise up to $845,921 (subject to no options being exercised). The rights issue offer document was released 23 September 2016 and the offer closed 19 October 2016. No brokerage was paid on the funds raised.

Post close of the Non-Renounceable Rights Issue a total of 19,129,402 entitlement shares and all 23,241,662 Shortfall shares were issued.

During the year the Company received gross proceeds of $845,921.

Director's Report (Cont.)

1. DIRECTORS AND COMPANY SECRETARY

The directors and the company secretary of the Company at any time during or since the end of the financial year are as follows.

Directors

Mr Baranaby Egerton-Warburton *(Appointed 28 July 2016)*

Mr Egerton-Warburton holds a Bachelor of Economics Degree and is a graduate of the Australian Institute of Company Directors and a member of the American Association of Petroleum Geologists. He has over 20 years of trading, investment banking, international investment and market experience. He has held positions with global investment banks in Hong Kong, New York and Sydney including JPMorgan, Banque Nationale de Paris and Prudential Securities.

Mr Egerton-Warburton is an experienced company director and is currently also the Managing Director of Eneabba Gas Limited (ASX:ENB) and a Non-Executive Director of iSignthis Limited (ASX:ISX) and Global Geo Science (ASX: GSC)

Mr Gabriel Chiappini – Non-executive Director (Appointed 6 August 2015)

Mr Chiappini is a Chartered Accountant with over 20 years of experience as a finance and governance professional. He is a current member of the Australian Institute of Company Directors and Institute of Chartered Accountants (Australia). Mr Chiappini's professional foundation was laid with Ernst and Young (EY) and following EY, he moved onto various Chief Financial Officer roles in London and Perth.

Mr Chiappini is currently a Director of Black Rock Mining (ASX.BKT), Eneabba Gas Ltd (ASX:ENB) and Fastbrick Robotics Ltd (ASX:FBR). Former directorships held in the last 3 years are Global Geoscience Ltd (ASX.GSC), Scotgold Resources Ltd (ASX:SGZ).

Mr Justin Barton – Non-executive Director (Appointed 10 January 2017)

Mr Barton is a Chartered Accountant with over 19 years experience in accounting, international finance, M&A and the mining industry. He worked for over 13 years in the Big 4 Accounting firms in Australia and Europe and advised many of the worlds leading mining, oil & gas companies and financial institutions, including Rio Tinto, Chevron, Macquarie, Merrill Lynch, Morgan Stanley and Deutche Bank. Justin also worked for 4 years at Paladin Energy Limited as Group Tax and Finance Manager and advised on their plant construction and mining operations in Africa and their expansion into Canada. More recently, he has worked as the CFO and been a Board Member of a number of junior exploration companies. Mr Barton is currently a Board member of Eneabba Gas Limited.

Mr Marcus Gracey – Non-Executive Director (Appointed 17 May 2011, resigned 10 January 2017)

Mr Dorian Wrigley – Non-executive Director (Appointed 12 May 2015 – Resigned 28 July 2016)

Mr Kerwin Rana – Executive Chairman (Appointed 12 October 2011 – Resigned 28 July 2016)

Director's Report (Cont.)

Company Secretary

Mr Gabriel Chiappini – Company Secretary and Non-Executive Director (Appointed as Company Secretary 21 February 2017)

Mr Richard Barker – Company Secretary (Resigned 21 February 2017)

1.1 *Directors' Meetings*

The number of directors' meetings and number of meetings attended by each of the directors of the Company during the financial year were:

Director	**Board of directors**	
	Present	**Held**
Barnaby Egerton-Warburton	4	4
Gabriel Chiappini	4	4
Justin Barton	1	1
Marcus Gracey	3	3
Kerwin Rana	0	0
Dorian Wrigley	0	0

During the reporting periodthe directors executed five (5) circular resolutions

1.2 *Corporate Governance*

Given the size of the Company, the directors of Interpose Holdings Ltd support and have implemented the principles of sound corporate governance appropriate to its current structure.. The board recognises the recommendations of the Australian Securities Exchange Corporate Governance Council, and considers that the Company is in compliance with those guidelines which are of importance to the commercial operation of a junior listed resource company. During the financial year, shareholders received the benefit of an efficient and cost-effective corporate governance policy for the Company. Refer to page 59 for a copy of the Corporate Governance Statement.

Director's Report (Cont.)

2. REMUNERATION REPORT – 2017

This Remuneration Report outlines the remuneration arrangements which were in place during the year, and remain in place as at the date of this report, for the directors and key management personnel of the Company. The 2016 remuneration report received positive shareholder support at the Annual General Meeting with a vote of 100% in favour.

(a) Key management personnel

Directors of the Company, who had authority and responsibility during the financial year for planning, directing and controlling the activities of the group, directly or indirectly, as well as other senior executives are the key management personnel disclosed in this report.

Name	Position
Company Directors	
Barnaby Egerton-Warburton (appointed 28 July 2016)	Non-Executive Director
Gabriel Chiappini (appointed as Company Secretary 21 February 2017)	Non-Executive Director & Company Secretary
Justin Barton (appointed 10 January 2017)	Non-Executive Director
Marcus Gracey (resigned 10 January 2017)	Former Executive Director
Kerwin Rana (resigned 28 July 2016)	Former Executive Chairman
Dorian Wrigley (resigned 28 July 2016)	Former Executive Director
Former Senior Executives	
Nathan Rayner (resigned 28 July 2016)	Technical Director
Richard Barker (resigned 21 February 2017)	Company Secretary

(b) Non-executive director remuneration policy

Fees and payments to non-executive directors reflect the demands which are made on, and the responsibilities of, the directors. Non-executive directors' fees and payments are reviewed annually by the board.

The base remuneration of directors is set at A$36,000 per annum commencing from 30 April 2014.

Non-executive directors' fees are determined within an aggregate directors' fee pool limit, which is periodically recommended for approval by shareholders. The maximum currently stands at A$300,000 per annum and was approved by shareholders at the general meeting on 12 October 2011.

(c) Executive remuneration policy and framework

In determining executive remuneration, the board aims to ensure that remuneration practices are:

- competitive and reasonable, enabling the Company to attract and retain key talent;
- aligned to the Company's strategic and business objectives and the creation of shareholder value;
- transparent; and
- acceptable to shareholders.

The executive remuneration framework has two components:

- base pay and benefits, including superannuation; and
- long-term incentives through the issue of options and performance rights.

Director's Report (Cont.)

Base pay and benefits

Base pay is structured as a total employment cost package which may be delivered as a combination of cash and prescribed non-financial benefits at the board's discretion.

Executives are offered a competitive base pay that comprises the fixed component of pay and rewards. Base pay for executives is reviewed annually to ensure the executive's pay is competitive with the market.

There are no guaranteed base pay increases included in executives' contracts. There are no short term cash bonuses included in the figures contained in the Remuneration Report.

Superannuation

Retirement benefits are limited to superannuation contributions as required under the Australian superannuation guarantee legislation.

Long-term incentives

Long-term incentives are provided to directors and executives as incentives to deliver long-term shareholder returns. Some of the issued options and performance rights are granted only if certain performance conditions are met and the directors and executives are still employed by the Company at the end of the vesting period.

Share trading policy

The Company has a share trading policy in place and a copy is available on the Company's website. The Board of Directors ratified and approved the share trading policy previously adopted without change, on 25 October 2013.

(d) Link of remuneration to company performance and shareholders' wealth

The remuneration policy has been tailored to increase goal congruence between shareholders and directors and executives. Currently, this is facilitated through the issue of options and performance rights to directors and executives to encourage the alignment of personal and shareholder interests. There are currently various financial and other targets set for the performance related remuneration, and therefore, remuneration is linked to company performance or shareholder wealth.

(e) Use of remuneration consultants

The company did not use the services of remuneration consultants for designing the remuneration policies for directors or key management personnel.

(f) Service agreements

The company has service contracts in place with the following four board members during the year. Details of the service agreements are listed below.

Current Directors and Officers

Mr Barnaby Egerton-Warburton - *Non-Executive Director*

- Commencement date: 28 July 2016
- Director fee at 10 January 2017 was A$5,000 per month
- No agreement is in place and there is no termination notice period
- By mutual agreement between himself and the Company, Mr Rana was paid up to 5 January 2016

Director's Report (Cont.)

Mr Gabriel Chiappini – *Non-executive Director*

- Commencement date: 6 August 2015
- Director fee at 30 June 2017 was A$1,500 per month
- Company Secretary fee at 30 June 2017 was A$2,000 per month – this fee is paid to an external service provider, Mr Chiappini does not receive the financial benefit associated with the Company Secretary fee
- No agreement in place and there is no termination notice period

Mr Justin Barton - *Non-Executive Director*

- Commencement date: 10 January 2017
- Director fee at 10 January 2017 was A$1,500 per month
- No agreement in place and there is no termination notice period

There are no current agreements in place for the current directors who are on reduced fees as part of the Company's strategy to preserve cash.

Former Directors and Officers

Mr Marcus Gracey - *Non-Executive Director*

- Commencement date: 17 May 2011
- Director fee at 10 January 2017 was A$50,000 per annum
- Management Consulting contract at A$1,500 per day as required by the Board
- Superannuation is payable at statutory rates on base director fee
- The agreement is not subject to any termination notice period
- This agreement terminated 10 January 2017 on resignation date

Mr Kerwin Rana – *Executive Chairman*

- Commencement date: 12 October 2011
- Base management fee at 28 July 2016 was A$ 214,000 per annum
- Director fee at 28 July 2016 was A$ 36,000 per annum
- The agreement is subject to a three months' notice period
- This agreement terminated 28 July 2016 on resignation date
- By mutual agreement between himself and the Company, Mr Rana was paid up to 5 January 2016

Mr Dorian Wrigley - *Non-Executive Director*

- Commencement date: 12 May 2015
- Director fee at 28 July 2016 was A$50,000 per annum
- The agreement is not subject to any termination notice period.
- This agreement terminated 28 July 2016 on resignation date

Mr Nathan Rayner – *Technical Director,*

- Commencement date: 1 July 2013
- Base management fee at 1 July 2017 was A$375,000 per annum
- The agreement is subject to a three months' notice period
- This agreement was terminated on 28 July 2016 on resignation date

No other key management personnel have service contracts in place with the consolidated entity.

Director's Report (Cont.)

(g) Details of remuneration

The following tables set out remuneration paid to key management personnel of the Company during the current year:

	Employee benefits		Share-based payments			Proportion of remuneration	
	Short-term	Post employment					Performance linked
	Cash salary and fees	Super annuation	Shares	Performance rights	Total	Fixed	LTI
2017	A$	A$	A$	A$	A$	%	%
Non-executive directors							
Marcus Gracey	8,000	-	128,000[1]	-	136,000	100	-
Dorian Wrigley	-	-	-	-	-	-	-
Gabriel Chiappini	28,200	-	64,000[2]	-	92,200	100	-
Barnaby Egerton-Warburton	41,096	3,904			45,000	100	-
Justin Barton	9,000	-	-	-	9,000	100	-
Total non-executive directors	**86,296**	**3,904**	**192,000**	**-**	**282,200**	**100**	**-**
Executive directors							
Kerwin Rana	-	-	-	-	-	-	-
Total executive directors	**-**	**-**	-	-	**-**	**100**	**-**
Key management							
Richard Barker	25,500	-	-	-	25,500	100	-
Total key management	**25,500**	**-**	-	**-**	**25,500**	**100**	**-**
Total	**111,796**	**3,904**	**192,000**	**-**	**307,700**	**100**	**-**

[1] Issued 4,000,000 ordinary shares @ $0.032 being the market value on the date of shareholder approval in lieu of cash payments for services provided during the year, until 10 January 2017, being Mr Gracey's date of resignation.

[2] Issued 2,000,000 ordinary shares @ $0.032 being the market value on the date of shareholder approval in lieu of cash payments for services provided during the year.

No short-term cash bonuses included as paid or accrued for during the year ended 30 June 2017. Total remuneration for Directors and Key Management personnel from cash salary, fees and superannuation is $307,700 for the current year.

Director's Report (Cont.)

(g) Details of remuneration (continued)

The following tables set out remuneration paid to key management personnel of the Company during the previous year:

	Employee benefits		Share-based payments			Proportion of remuneration	
	Short-term	Post employment					Performance linked
	Cash salary and fees	Super annuation	Shares	Performance rights	Total	Fixed	LTI
2016	A$	A$	A$	A$	A$	%	%
Non-executive directors							
Marcus Gracey	72,000	4,750	-	-	76,750	100	-
Dorian Wrigley	50,000	-	-	-	50,000	100	-
Gabriel Chiappini	25,000	2,375	-	-	27,375	100	-
Barnaby Egerton-Warburton	-	-			-	-	
Total non-executive directors	**147,000**	**7,125**	**-**	**-**	**154,125**	**100**	**-**
Executive directors							
Kerwin Rana	129,000	-	-	-	129,000	100	-
William Barker	77,967	7,407	-	-	85,374	100	-
Andrew Leibovitch	92,967	8,832	-	-	101,799	100	-
Total executive directors	**299,934**	**16,239**	-	-	**316,173**	**100**	**-**
Key management							
Nathan Rayner	369,360	-	-	-	369,360	100	-
Richard Barker	193,667	4,750		30,194	228,611	87	13
Total key management	**563,027**	**4,750**		**30,194**	**597,971**	**95**	**5**
Total	**1,009,960**	**28,114**		**30,194**	**1,068,268**	**97**	**3**

No short-term cash bonuses included as paid or accrued for during the year ended 30 June 2016.

Since the long-term incentives are provided exclusively by way of performance rights and options, the share based payments disclosed also reflect the value of remuneration consisting of performance rights and options, based on the value of the performance rights and options granted during the year.

Director's Report (Cont.)

(h) Share-based compensation

Performance rights

No new performance rights were issued during the current year. No performance rights were exercised by key management personnel of the Company, during the current year.

Ordinary shares

The below ordinary shares were issued to key management personnel in lieu of cash payments for services provided during the year:

Name	Number of ordinary shares
Richard Barker[1]	-
Marcus Gracey[2]	4,000,000
Gabriel Chiappini	2,000,000
Barnaby Egerton-Warburton	-
Kerwin Rana[3]	-
Dorian Wrigley[3]	-
Justin Barton[4]	-

Fair value of options

No options were granted during the year ended 30 June 2017.

(i) Equity instruments held by key management personnel

(i) Options and performance rights holdings

No share options or performance rights held by key management personnel during the financial year.

Director's Report (Cont.)

(ii) Share holdings

The following table shows ordinary shares held by key management personnel during the current year.

	Balance at start of the year	Received on exercise of options during the	Received on vesting of rights during the year	Issued in lieu of cash payments during the year[7]	Other changes	Balance at the end of the year
Marcus Gracey[1]	170,000	-	-	4,000,000	(4,170,000)	-
Andrew Leibovitch	2,800,000	-	-	-	(2,800,000)	-
Kerwin Rana[2]	600,000	-	-	-	(600,000)	-
Dorian Wrigley[3]	100,000	-	-	-	(100,000)	-
Richard Barker[4]	-	-	-	-	-	-
Gabriel Chiappini	-	-	-	2,000,000	-	2,000,000
Barnaby Egerton-Warburton[6]	200,000	-	-	-		200,000
Justin Barton[5]	-	-	-	-	-	-
	3,670,000	**-**	**-**	**6,000,000**	**(7,470,000)**	**2,200,000**

Note 1: Resigned 10 January 2017
Note 2: Resigned 28 July 2016
Note 3: Resigned 28 July 2016
Note 4: Resigned 21 February 2017
Note 5: Appointed 10 January 2017
Note 6: Appointed 28 July 2016, 200,000 shares were hold on appointment.
Note 7: Approved by shareholders at 2016 AGM.

(j) Loans to key management personnel

There were no loans to key management personnel made during the year ended, or outstanding as at 30 June 2017.

(k) Other transactions with key management personnel

Directors, Kerwin Rana and Dorian Wrigley, are directors of Umbono Capital Partners (Proprietary) Limited ("Umbono"), who are the operators of the group's former South African projects. During the current year no amount (2016: A$171,678) was due to Umbono for their services; the outstanding amount was settled in full against the Umbono loan facility in the prior year (refer to Note 13 of the Annual Financial Statements). There were no unpaid Umbono invoices at 30 June 2017 (2016: A$0).

Gabriel Chiappini was paid $13,500 during the current year for accounting services provided to the Company (2016: nil).

Richard Barker was paid $1,200 during the current year for provision of services related to the rights issue conducted during the period (2016: nil).

All transactions were made on normal commercial terms and conditions and at market rates. There were no other transactions with related parties during the current year.

As at 30 June 2017, no balances were outstanding and payable in respect to those transactions (2016: A$0)

End of Audited Remuneration Report.

Director's Report (Cont.)

3. PRINCIPAL ACTIVITIES

The principal activities of the consolidated entity carried out during the financial year consisted of

- Completion of conditions precedent and subsequent sale of the African Subsidiaries;
- Acquisition of Working Interest in Gallatin Gas-Condensate Project (Texas, USA) and participation in drilling of the CK#1.

4. RESULTS AND DIVIDENDS

The consolidated entity's profit after tax attributable to members of the consolidated entity for the financial year ending 30 June 2017 was A$2,843,696 (2016: A$3,358,801 loss).

No dividends have been paid or declared by the Company during the year ended 30 June 2017 (2016: nil).

5. LOSS PER SHARE

The basic loss per share for the consolidated entity for the year was 0.44 cents per share (2016: 2.34 cents per share).

6. SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Board Changes
Pursuant to the terms of the sale of the African Subsidiaries, Dorian Wrigley and Kerwin Rana resigned as directors of the Company effective 28 July 2016.

On 28 July 2016 Mr Barnaby Egerton-Warburton was appointed as a director of the Company.

On 10 January 2017 Mr Justin Barton was appointed and Mr Marcus Gracey resigned as directors of the Company.

Completion of sale of African Subsidiaries
On the 18 April 2016 Interpose Holdings Ltd announced that the Company would be disposing of its African subsidiaries. The Disposal was completed on 28 July 2016 at which point the Company ceased to have any control and equity interests in African subsidiaries. Refer to Note 1 for details.

Expiry of Options
During the current year 22,000,000 unlisted options in the Company lapsed, which was made up of 4,000,000 options with exercise price of 20 cents, 5,000,000 options with exercise price of 25 cents, 10,000,000 options with exercise price of 30 cents and 3,000,000 options with exercise price of 50 cents.

Issue of Shares and Performance Rights
During the current year, 6,000,000 ordinary shares in the Company were issued to Directors to settle Director fees due (2016: $ Nil). The shares were valued at $192,000.

No new options or performance rights were issued during the current year.

7. EVENTS SUBSEQUENT TO REPORTING DATE

All matters or circumstances that have arisen since the end of the financial year which have significantly affected or may significantly affect the operations, results or state of affairs of the group in future financial years which have been disclosed publicly at the date of this report.

8. LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

The Company intends to continue to invest and review opportunities from within the oil and gas sector.

Director's Report (Cont.)

9. ENVIRONMENTAL REGULATIONS

During the current year, the Company sold its African subsidiaries (refer to Note 1 for further details). The consolidated entity's operations during the current year are therefore subject to environmental regulations under the legislation of African countries in which it operated, prior to the date of sale. The board believes there are adequate systems in place for the management of its environmental requirements and is not aware of any breach of those environmental requirements as they apply.

The company is not subject to the reporting requirements of either the Energy Efficiency Opportunities Act 2006 or the National Greenhouse and Energy Reporting Act 2007.

10. DIRECTORS' AND EXECUTIVES' INTERESTS

As at the date of this report, the interests of the directors and executives in the shares, options and performance rights of the Company were:

	Shares	Performance rights	Options
Gabriel Chiappini	2,000,000	-	-
Barnaby Egerton-Warburton	200,000	-	-
Justin Barton	-	-	-
Total	**2,200,000**	**-**	**-**

11. SHARES UNDER OPTION

As at the date of this report, there were no unlisted options over ordinary shares on issue.

As at the date of this report, there were no unlisted performance rights to ordinary shares on issue.

12. INDEMNIFICATION AND INSURANCE OF OFFICERS AND AUDITORS

Indemnification

An indemnity agreement has been entered into with each of the directors, chief financial officer and company secretary of the Company named earlier in this report. Under the agreement, the Company has agreed to indemnify those officers against any claim or for any expenses or costs which may arise as a result of work performed in their respective capacities to the extent permitted by law. There is no monetary limit to the extent of this indemnity.

Insurance

During the financial year the Company has taken out an insurance policy in respect of directors' and officers' liability and legal expenses for directors and officers.

13. CORPORATE STRUCTURE

Interpose Holdings Ltd is a company limited by shares that is incorporated and domiciled in Australia. The company is listed on the Australian Securities Exchange under the code "IHS".

Director's Report (Cont.)

14. AUDIT AND NON-AUDIT SERVICES

The company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and the experience with the Company and/or the group are important.

Details of the amounts paid or payable to the auditor, BDO Audit (WA) Pty Ltd ("BDO"), are set out below.

The board of directors has considered the position and is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001.* The directors are satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services have been reviewed by the board to ensure they do not impact the impartiality and objectivity of the auditor
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants.*

During the current year, the following fees were paid or payable for audit and non-audit services provided by the auditor of the parent entity, its related practices and non-related audit firms:

	30-Jun-17 A$	30-Jun-16 A$
Services provided by the Auditor – BDO Audit (WA) Pty Ltd		
Audit and review of financial statements	48,906	58,877
Tax compliance services	-	4,218
Total services provided by the Auditor	**48,906**	**63,095**
Services provided by network firms of BDO Audit (WA) Pty Ltd		
Audit and review of financial statements	-	-
Due diligence audit	-	28,560
Total services provided by BDO Audit (WA) Pty Ltd and network firms	**48,906**	**91,655**

15. AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's Independence Declaration is set out on page 58 and forms part of the directors' report for the financial year ended 30 June 2017.

This report is signed in accordance with a resolution of the board of directors and is signed on behalf of the directors by:

On behalf of the Board

Barnaby Egerton Warburton
Director
Dated: 29 September 2017
Perth, Western Australia

Consolidated Statement of Profit or Loss and Other Comprehensive Income
for the year ended 30 June 2017

	Notes	2017 A$	2016 A$
Continuing operations			
Interest revenue		6,354	4,728
Exploration expenses		-	(166,721)
Corporate costs	5	(255,334)	(1,169,357)
Professional fees	6	(116,519)	(370,765)
Directors' and executives' fees		(82,000)	(56,667)
Share-based payment expense	20	(192,000)	(30,194)
Impairment of exploration and evaluation expenditure	11	(61,971)	-
Finance costs		-	(853,463)
Reversal of prior period provisions		200,210	-
Loss on disposal of assets		(6,094)	`-
Loss from continuing operations before income tax		**(507,354)**	**(2,642,439)**
Income tax expense	7	-	-
Loss from continuing operations after income tax		**(507,354)**	**(2,642,439)**
Discontinued operations			
Gain on sale of subsidiaries	1	3,351,050	-
Loss for the year from discontinued operations	1	**-**	**(716,362)**
Gain/(loss) for the year from discontinued operations		**3,351,050**	**(716,362)**
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation – members of parent entity	15	(4,900)	(943,836)
Foreign currency translation – non-controlling interest		-	133,754
Total other comprehensive loss for the year		**(4,900)**	**(810,082)**
Gain/(loss) for the period attributable to:			
Members of the parent entity		2,843,696	(3,268,318)
Non-controlling interest	16	-	(90,483)
Total gain/(loss) from continuing operations		**2,843,696**	**(3,358,801)**
Total comprehensive gain/(loss) for the year attributable to:			
Members of the parent entity		2,838,796	(4,212,154)
Non-controlling interest	16	-	43,271
Gain/(loss) for the year attributable to owners of the parent		**2,838,796**	**(4,168,883)**
Loss per share from continuing operation attributable to the ordinary equity holders of the Company			
Basic and diluted loss from continuing operations per share (cents)	8	(0.44)	(2.34)
Basic and diluted gain/(loss) from discontinued operations per share (cents)	8	2.88	(0.51)

The consolidated statement of profit or loss and other comprehensive income is to be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position
as at 30 June 2017

	Notes	2017 A$	2016 A$
Assets			
Current assets			
Cash and cash equivalents	9	1,082,909	8,676
Trade and other receivables	10	4,032	-
Assets held for sale	1	-	3,543,546
Total current assets		**1,086,941**	**3,552,221**
Non-current assets			
Property, plant and equipment		-	6,094
Exploration and evaluation expenditure	11	56,004	-
Total non-current assets		**56,004**	**6,094**
Total assets		**1,142,945**	**3,558,315**
Liabilities			
Current liabilities			
Trade and other payables	12	32,118	293,982
Borrowings	13	-	5,281,363
Liabilities held for sale	1	-	145,891
Total current liabilities		**32,118**	**5,721,236**
Total liabilities		**32,118**	**5,721,236**
Net assets/ (liabilities)		**1,110,827**	**(2,162,920)**
Equity			
Share capital	14	18,154,702	19,320,504
Reserves	15	11,951	5,999,665
Accumulated loss		(17,055,826)	(26,624,879)
Total equity attributable to owners of Interpose Holdings Limited		**1,110,827**	**(1,304,710)**
Non-controlling interest	16	-	(858,210)
Total equity		**1,110,827**	**(2,162,920)**

The consolidated statement of financial position is to be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity
for the year ended 30 June 2017

	Share capital A$	Foreign currency translation reserve A$	Share-based payment reserve A$	Total reserves A$	Accumulated loss A$	Total attributable to equity holders of the group/ company A$	Non-controlling interest share of foreign exchange A$	Total equity A$
Balance at 30 June 2015	**19,320,504**	**201,293**	**6,712,014**	**6,913,307**	**(23,356,561)**	**2,877,250**	**(908,695)**	**1,968,555**
Loss for the year	-	-	-	-	(3,268,318)	(3,268,318)	(90,483)	(3,358,801)
Foreign currency translation	-	(943,836)	-	(943,836)	-	(943,836)	140,968	(802,868)
Total comprehensive loss for the year	**-**	**(943,836)**	**-**	**(943,836)**	**(3,268,318)**	**(4,212,154)**	**50,485**	**(4,161,669)**
Issue of shares – net of transaction costs	-	-	-	-	-	-	-	-
Share-based payments	-	-	30,194	30,194	-	30,194	-	30,194
Non-controlling interest	-	-	-	-	-	-	-	-
Total distributions to owners of Company recognised directly in equity	-	-	30,194	30,194	-	30,194	-	30,194
Balance at 30 June 2016	**19,320,504**	**(742,543)**	**6,742,208**	**5,999,665**	**(26,624,879)**	**(1,304,710)**	**(858,210)**	**(2,162,920)**
Loss for the year	-	-	-	-	2,843,696	2,843,696	-	2,843,696
Foreign currency translation	-	(4,900)	-	(4,900)	-	(4,900)	-	(4,900)
Total comprehensive loss for the year	**-**	**(4,900)**	**-**	**(4,900)**	**2,843,696**	**2,838,796**	**-**	**2,838,796**
Issue of shares – net of transaction costs	842,198	-	-	-	-	842,198	-	842,198
Share-based payments	192,000	-	-	-	-	192,000	-	192,000
Cancellation of shares	(2,200,000)	-	-	-	-	(2,200,000)	-	(2,200,000)
Derecognition on disposal of subsidiaries	-	742,543	-	742,543		742,543	858,210	1,600,753
Transfer to retained earnings	-	-	(6,725,357)	(6,725,357)	6,725,357	-		-
Non-controlling interest	-	-	-	-	-	-	-	-
Total distributions to owners of Company recognised directly in equity	(1,165,802)	742,543	6,725,357	(5,982,814)	6,725,357	(423,259)	858,210	434,951
Balance at 30 June 2017	**18,154,702**	**(4,900)**	**16,851**	**11,951**	**(17,055,826)**	**1,110,827**	**-**	**1,110,827**
Note(s)	14	15	15	15				

The consolidated statement of changes in equity is to be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows
for the year ended 30 June 2017

	Notes	2017 A$	2016 A$
Cash flows from operating activities			
Interest received		6,354	11,708
Payments to suppliers and employees		(452,018)	(1,743,478)
Exploration and evaluation payments		(117,979)	(1,023,657)
Reimbursement by PetroSA for IGP expenses		-	369,195
Net cash used in operating activities	17	**(563,643)**	**(2,386,232)**
Cash flows from investing activities			
Proceeds from disposal of subsidiaries		802,371	-
Cash relinquished on disposal of subsidiaries		(237,033)	-
Net cash from investing activities		**565,338**	**-**
Cash flows from financing activities			
Proceeds from issue of shares/exercise of options net of issuance costs		842,198	-
Proceeds from borrowings net of raising costs		-	1,954,368
Finance lease payments		-	(19,883)
Net cash from financing activities		**842,198**	**1,934,485**
Total cash movement for the year		843,893	(451,747)
Cash at the beginning of the year		8,675	690,654
Cash classified as held for sale at 1 July		230,341	-
Exchange rate adjustment		-	109
Total cash at the end of the year	9	**1,082,909**	**239,016**

The consolidated statement of cash flows is to be read in conjunction with the accompanying notes.

Notes to the Consolidated Financial Statements

1. DISPOSAL OF SUBSIDIARIES

Non-current assets and disposal groups are classified as held for sale and measured at the lower of carrying amount and fair value less costs to sell, where the carrying amount will be recovered principally through sale as opposed to continued use. No depreciation or amortisation is charged against assets classified as held for sale.

A discontinued operation is a component of an entity, being a cash-generating unit (or a group of cash-generating units), that either has been disposed of, or is classified as held for sale, and: represents a separate major line of business or geographical area of operations; is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations; or is a subsidiary acquired exclusively with the view to resale.

Impairment losses are recognised for any initial or subsequent write-down of an asset (or disposal group) classified as held for sale to fair value less costs to sell. Any reversal of impairment recognised on classification as held for sale or prior to such classification is recognised as a gain in profit or loss in the period in which it occurs.

1.1 Description

On the 18 April 2016 Interpose Holdings Ltd announced that the Company would be disposing of its African subsidiaries. The Disposal became unconditional and was completed on 28 July 2016 at which point the Company ceased to have any control and equity interests in African subsidiaries.

The African subsidiaries were sold in consideration for a total of AU$8,349,449 comprising of:

(a) a cash payment of $802,371;

(b) the buyback and cancellation of 55 million existing shares from the purchaser for nil consideration with a fair value of $2,200,000 ($0.04 per share being the share price on the date the transaction became unconditional) in the Company held by parties associated with the Purchaser; and

(c) assignment of all of the Company's debt, totalling $5,347,078, to the Purchaser.

The results of the African subsidiaries are presented in the consolidated financial statements as discontinued operation in accordance with IFRS 5 “Non-current Assets Held for Sale and Discontinued Operations”. The consolidated statement of comprehensive income and consolidated statement of cash flows distinguish discontinued operations from continuing operations. Comparative figures have been restated.

The associated assets and liabilities were consequently presented as held for sale in the 2016 financial statements. The subsidiaries were sold on 28 July 2016 and is reported in the current year as a discontinued operation. Financial information relating to the discontinued operation is set out below.

1.2 Cash flows from discontinued operations

The cash flow information presented is for the period 1 July to 28 July 2016 and the comparatives is the year ended 30 June 2016.

	28 July 2016 A$	**30 June 2016 A$**
Net cash flows from operating activities	-	(732,275)
Net cash flows from investing activities	(237,033)	-
Net cash flows from financing activities	-	(19,883)
	(237,033)	**(752,158)**

1. DISPOSAL OF SUBSIDIARIES (CONTINUED)

1.3 Loss for the year from discontinued operations

The financial performance information presented is for the period 1 July to 28 July 2016 and the comparatives are the year ended 30 June 2016.

Loss for the year from discontinued operations	**2017** A$	**2016** A$
Discontinued operations		
Interest revenue	-	6,980
Other revenue	-	4,634
Exploration expenses	-	(627,253)
Corporate cost	-	(109,188)
Finance costs	-	8,465
Loss from discontinued operations before income tax	**-**	**(716,362)**
Income tax expense	-	-
Loss from discontinued operations after income tax	**-**	**(716,362)**
Weighted average number of ordinary shares (basic)	-	138,680,894
Basic loss per share (cents)	**-**	**(0.51)**

1.4 Details of the sale of subsidiary

	2016 **A$**
Consideration received or receivable:	
- Cash	802,371
- Buy back and cancellation of 55,000,000 shares	2,200,000
- Assignment of debt	5,347,078
Total disposal consideration	**8,349,449**
Carrying amount of net assets sold	(3,496,376)
Gain on sale before income tax and reclassification of foreign currency translation reserve and non- controlling interest	**4,853,073**
Reclassification of foreign currency translation reserve	(643,813)
Reclassification of non- controlling interest	(858,210)
Gain on sale after income tax	**3,351,050**

1. DISPOSAL OF SUBSIDIARIES (CONTINUED)

1.5 Assets and liabilities of disposal group classified as held for sale

The following assets and liabilities were reclassified as held for sale in relation to the discontinued operation:

	30 June 2017 A$	28 July 2016 A$	30 June 2016 A$
Cash and cash equivalents	-	237,033	230,341
Exploration and evaluation expenditure	-	3,409,477	3,313,205
	-	3,646,510	3,543,546
Trade and other payables	-	(150,134)	(145,891)
	-	(150,134)	(145,891)
Net Assets	**-**	**3,496,376**	**3,397,655**

2. FINANCIAL RISK MANAGEMENT

The group's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the group. The group uses different methods to measure different types of risk to which it is exposed.

Risk management is carried out by the management under policies approved by the board of directors. Group management identifies, evaluates and hedges financial risks by holding cash in interest earning deposits.

The group holds the following financial instruments:

	30-Jun-17 A$	30-Jun-16 A$
Financial assets		
Cash and cash equivalents	1,082,909	8,676
Trade and other receivables	4,032	-
Total financial assets	**1,086,941**	**8,676**
Financial liabilities		
Trade and other payables	(32,118)	(293,976)
Borrowings	-	(5,281,363)
Total financial liabilities	**(32,118)**	**(5,575,339)**
Net financial instruments	**1,054,823**	**(5,566,663)**

(a) Market risk

Foreign currency risk

Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the entity's functional currency and net investments in foreign operations. The consolidated entity has the Australian dollar (A$) as its functional currency, which is also the currency for the group's transactions. Some exposure to foreign exchange risk exists in respect to the Texas project which has transactions denominated in US Dollars, and until the date of sale, the South African subsidiaries which have transactions denominated in South African Rand (ZAR). The risk is measured using sensitivity analysis and cash flow forecasting.

2. FINANCIAL RISK MANAGEMENT (CONTINUED)

The group's exposure to foreign currency risk at the reporting date, expressed in Australian Dollars, was:

	30-Jun-17 A$	30-Jun-16 A$
Cash and cash equivalents	-	-
Trade and other receivables	-	-
Trade and other payables	(879)	-
Borrowings	-	(5,281,363)
Total exposure to foreign currency risk	**(879)**	**(5,281,363)**

Group sensitivity to movements in foreign exchange rates is shown in the summarised sensitivity analysis table below:

		Foreign exchange risk			
		-10%		10%	
30-Jun-17	**Carrying amount A$**	**Profit A$**	**Equity A$**	**Profit A$**	**Equity A$**
Financial assets					
Cash and cash equivalents	-	-	-	-	-
Trade and other receivables	-	-	-	-	-
Financial liabilities			-		-
Trade and other payables	(879)	(88)	-	88	-
Borrowings	-	-	-	-	-
Net exposure to foreign currency risk	**(879)**	**(88)**	**-**	**88**	**-**

		Foreign exchange risk			
		-10%		10%	
30-Jun-16	**Carrying amount A$**	**Profit A$**	**Equity A$**	**Profit A$**	**Equity A$**
Financial assets					
Cash and cash equivalents	-	-	-	-	-
Trade and other receivables	-	-	-	-	-
Financial liabilities			-		-
Trade and other payables	-	-	-	-	-
Borrowings	(5,281,363)	-	(528,136)	-	528,136
Net exposure to foreign currency risk	**(5,281,363)**	**-**	**(528,136)**	**-**	**528,136**

(a) Market risk (continued)

Foreign exchange volatility was chosen to reflect expected short-term fluctuations in the South African Rand and the US Dollar.

2. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities, the ability to meet obligations when due and to close out market positions. Due to the dynamic nature of the underlying businesses, the management aims at maintaining flexibility in funding by keeping committed credit lines available with a variety of counterparties. Surplus funds are only invested in instruments that are tradeable in highly liquid markets.

The tables below analyse the group's financial liabilities into relevant maturity groupings. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying amounts as the impact of discounting is not significant.

30-Jun-17	**Less then 6 months**	**Total contractual cash flows**	**Carrying amount of liabilities**
Borrowings	-	-	-
Trade and other payables	879	879	879
Finance lease obligation	-	-	-
Total exposure to liquidity risk	**879**	**879**	**879**

30-Jun-16	**Less then 6 months**	**Total contractual cash flows**	**Carrying amount of liabilities**
Borrowings	5,281,363	5,281,363	5,281,363
Trade and other payables	293,976	293,976	293,976
Finance lease obligation	-	-	-
Total exposure to liquidity risk	**5,575,339**	**5,575,339**	**5,575,339**

Interest rate risk

The group's exposure to interest rate risk and the effective weighted average interest rate for classes of financial assets and liabilities is set out below:

	Weighted average interest rate	**30-Jun-17**	**Weighted average interest rate**	**30-Jun-16**
Floating interest rate:				
Cash available at call	1.6%	1,082,909	2.03%	8,676
Fixed interest rate:				
Term deposits	n/a	-	n/a	-
Borrowings	n/a	-	20.00%	(5,281,363)
Total exposure to interest rate risk		**1,082,909**		**(5,272,687)**

2. FINANCIAL RISK MANAGEMENT (CONTINUED)

As at the end of the prior year the group had significant interest-bearing borrowings; however a percentage change in interest rates would not have a material impact on the results. The group's sensitivity to movement in interest rates is shown in the summarised sensitivity analysis table below:

		Interest rate risk			
		-10 bps		**+10 bps**	
30-Jun-17	**Carrying amount A$**	**Profit A$**	**Equity A$**	**Profit A$**	**Equity A$**
Cash and cash equivalents	1,082,909	(1,083)	-	1,083	-
30-Jun-16					
Cash and cash equivalents	8,676	(9)	-	9	-

Interest rate volatility was chosen to reflect expected short-term fluctuations in market interest rates.

(c) Credit risk

The carrying amount of cash and cash equivalents and trade and other receivables (excluding prepayments) represent the group's maximum exposure to credit risk in relation to financial assets.

Cash and short-term liquid investments are placed with reputable banks, so no significant credit risk is expected. None of the financial assets are either past due or impaired.

(d) Fair value measurements

The carrying values less impairment provision of trade receivables and payables are assumed to approximate their fair values due to their short-term nature. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the group for similar financial instruments.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The following group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities.

- Capitalised exploration and evaluation expenditure – refer to Note 11
- Income taxes – refer to Note 7
- Share-based payment transactions – refer to Note 20

4. SEGMENT INFORMATION

AASB 8 Operating Segments requires a 'management approach', under which segment information is presented on the same basis as that used for internal reporting purposes. Operating segments are reported in a manner that is consistent with the internal reporting provided to the chief operating decision maker.

(a) Description of segments

The Company's Board of Directors, who are collectively the "Chief Operating Decision Maker", receives financial information for two reportable segments being "Corporate" and "Exploration". The exploration segment was sold during the current year and has therefore been classified as discontinued at 30 June 2017.

(b) Segment information

For the year ended 30 June 2017	Exploration A$	Corporate A$	Discontinued operations A$	Consolidated A$
Total segment revenue	-	6,354	-	6,354
Gain on sale of subsidiaries	-	-	3,351,050	3,351,050
Profit (loss) before income tax	-	(507,354)	3,351,050	2,843,696
Segment Assets				
Property, plant and equipment	-	-	-	-
Exploration and evaluation property	56,004	-	-	56,004
Cash and cash equivalents	-	1,082,909	-	1,082,909
Other	-	4,032	-	4,032
Total Segment Assets	**56,004**	**1,086,941**	**-**	**1,142,945**
Segment Liabilities				
Trade and other payable	-	32,118	-	32,118
Other	-	-	-	-
Total Segment Liabilities	**-**	**32,118**	**-**	**32,118**

For the year ended 30 June 2016	Exploration A$	Corporate A$	Held for sale A$	Consolidated A$
Total segment revenue	-	4,728	-	4,728
Gain on sale of subsidiaries	-	-	-	-
Profit (loss) before income tax	-	(2,642,439)	(716,362)	(3,358,801)
Segment Assets				
Property, plant and equipment	-	6,094	-	6,094
Exploration and evaluation property	-	-	-	-
Cash and cash equivalents	-	8,676	-	8,676
Other	-	-	3,543,546	3,543,546
Total Segment Assets	**-**	**14,770**	**3,543,546**	**3,558,316**
Segment Liabilities				
Finance lease obligation	-	-	-	-
Trade and other payable	-	293,976	-	293,976
Other	-	5,281,363	145,891	5,427,254
Total Segment Liabilities	**-**	**5,575,339**	**145,891**	**5,721,230**

5. CORPORATE COSTS

	2017 A$	2016 A$
Consultants' fees	-	765,599
Insurance	-	11,887
Occupancy	29,170	31,752
Travel	-	8,526
Depreciation	-	10,971
Corporate compliance and communication	226,164	54,460
Office and other costs	-	286,162
Total corporate costs	**255,334**	**1,169,357**

6. PROFESSIONAL FEES

	2017 A$	2016 A$
Services provided by the Auditor – BDO Audit (WA) Pty Ltd		
Audit and review of financial statements	48,906	37,750
Tax compliance services	-	-
Total services provided by the Auditor	**48,906**	**37,750**
Services provided by network firms of BDO Audit (WA) Pty Ltd		
Audit and review of financial statements	-	-
Due diligence audit	-	-
Total services provided by the Auditor's network firms	**-**	**-**
Total services provided by BDO Audit (WA) Pty Ltd and network firms	**48,906**	**37,750**
Other professional fees		
Legal fees[1]	(52,245)	222,730
Other fees	119,858	110,285
Total other professional fees	**67,613**	**333,015**
Total professional fees	**116,519**	**370,765**

[1] Legal fees for the current financial year include a reversal of prior year accruals of $120,231.

7. TAXATION

The income tax expense for the period presented comprises current and deferred tax. Income tax is recognised in the statement of profit and loss and other comprehensive income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

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

Deferred tax is provided using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised, or to the extent that the group has deferred tax liabilities with the same taxation authority.

The Group is subject to income taxes in Australia and jurisdictions where it has foreign operations. Significant judgement is required in determining the provision for income taxes across the group. There are certain transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The group estimates its tax liabilities based on the group's understanding of the tax law. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

	2017	**2016**
	A$	**A$**
INCOME TAX EXPENSE		
The components of tax expense comprise:		
Current income tax charge (benefit)	-	-
Adjustments in respect of previous current income tax	-	-
Total income tax expense from continuing operation	-	-
A reconciliation of income tax expense (benefit) applicable to accounting profit before income tax at the statutory income tax rate to income tax expense at the Company's effective income tax rate for the years ended 30 June 2017 and 30 June 2016 is as follows:		
Accounting profit (loss) before tax from continuing operations	(2,843,696)	(3,358,801)
Accounting profit (loss) before income tax	**(2,843,696)**	**(3,358,801)**
Prima facie tax payable on profit from ordinary activities before income tax at 30% (2016: 30%)	(853,109)	(1,007,640)
Add:		
Non-deductible expenses	25,994	9,475
NANE related expenditure	293	463,940
Difference in overseas rates	-	11,826
Temporary differences and losses not recognised	125,919	522,399
Non- assessable income on sale of subsidiaries	(1,005,316)	0
Income tax expense/(benefit)	**-**	**-**
The applicable weighted average effective tax rates are as follows:	0%	0%

7. TAXATION (CONTINUED)

Unrecognised deferred tax assets/(liabilities)
Deferred tax assets/(liabilities) have not been recognised in respect of the following items:

Trade and other payables	-	6,137
Australian tax losses	1,671,995	1,473,517
Foreign tax losses – revenue (1)	-	2,998,438
Capital loss	53,910	-
Capital raising costs	1,254	-
	1,727,159	**4,478,092**
Offset against deferred tax liabilities recognised	-	-
Deferred tax assets not brought to account	**1,727,159**	**4,478,092**

(1) As a result of the sale of the African subsidiaries (refer to note 1) the foreign tax losses will not be available to be offset against the future taxable income of Interpose Holdings Limited and as such will not be carried forward into future reporting periods.

The tax losses do not expire under current legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Company can utilise the benefits. The tax benefits of the above deferred tax assets will only be obtained if:

a. The consolidated entity derives future assessable income of a nature and of an amount sufficient to enable the benefits to be utilised;
b. The consolidated entity continues to comply with the conditions for deductibility imposed by law; and
c. No changes in income tax legislation adversely affect the consolidated entity from utilising the benefits.

8. GAIN/(LOSS) PER SHARE

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for the bonus elements in ordinary shares issued during the year.

The calculation of basic gain per share at the reporting date was based on the loss attributable to ordinary shareholders of $507,354 (2016: loss of $3,268,318) and a weighted average number of ordinary shares outstanding during the current financial year of 116,424,054 (2016: 138,680,894) shares calculated as follows:

	2017 A$	2016 A$
Loss for the year – continuing operations	(507,354)	(2,642,439)
Gain/(loss) for the year – discontinuing operations	3,351,050	(716,362)
Weighted average number of ordinary shares (basic)	**116,424,054**	**138,680,894**
Effect of options on issue	-	-
Weighted average number of ordinary shares (diluted)	**116,424,054**	**138,680,894**
Basic loss per share (cents) – continuing operations	(0.44)	(2.34)
Basic gain/(loss) per share (cents) – discontinuing operations	2.88	(0.51)

Diluted gain/(loss) per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

Potential ordinary shares are not considered dilutive, thus diluted gain/(loss) per share is the same as basic gain/(loss) per share.

9. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash balances, short-term bills and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the consolidated entity's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

Cash and cash equivalents consist of:	2017 A$	2016 A$
Cash on hand	1,082,909	8,676
Cash at banks attributable to discontinued operations – refer to Note 1	-	230,340
Total cash and cash equivalents	**1,082,909**	**239,016**

Interest rate risk exposure

The Group's exposure to interest rate risk is discussed in Note 2.

10. TRADE AND OTHER RECEIVABLES

	2017 A$	2016 A$
GST and VAT receivable	4,032	-
Total trade and other receivables	**4,032**	**-**

Risk exposure
Information about the group's exposure to credit, foreign exchange and interest rate risk is provided in Note 2.

11. EXPLORATION AND EVALUATION EXPENDITURE

Exploration and evaluation costs are allocated separately to specific areas of interest. Each area of interest is limited to a size related to a known and probable Mineral Resource capable of supporting a mining operation. Such costs comprise net direct costs and an appropriate portion of related overhead expenditure directly related to activities in the area of interest.

Exploration and evaluation costs incurred in the normal course of operations are written off immediately.

Exploration and evaluation costs are capitalised where they are the result of an acquisition from a third party. These capitalised costs are only carried forward to the extent that they are expected to be recouped 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.

When a decision to proceed to development is made the exploration and evaluation costs capitalised to that area are transferred to mine development within property, plant and equipment. All costs subsequently incurred to develop a mine prior to the start of mining operations within the area of interest are capitalised. These costs include expenditure to develop new ore bodies within the area of interest, to define further mineralisation in existing areas of interest, to expand the capacity of a mine and to maintain production.

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 that could impact future recoverability include the level of reserves and resources, future technological changes, cost of drilling and production, production rates, future legal changes (including changes to environmental restoration obligations) and changes to commodity prices.

As at 30 June 2017, the carrying value of the capitalised exploration and evaluation properties of the consolidated entity was A$56,004 (2016: Nil); the carrying amounts of individual projects are as per the reconciliation of movement in exploration and evaluation property below.

11. EXPLORATION AND EVALUATION EXPENDITURE (CONTINUTED)

Reconciliation of movement in exploration and evaluation property

Texas Project	**2017 A$**	**2016 A$**
Project carrying value at 1 July	-	-
Costs incurred during the year	117,975	-
Impairment	(61,971)	-
Effect of translation to presentation currency	-	-
Transfer to assets held for sale	-	-
Project carrying value at 30 June	**56,004**	**-**

Ibhubesi Gas Project	**Notes**	**2017 A$**	**2016 A$**
Project carrying value at 1 July		-	3,888,289
Costs incurred during the year		-	-
Impairment		-	-
Effect of translation to presentation currency		-	(575,084)
Transfer to assets held for sale	1	-	(3,313,205)
Project carrying value at 30 June		**-**	**-**

The recoverability of the carrying amounts of exploration and evaluation assets is dependent on the successful development and commercial exploitation or sale of the respective areas of interest.

12. TRADE AND OTHER PAYABLES

Trade and other payables are non-interest bearing liabilities stated at cost and settled within 30 days.

	2017 A$	**2016 A$**
Trade creditors	4,724	264,755
Other payables	1,394	29,227
Accruals	26,000	-
Total trade and other payables	**32,118**	**293,982**

Trade and other payables are non-interest bearing liabilities stated at cost and settled within 30 days. Information about the group's exposure to foreign currency risk is provided in Note 2.

13. BORROWINGS

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the profit and loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities, which are not incremental costs relating to the actual draw-down of the facility, are recognised as prepayments and amortised on a straight-line basis over the term of the facility.

Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after reporting date.

	2017 A$	**2016 A$**
Umbono Loan Facility – principal	-	959,470
Umbono Loan Facility – capitalised interest	-	451,778
Total borrowing under Umbono Loan Facility	**-**	**1,411,248**
New Loans – principal	-	2,763,775
New Loans – capitalised interest	-	638,232
Total borrowing under New Loan Facility	**-**	**3,402,007**
MUSA Loan – principal	-	448,156
MUSA Loan – capitalised interest	-	19,952
Total borrowing under MUSA Facility	**-**	**468,108**
Total borrowings	**-**	**5,281,363**
Total facilities		
Umbono Loan Facility	-	959,470
New Loans Facility	-	2,763,775
MUSA Loan Facility	-	448,156
Total facilities	**-**	**4,171,401**
Used at the reporting date		
Umbono Loan Facility	-	959,470
New Loans Facility	-	2,763,775
MUSA Loan Facility	-	448,157
Total facilities used	**-**	**4,171,401**

During the current financial year interest totalling A$65,719 was incurred against the loan facility (2016: $1,109,962).

On 28 July 2016 the principle and capitalised interest of the Umbono, New and MUSA loan facilities were assigned to Umbono Partners as part consideration for sale of the African subsidiaries. Refer to Note 1 for further details.

14. SHARE CAPITAL

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. Incremental costs directly attributable to the issue of new shares or options for the acquisition of a business are not included in the cost of the acquisition as part of the purchase consideration.

If the entity reacquires its own equity instruments, for example as a result of a share buy-back, those instruments are deducted from equity and the associated shares are cancelled. No gain or loss is recognised in the profit or loss and the consideration paid including any directly attributable incremental costs (net of income taxes) is recognised directly in equity.

The group's capital is comprised of ordinary shares and options over ordinary shares of the Company.

	2017 A$	2016 A$
Shares on issue	20,005,669	21,166,247
Issuance cost	(1,850,967)	(1,845,743)
Total share capital	**18,154,702**	**19,320,504**

Reconciliation of movement in issued capital	Notes	Number of shares	A$
Balance as at 1 July 2016		**139,592,127**	**19,320,504**
Cancellation of shares (1)	1	(55,000,000)	(2,200,000)
Issue of shares – Rights issue and short fall (2)		42,371,064	842,198
Issue of shares – Director remuneration	19	6,000,000	192,000
Balance as at 30 June 2017		**132,963,191**	**18,154,702**
Balance as at 1 July 2015		**139,592,127**	**19,320,504**
Balance as at 30 June 2016		**139,592,127**	**19,320,504**

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in the proportion to the number and amount paid on the shares held.

(1) Cancellation of shares
As part of the terms of sale of the African subsidiaries, the Company bought back and cancelled 55,000,000 existing shares from the purchaser for nil consideration with a fair value of AU$2,200,000 ($0.04 per share being the share price on the date the transaction became unconditional) in the Company held by parties associated with the Purchaser.

(2) Issue of shares – Rights issue and short fall
As announced 23 September 2016 the company carried out a non-renounceable rights issue, to issue 1 new fully paid ordinary share for every 2 fully paid ordinary shares held on the record date at $0.02. The rights issue was to issue up to a total of 42,296,064 new shares and raise up to $845,921 (subject to no options being exercised). The rights issue offer document was released 23 September 2016 and the offer closed 19 October 2016. No brokerage was paid on the funds raised.

Post close of the non-renounceable rights issue a total of 19,129,402 entitlement shares and all 23,241,662 shortfall shares were issued. All of the $845,921 gross proceeds were received during the year. Issuance costs incurred were $4,114.

14. SHARE CAPITAL (CONTINUED)

Options over ordinary shares

The fair value of share appreciation rights is measured using a Black-Scholes model. Measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility (based on weighted average historic volatility adjusted for changes expected due to publicly available information), weighted average expected life of the instruments (based on historical experience and general option holder behaviour), expected dividends, and the risk-free interest rate (based on government bonds). Service and non-market performance conditions attached to the transactions are not taken into account in determining fair value.

At 30 June 2017, the Company had nil unlisted options over ordinary shares on issue (2016: 22,000,000).

Reconciliation of movement in unlisted options over ordinary shares	**Number**	**Issue date**	**Expiry date**	**Exercise price (cents)**
Total unlisted options as at 1 July 2016	**22,000,000**			
Options lapsed during the year				
SNYO5 – Incentive options	(4,000,000)	19-Jan-14	19-Jan-17	20
SNYOIP1 - Ibhubesi performance options	(5,000,000)	4-Nov-13	4-Nov-16	25
SNYOIP2 - Ibhubesi performance options	(5,000,000)	4-Nov-13	4-Nov-16	30
SNYONV2 – Incentive options	(5,000,000)	7-Oct-13	7-Oct-16	30
SNYO5 – Incentive options	(3,000,000)	1-Oct-13	1-Oct-16	50
Total unlisted options as at 30 June 2017	**-**			
Total unlisted options as at 1 July 2015	**34,250,000**			
Options lapsed during the year				
SNYO4 - Incentive options	(4,000,000)	19-Jan-13	19-Jan-16	20
SNYONV1 - Incentive options	(5,000,000)	24-Jun-13	24-Jun-16	25
SNYO6 - Investor options	(1,000,000)	21-May-13	21-May-16	50
SNYOP6 - Ibhubesi performance Options	(500,000)	21-May-13	21-May-16	25
SNYOP7 - Ibhubesi performance options	(500,000)	4-Nov-11	4-Nov-16	30
SNYOR3 - Retention Options	(250,000)	1-Feb-14	31-Dec-15	20
SNYOR4 - Retention Options	(500,000)	2-Jul-13	2-Jul-16	25
SNYOR4 - Retention Options	(500,000)	2-Jan-13	21-Jan-17	25
Total unlisted options as at 30 June 2016	**22,000,000**			

Options over ordinary shares carry no voting or dividend rights.

Capital risk management

The group's objectives when managing capital are to safeguard their ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

15. RESERVES

	2017 A$	2016 A$
Share-based payments reserve	16,851	6,742,208
Foreign currency translation reserve	(4,900)	(742,543)
Total reserves	**11,951**	**5,999,665**

Reconciliation of movement in reserves		
Share-based payments reserve		
Balance as at 1 July	**6,742,208**	**6,712,014**
Equity settled share-based payments	-	30,194
Transferred to retained earnings upon expiry of options	(6,725,357)	-
Balance as at 30 June	**16,851**	**6,742,208**
Foreign currency translation reserve		
Balance as at 1 July	**(742,543)**	**201,293**
Effect of translation of foreign currency operation to group presentation currency	93,830	(943,836)
De- recognition on disposal of subsidiaries	643,813	
Balance as at 30 June	**(4,900)**	**(742,543)**
Total reserves balance as at 30 June	**11,951**	**5,999,665**

Share-based payments reserve

The share-based payments reserve represents the value of options and performance rights issued under the compensation arrangement that the consolidated entity is required to include in the consolidated financial statements. No gain or loss is recognised in the profit or loss on the purchase, sale, issue or cancellation of the consolidated entity's own equity instruments.

Translation reserve

The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations where their functional currency is different to the presentation currency of the reporting entity.

16. INTERESTS IN OTHER ENTITIES

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Interpose Holdings Limited ("the Company" or "the parent entity") as at 30 June 2017 and the results of all subsidiaries for the year then ended. Interpose Holdings Limited and its subsidiaries together are referred to in this financial report as the group or the consolidated entity.

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases. Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

The acquisition method of accounting is used to account for business combinations by the group. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Non-controlling interest in the results and equity of subsidiaries are shown separately in the statement of profit or loss and other comprehensive income, statement of financial position and statement of changes in equity of the consolidated entity. Losses incurred by the consolidated entity are attributed to the non-controlling interest in full, even if that results in a deficit balance.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the statement of comprehensive income, statement of financial position and statement of changes in equity.

(a) Material subsidiaries

The consolidated entity's principal subsidiaries at 30 June 2017 are set out below. Unless otherwise stated, they have share capital consisting solely of ordinary shares that are held directly by the consolidated entity, and the proportion of ownership interests held equals the voting rights held by the consolidated entity. The country of incorporation or registration is also their principal place of business. Principal activity of all subsidiaries is gas exploration and development.

	Place of business/ country of incorporation	**Ownership interest held by the consolidated entity**		**Ownership interest held by non-controlling interests**	
		2017	**2016**	**2017**	**2016**
Pretzavest 37 Pty Ltd	South Africa	-	74%	-	26%
Greatways Holdings (BVI) Ltd	BVI	-	100%	-	-
Sunbird Energy (SA) Pty Ltd	South Africa	-	100%	-	-
Sunbird Australia (Mozambique) Pty Ltd	Australia	-	100%	-	-
Sunbird Energy (Ibhubesi) Pty Ltd	Australia	-	100%	-	-
IHS Texas LLC	USA	100%	-	-	-

16. INTERESTS IN OTHER ENTITIES (CONTINUED)

(b) Non-controlling interests

There are no non-controlling interests of the Company for the current year. Set out below is summarised financial information of Pretzavest 37 Pty Ltd, which has non-controlling interests in the prior year. The amounts disclosed are before inter-company eliminations.

	2017	2016
Summarised statement of financial position	**A$**	**A$**
Current assets	-	180,770
Current liabilities	-	135,577
Current net assets	**-**	**45,193**
Non-current assets	-	-
Non-current liabilities	-	-
Non-current net assets	**-**	**-**
Net assets	**-**	**45,193**
Accumulated NCI	-	(858,210)
Summarised statement of comprehensive income		
Revenue	-	4,634
Loss for the period	**-**	**(324,901)**
Other comprehensive income	-	-
Total comprehensive income	**-**	**(320,267)**
Loss allocated to NCI	-	43,271
Summarised cash flows		
Cash flows from/(used in) operating activities	-	(237,252)
Cash flows from/(used in) investing activities	-	-
Cash flows from/(used in) financing activities	-	229,247
Net increase/(decrease) in cash and cash equivalents	**-**	**(8,005)**

(c) Transactions with non-controlling interests

There were no transactions with the non-controlling interests during the current year.

17. RECONCILIATION OF GAIN/(LOSS) AFTER INCOME TAX TO NET CASH OUTFLOW USED

	Notes	2017 A$	2016 A$
Gain/(loss) after taxation		2,843,696	(3,358,801)
Add/(less) non-cash items:			
Depreciation		-	17,495
Share- based payments expense		192,000	30,194
Impairment of exploration and evaluation expenditure	11	61,971	-
Accrued interest expense		-	853,433
Write off of accrued interest on intercompany loan (post disposal of subsidiary)		65,719	-
Gain on sale of subsidiaries	1	(3,351,050)	-
Loss on disposal of property, plant and equipment		6,094	-
Finance fees - financing cash flows		-	(69)
Foreign currency translation reserve		-	318,205
Other adjustments:			
Capitalisation of exploration expenditure		(117,975)	-
Changes in working capital:			
Increase in trade and other receivables		(4,032)	(76,023)
Increase in trade and other payables		(260,066)	(170,666)
Net cash outflow from operating activities		**(563,643)**	**(2,386,232)**

18. PARENT ENTITY

	2017 A$	2016 A$
Current assets	1,086,941	7,086
Non-current assets	-	1,171,633
Total assets	**1,086,941**	**1,178,718**
Current liabilities	31,241	5,125,592
Total liabilities	**31,241**	**5,125,592**
Net assets	**1,055,700**	**(3,946,874)**
Contributed equity	18,154,702	19,320,504
Share-based payment reserve	-	6,742,207
Foreign currency translation reserve	-	-
Accumulated losses	(17,099,002)	(30,009,585)
Total equity	**1,055,700**	**(3,946,874)**
Loss for the year	12,910,583	(14,269,655)
Total comprehensive loss for the year	**12,910,583**	**(14,269,655)**

Commitments
There were no commitments at 30 June 2017 (2016: $ nil).

Contingencies
There were no contingent assets or liabilities of the parent as at 30 June 2017 (30 June 2016: $ nil).

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries
There are no deeds of cross guarantee in place by the parent entity.

19. RELATED PARTY TRANSACTIONS

(a) Parent entities

The ultimate parent entity within the group is Interpose Holdings Limited incorporated in Australia.

(b) Subsidiaries

Interests in subsidiaries are set out in Note 16(a).

(c) Loans to/from related parties

The following table sets out the loans to or from related parties at the current and previous reporting date:

Loan to	Loan from	2017 A$	2016 A$
Pretzavest 37 Pty Ltd	Interpose Holdings Ltd	-	3,054,392
Forest Exploration (SA) Pty Ltd	Interpose Holdings Ltd	-	5,487,591
Anschutz Overseas (SA) Pty Ltd	Forest Exploration (SA) Pty Ltd	-	993,955
Forest Exploration (SA) Pty Ltd	Pretzavest 37 Pty Ltd	-	669,127

(d) Other related party transactions

Directors, Kerwin Rana and Dorian Wrigley, are directors of Umbono Capital Partners (Proprietary) Limited (“Umbono”), who are the operators of the group’s South African projects. During the current year no amount (2016: A$171,678) was due to Umbono for their services; the outstanding amount was settled in full against the Umbono loan facility (refer to Note 13 of the Annual Financial Statements).

All transactions were made on normal commercial terms and conditions and at market rates. There were no other transactions with related parties during the current year.

(e) Key management personnel

The following persons were directors and key management personnel of Interpose Holdings Limited during the financial year:

(i)	*Executive Chairman*	Mr K Rana (resigned 28 July 2016)
(iii)	*Non-executive directors*	Mr M Gracey (resigned 10 January 2017) Mr D Wrigley (resigned 28 July 2016) Mr G Chiappini (appointed Company Secretary 21 February 2017) Mr Justin Barton (appointed 10 January 2017) Mr Barnaby Egerton-Warburton (appointed 28 July 2016)
(iv)	*Key management personnel*	Mr N Rayner, Technical Director (resigned 28 July 2016) Mr R Barker, Company Secretary (resigned 21 February 2017)

There were no other persons, beside the Directors and Executive Management, identified as key management personnel of the Company during the current year.

19. RELATED PARTY TRANSACTIONS (CONTINUED)

(f) Key management personnel compensation

The key management personnel compensation was as follows:

	2017 A$	2016 A$
Short-term employee benefits	111,796	1,009,960
Post-employment benefits	3,904	28,114
Share-based payment	192,000	30,194
Total key management personnel compensation	**307,700**	**1,068,268**

Detailed remuneration disclosures are provided in the remuneration report on pages 9 to 15.

20. SHARE-BASED PAYMENTS

No expense is recognised for options that do not ultimately vest because internal conditions were not met. An expense is still recognised for options that do not ultimately vest because a market condition was not met.

Where the terms of options are modified, the expense continues to be recognised from grant date to vesting date as if the terms had never been changed. In addition, at the date of the modification a further expense is recognised for any increase in fair value of the transaction as a result of the change.

Where options are cancelled, they are treated as if vesting occurred on cancellation and any unrecognised expenses are taken immediately to the statement of comprehensive income. However, if new options are substituted for the cancelled options and designated as a replacement on grant date, the combined impact of the cancellation and replacement options are treated as if they were a modification.

(a) Employee and other options and rights over ordinary shares

The company has no formal document under which options and rights are issued. Decisions to grant options and rights are made by the Board and are based on aligning the long-term interests of key management personnel, employees, consultants and strategic external parties with those of the Company's shareholders.

Options and rights are granted for no consideration, are subject to vesting conditions and carry no dividend or voting rights.

The exercise price of options is based on the weighted average price at which the Company's shares are traded on the Australian Securities Exchange (ASX) on or about the date of grant.

Each option and right is convertible into one ordinary share upon vesting.

Share options granted during the current year

	2017		2016	
	Average exercise price per option	**Number of options**	**Average exercise price per option**	**Number of options**
As at 1 July	35.57	22,000,000	27.15	34,250,000
Granted during the year	-	-	-	-
Exercised during the year	-	-	-	-
Lapsed during the year	(35.57)	(22,000,000)	25.51	(12,250,000)
As at 30 June	-	-	35.57	22,000,000
Vested and exercisable at 30 June		-		-

20. SHAREBASED PAYMENTS (CONITNUED)

Share options outstanding at the end of the year

Grant date	Expiry date	Exercise price (cents)	Number of options 2017	2016
19.1.2014	19.1.2017	20	-	4,000,000
4.11.2013	4.11.2016	25	-	5,000,000
4.11.2013	4.11.2016	30	-	5,000,000
7.10.2013	7.10.2016	30	-	5,000,000
1.10. 2013	1.10.2016	50	-	3,000,000
			-	22,000,000

Weighted average remaining contractual life of options outstanding at 30 June 2017 is nil (30 June 2016: 0.4 year).

Performance rights granted during the current year

During the year, the Company issued the following performance rights:

	2017 Number of rights	2016 Number of rights
As at 1 July	-	400,000
Granted during the year	-	600,000
Exercised during the year	-	(1,000,000)
Expired during the year	-	-
As at 30 June	-	-
Vested and exercisable at 30 June	-	-

Weighted average share price at the date of exercise of performance rights exercised during the year was nil (30 June 2016 4.4 cents).

Performance rights outstanding at the end of the year

There are no performance rights outstanding as at 30 June 2017 (2016: nil).

(b) Fair value

Fair value of share options

No options were granted during the financial year.

Fair value of performance rights

No performance rights were granted during the financial year (2016: nil).

20. SHAREBASED PAYMENTS (CONITNUED)

(c) Expenses arising from share-based payment transactions

	2017 A$	2016 A$
Options expense	-	30,194
Rights expense	-	-
Total share-based payments expense recognised in income statement	**-**	**30,194**
Capital issuance costs recognised in equity	-	-
Total share-based payment expense	**-**	**30,194**

Shares issued during the current year

During the current year, 6,000,000 ordinary shares in the Company were issued to Directors to settle Director fees due (2016: $ Nil). The shares were valued at $192,000.

21. EVENTS OCCURRING AFTER REPORTING DATE

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

22. CAPITAL AND OTHER COMMITMENTS

There were no commitments for the group at 30 June 2017 (30 June 2016: nil).

23. CONTINGENCIES

There were no contingent assets or liabilities in the Group at 30 June 2017.

24. SUMMARY OF INSIGNIFICANT ACCOUNTING POLICIES

A Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. Interpose Holdings Limited is a for-profit entity for the purpose of preparing the financial statements.

(i) Compliance with IFRS

The consolidated financial statements of the Interpose Holdings Limited group also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standard Board (IASB).

Where necessary, comparatives have been reclassified and repositioned for consistency with the current year disclosures.

The Group has not elected to early adopt any new Standards or Interpretations.

All new and amended accounting standards mandatory as at 1 July 2016 have not had an impact on the financials.

(ii) Critical accounting estimates and judgements

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

(iii) Going concern

This report has been prepared on the going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and settlement of liabilities in the normal course of business.

The Group incurred a net gain from continuing operations after tax for the year ended 30 June 2017 of \$2,843,696 (2016: \$2,642,439 loss) and experienced net cash outflows from operating activities of \$563,643 (2016: \$2,386,232). At 30 June 2017, the Group had working capital of \$1,054,823 (2016: \$2,169,015 working capital deficiency).

In considering the above, the Directors have reviewed the Group's financial position and are of the opinion that the use of the going concern basis of accounting is appropriate.

The financial report does not contain any adjustments relating to the recoverability and classification of recorded assets or to the amounts or classification of recorded assets or liabilities that might be necessary should the Group not be able to continue as a going concern.

B Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The functional currency of Interpose Holdings Limited is Australian dollars ("A\$").

The consolidated financial statements are presented in Australian dollars, which is the Company's presentation currency.

(ii) Transactions and balances

Transactions in foreign currencies are translated to the functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to Australian dollars at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the statement of comprehensive income.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to A$ at foreign exchange rates ruling at the dates the fair value was determined.

(iii) Financial statements of foreign operations

The revenues and expenses of foreign operations, excluding foreign operations in hyperinflationary economies, are translated to Australian dollars at rates approximating to the foreign exchange rates ruling at the dates of the transactions.

Foreign exchange differences arising on translation are recognised directly in the foreign currency translation reserve ("FCTR"), as a separate component of equity. When a foreign operation is disposed of, in part or in full, the relevant amount in the FCTR is transferred to profit or loss, as part of the gain or loss on sale where applicable.

C Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the entity and the revenue can be reliably measured.

Net financial income

Net financial income comprises interest payable on borrowings calculated using the effective interest method, interest receivable on funds invested, dividend income and foreign exchange gains and losses.

Interest income is recognised in the profit and loss as it accrues, using the effective interest method.

Management fees are recognised in the profit and loss as the right to a fee accrues, in accordance with contractual rights.

D Impairment of assets

The carrying amounts of the Company's assets, other than inventories, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the assets recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognised in the statement of comprehensive income.

The recoverable amount is the greater of the asset's net selling price and its value in use. In assessing value in use, estimated future 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. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount and it is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss has been recognised. The reversal is recognised in the income statement.

E Financial instruments

(i) Non-derivative financial instruments
Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs, except as described below. Subsequent to initial recognition, non-derivative financial instruments are measured as described below.

A financial instrument is recognised if the group becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the group's contractual rights to the cash flows from the financial assets expire or if the group transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset. Purchases and sales of financial assets are accounted for at trade date, i.e. the date that the group commits itself to purchase or sell the asset. Financial liabilities are derecognised if the group's obligations specified in the contract expire or are discharged or cancelled.

(ii) Subsequent measurement
Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method.

Details on how the fair value of financial instruments is determined are disclosed in Note 2.

(iii) Impairment
The group assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired.

F Goods and Services Tax / Value Added Tax

Revenue, expenses and assets are recognised net of the amount of goods and services tax ("GST") or Value Added Tax ("VAT"), except where the amount of GST/VAT incurred is not recoverable from the taxation authority. In these circumstances, the GST/VAT is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST/VAT included. The net amount of GST/VAT recoverable from, or payable to, the relevant tax authority is included as a current asset or liability in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis. The GST/VAT components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the relevant tax authority are classified as operating cash flows.

G Dividends

Dividends are recognised as a liability in the period in which they are declared.

H Employee benefits

(i) Short-term employee benefits
Wages, salaries, bonuses and other salary related expenses are recognised as expenses in the year in which the associated services are rendered by employees of the Company. Short-term accumulating compensated absences such as paid annual leave are recognised when services rendered by employees, that increase their entitlement to future compensated absences, occur. Short-term accumulating compensated absences such as sick leave are recognised when absences occur.

(i) Defined contribution plans
Employee benefits include statutory social insurance payments to the State Social Insurance Scheme. Contributions to this defined contribution plan are recognised as an expense as incurred.

(ii) Share-based payments

The company provides benefits to employees (including directors) of the Company in the form of share-based payment transactions, whereby employees render services in exchange for shares or options over shares ("equity-settled transactions").

The fair value of options is recognised as an expense with a corresponding increase in equity (share-based payments reserve). The fair value is measured at grant date and recognised over the period during which the holder become unconditionally entitled to the options. Fair value is determined by an independent valuer using a Black-Scholes option pricing model. In determining fair value, no account is taken of any performance conditions other than those related to the share price of Interpose Holdings Limited ("market conditions"). The cumulative expense recognised between grant date and vesting date is adjusted to reflect the directors best estimate of the number of options that will ultimately vest because of internal conditions of the options, such as the employees having to remain with the Company until the vesting date, or such that employees are required to meet internal performance targets.

I *New and amended standards adopted by the group*

The following applicable accounting standards and interpretations have been issued or amended but are not yet effective. These standards have not been adopted by the Group for the year ended 30 June 2017, and no change to the Group's accounting policy is required:

AASB Reference	Title and Affected Standard(s)	Nature of change	Application date	Impact on Initial Application
AASB 9 (issued December 2014)	Financial Instruments	Classification and measurement AASB 9 amendments the classification and measurement of financial assets: • Financial assets will either be measured at amortised cost, fair value through other comprehensive income (FVTOCI) or fair value through profit or loss (FVTPL). • Financial assets are measured at amortised cost or FVTOCI if certain restrictive conditions are met. All other financial assets are measured at FVTPL. All investments in equity instruments will be measured at fair value. For those investments in equity instruments that are not held for trading, there is an irrevocable election to present gains and losses in OCI. Dividends will be recognised in profit or loss. The following requirements have generally been carried forward unchanged from AASB 139 *Financial Instruments: Recognition and Measurement* into AASB 9: • Classification and measurement of financial liabilities, and • Derecognition requirements for financial assets and liabilities. However, AASB 9 requires that gains or losses on financial liabilities measured at fair value are recognised in profit or loss, except that the effects of changes in the liability's credit risk are recognised in other comprehensive income. ***Impairment*** The new impairment model in AASB 9 is now based on an 'expected loss' model rather than an 'incurred loss' model. A complex three stage model applies to debt instruments at amortised cost or at fair value through other comprehensive income for recognising impairment losses. A simplified impairment model applies to trade receivables and lease receivables with maturities that are less than 12 months. For trade receivables and lease receivables with maturity longer than 12 months, entities have a choice of applying the complex three stage model or the simplified model. ***Hedge accounting*** Under the new hedge accounting requirements: • The 80-125% highly effective threshold has been removed • Risk components of non-financial items can qualify for hedge accounting provided that the risk component is separately identifiable and reliably measurable	Annual reporting periods beginning on or after 1 January 2018	The Group does not expect the standard to have a significant impact on its financial statements

AASB Reference	Title and Affected Standard(s)	Nature of change	Application date	Impact on Initial Application
		• An aggregated position (i.e. combination of a derivative and a non-derivative) can qualify for hedge accounting provided that it is managed as one risk exposure • When entities designate the intrinsic value of options, the initial time value is deferred in OCI and subsequent changes in time value are recognised in OCI • When entities designate only the spot element of a forward contract, the forward points can be deferred in OCI and subsequent changes in forward points are recognised in OCI. Initial foreign currency basis spread can also be deferred in OCI with subsequent changes be recognised in OCI • Net foreign exchange cash flow positions can qualify for hedge accounting.		
AASB 15 (issued December 2014)	Revenue from Contracts with Customers	An entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This means that revenue will be recognised when control of goods or services is transferred, rather than on transfer of risks and rewards as is currently the case under AASB 118 Revenue.	Annual reporting periods beginning on or after 1 January 2018	The Group does not expect the standard to have a significant impact on its financial statements
AASB 16 (issued February 2016)	Leases	AASB 16 eliminates the operating and finance lease classifications for lessees currently accounted for under AASB 117 Leases. It instead requires an entity to bring most leases into its statement of financial position in a similar way to how existing finance leases are treated under AASB 117. An entity will be required to recognise a lease liability and a right of use asset in its statement of financial position for most leases. There are some optional exemptions for leases with a period of 12 months or less and for low value leases. Lessor accounting remains largely unchanged from AASB 117.	Annual reporting periods beginning on or after 1 January 2019.	The Group does not expect the standard to have a significant impact on its financial statements

Director's Declaration

In accordance with a resolution of the Directors of Interpose Holdings Limited, I state that:

In the opinion of the Directors:

(a) the financial statements and notes of the consolidated entity are in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2017 and of its performance for the year ended on that date; and

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

(b) the financial statements and notes also comply with International Financial Reporting Standards as disclosed in Note 24; and

(c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

(d) this declaration has been made after receiving the declarations required to be made to the Directors in accordance with section 295A of the Corporations Act 2001 for the financial year ending 30 June 2017.

On behalf of the Board

Barnaby Egerton Warburton
Director
Dated: 29 September 2017
Perth, Western Australia

Independent Audit Report

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INDEPENDENT AUDITOR'S REPORT

To the members of Interpose Holdings Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Interpose Holdings Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2017, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies and the directors' declaration.

In our opinion the accompanying financial report of the Group, is in accordance with the *Corporations Act 2001*, including:

(i) Giving a true and fair view of the Group's financial position as at 30 June 2017 and of its financial performance for the year ended on that date; and

(ii) 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 Group 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 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.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Independent Audit Report

Disposal of Subsidiary

Key audit matter	How the matter was addressed in our audit
During the year the Group disposed of their African subsidiaries for a total of $8,349,449 as disclosed in Note 1 comprising of: • Cash consideration of $802,371; • Assignment of Group debt, totalling $5,347,078, to the Purchaser; and • The buyback and cancellation of 55 million existing shares from the Purchaser for nil consideration with a fair value of $2,200,000 in the Company held by parties associated with the Purchaser. Due to the significance of this transaction during the year and the material impact of the gain on disposal on the financial report, we have identified this as a key audit matter.	Our procedures included, but were not limited to: • Reviewing the Asset Sale Agreement; • Recalculating the carrying value of the assets and liabilities as identified in the Asset Sale Agreement; • Re-performing the calculation of the gain on disposal of subsidiaries by comparing the consideration received to the carrying value of the identified assets and liabilities at 28 July 2016; • Agreeing the cash consideration received to respective bank statements; and • Assessing the adequacy of the related disclosures in Note 1 and 24(A) to the Financial Statements.

Other information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 30 June 2017, but does not include the financial report and the auditor's report thereon.

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

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

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

Responsibilities of the directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with 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 group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the

Independent Audit Report

going concern basis of accounting unless the directors either intend to liquidate the Group 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 (http://www.auasb.gov.au/Home.aspx) at:

http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf

This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 9 to 15 of the directors' report for the year ended 30 June 2017.

In our opinion, the Remuneration Report of Interpose Holdings Limited, for the year ended 30 June 2017, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

BDO Audit (WA) Pty Ltd

BDO

Neil Smith

Neil Smith

Director

Perth, 29 September 2017

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Auditors Independence Declaration

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DECLARATION OF INDEPENDENCE BY NEIL SMITH TO THE DIRECTORS OF INTERPOSE HOLDINGS LIMITED

As lead auditor of Interpose Holdings Limited for the year ended 30 June 2017, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Interpose Holdings Limited and the entities it controlled during the period.

Neil Smith

Director

BDO Audit (WA) Pty Ltd

Perth, 29 September 2017

CORPORATE GOVERNANCE STATEMENT

Interpose Holdings Limited and the Board are committed to achieving and demonstrating the highest standards of corporate governance. The Board continues to review the framework and practices to ensure they meet the interests of shareholders. The Group has adopted systems of control and accountability as the basis for the administration of corporate governance. The Company and its Controlled Entities together are referred to as the Group in this statement.

The Board is committed to administering the policies and procedures with openness and integrity, pursuing the true spirit of corporate governance commensurate with the Group's needs. The Corporate Governance Statement has been structured with reference to the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations with 2014 Amendments 3rd edition to the extent that they are applicable to the Group.

Information about the Group's corporate governance practices are set out below.

THE BOARD OF DIRECTORS

The Group's Constitution provides that the number of Directors shall not be less than three. There is no requirement for any shareholding qualification.

If the Group's activities increase in size, nature and scope, the size of the Board will be reviewed periodically and the optimum number of Directors required to adequately supervise the Group's activities will be determined within the limitations imposed by the Constitution and as circumstances demand.

The membership of the Board, its activities and composition is subject to periodic review. The criteria for determining the identification and application of a suitable candidate for the Board shall include quality of the individual, background of experience and achievement, compatibility with other Board members, credibility within the Group's scope of activities, intellectual ability to contribute to Board duties and physical ability to undertake Board duties and responsibilities. Performance was evaluated continuously during the reporting period.

The Board's skills matrix indicates the mix of skills, experience and expertise that are considered necessary at Board level for optimal performance of the Board. The matrix reflects the Board's objective to have an appropriate mix of industry and professional experience including skills such as leadership, governance, strategy, finance, risk, IT, HR, policy development, international business and customer relationship. External consultants may be brought it with specialist knowledge to address areas where this is an attribute deficiency in the Board.

Directors are initially appointed by the full Board, subject to election by shareholders at the next Annual General Meeting. Under the Group's Constitution the tenure of a Director (other than Managing Director, and only one Managing Director where the position is jointly held) is subject to reappointment by shareholders not later than the third anniversary following his or her last appointment. Subject to the requirements of the Corporations Act, the Board does not subscribe to the principle of retirement age and there is no maximum period of service as a Director. A Managing Director may be appointed for the year and on any terms the Directors think fit and, subject to the terms of any agreement entered into, the appointment may be revoked on notice. Written agreements with each Director and Senior Executive setting out the terms of their appointment is obtained at election.

The Group is not currently of a size, nor are its affairs of such complexity, to justify the formation of other separate or special committees at this time. The Board as a whole is able to address the governance aspects of the full scope of the Group's activities and to ensure that it adheres to appropriate ethical standards. The Company encourages the external auditor to attend and address any security holder questions relevant to the audit.

The Company Secretary is accountable directly to the board, through the chair, on all matters to do with proper board functioning.

INDEPENDENCE

Directors have been selected to bring specific skills and industry experience to the Company. The Board has an expansive range of relevant industry experience, financial, legal and other skills and expertise to meet its objectives. The current board composition includes two independent directors in Mr Gabriel Chiappini and Mr Justin Barton, and one non-independent director Mr Barnaby Egerton-Warburton.

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

When determining the independent status of each Director the board has considered whether the Director:

- Is a substantial shareholder of the Company or an officer of, or otherwise associated directly with, a substantial shareholder of the Company.
- Is employed, or has previously been employed in an executive capacity by the Company or another Group member, and there has not been a period of at least three years between ceasing such an employment and serving on the board.
- Has within the last three years been a principal of a material professional adviser or a material consultant to the Company or another Group member, or an employee materially associated with the services provided.
- Is a material supplier or customer of the Company or other Group member, or an officer of or otherwise associated directly or indirectly with a material supplier or customer.
- Has a material contractual relationship with the Company or another Group member other than as a Director.

APPOINTMENTS TO OTHER BOARDS

Directors are required to take into consideration any potential conflicts of interest when accepting appointments to other boards.

INDEPENDENT PROFESSIONAL ADVICE

The Board has determined that individual Directors have the right in connection with their duties and responsibilities as Directors, to seek independent professional advice at the Company's expense. With the exception of expenses for legal advice in relation to Directors' rights and duties, the engagement of an outside adviser is subject to prior approval of the Chairman and this will not be withheld unreasonably.

GENDER DIVERSITY

The Board has a commitment to promoting a corporate culture that is supportive of diversity and encourages the transparency of Board processes, review and appointment of Directors. The Board (or if requested by the Board, the Remuneration and Nominations Committee) are responsible for developing policies in relation to the achievement of measurable diversity objectives and the extent to which they will be linked to the Key Performance Indicators for the Board, CEO and senior executives.

If requested by the Board, the Remuneration and Nominations Committee will report on the Company's progress against the objectives and its strategies for achieving a diverse workplace. The report will also include the proportion of female employees in the Company at senior management level and at Board level for inclusion in the Annual Report each financial year.

The Company has not adopted an express policy specifically addressing achievement of gender diversity. Due to the current limited size of the Board, the Board does not consider it necessary to have a gender diversity policy, but will consider adopting a policy in the future. Furthermore, the Company has not set any objectives for achieving gender diversity. Should a gender diversity policy be considered appropriate for the Company in the future due to increases in size of the organisation, the policy will specifically deal with the objectives for achieving diversity.

The Company's corporate code of conduct provides a framework for undertaking ethical conduct in employment. Under the corporate code of conduct, the Company will not tolerate any form of discrimination or harassment in the workplace.

The Company currently has no female board members, senior executives or employees.

CONTINUOUS REVIEW OF CORPORATE GOVERNANCE

Directors consider, on an ongoing basis, how management information is presented to them and whether such information is sufficient to enable them to discharge their duties as Directors of the Company. Such information must be sufficient to enable the Directors to determine appropriate operating and financial strategies from time to time in light of changing circumstances and economic conditions. The Directors recognise that there are inherent risks in the oil and gas exploration sector and that operational strategies adopted should, notwithstanding, be directed towards improving or maintaining the net worth of the Company.

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

CONTINUOUS DISCLOSURE

As a publicly listed Company, the Company has an obligation to ensure trading in its securities is conducted on a fair basis. The general continuous disclosure rules are contained in Australian Stock Exchange (ASX) Listing Rule 3.1.

The Company is obliged (subject to specific exceptions) to advise the ASX of any information that a reasonable person would except to have material effect on the price or value of Interpose securities.

The failure to comply with ASX Listing Rule 3.1 is an offence under the Corporations Act. Thus the Company and its employees must comply with the law regarding continuous disclosure. Guidelines on Continuous Disclosure have been developed and approved by the Board to assist employees to comply with the spirit as well as the letter of the continuous disclosure laws

CODE OF CONDUCT

The Company has adopted a Code of Conduct for company executives that promotes the highest standards of ethics and integrity in carrying out their duties to the Company.

The Code of Conduct can be found on the Company’s website at www.interposeholdings.com.

RISK MANAGEMENT SYSTEMS

The identification and management of risk, including calculated risk-taking activity is viewed by management as an essential component in creating shareholder value.

The Board of Directors is responsible for developing, maintaining and improving the Company’s risk management and internal control system. The Board identifies areas of potential risks and ensures safeguards are in place to efficiently manage material business risks. A register of material business risks has been established, risks have been analysed and evaluated, risk management processes and controls are in place and reporting schedules developed. These risk management and internal control systems are in place to protect the financial statements of the entity from potential misstatement, and the Board is responsible for satisfying itself annually, or more frequently as required, that a sound system of risk management and internal control is in place.

Strategic and operational risks are reviewed at least annually as part of the forecasting and budgeting process. The Group has identified and actively monitors risks inherent in the industry in which the Group operates. There has been a review of this framework within the reporting period.

ASX PRINCIPLES OF GOOD CORPORATE GOVERNANCE

The Board has reviewed its current practices in light of the ASX Corporate Governance Council’s Corporate Governance Principles and Recommendations with 2014 Amendments 3rd edition with a view to making amendments where applicable after considering the Company's size and the resources it has available.

As the Company's activities develop in size, nature and scope, the size of the Board and the implementation of any additional formal corporate governance committees will be given further consideration.

The following table sets out the ASX Corporate Governance Guidelines with which the Company does not comply:

ASX Principle		Reference/comment
Principle 1: Lay solid foundations for management and oversight		
1.5	The Board should establish a diversity policy	The Company has not adopted an express policy specifically addressing achievement of gender diversity. Due to the current limited size of the Board, the Board does not consider it necessary to have a gender diversity policy, but will consider adopting a policy in the future. Furthermore, the Company has not set any objectives for achieving gender diversity. Should a gender diversity policy be considered appropriate for the Company in the future due to increases in size of the organisation, the policy will specifically deal with the objectives for achieving diversity. The Company’s corporate code of conduct provides a framework for undertaking ethical conduct in

ASX Principle		Reference/comment
		employment. Under the corporate code of conduct, the Company will not tolerate any form of discrimination or harassment in the workplace.
Principle 2: Structure the Board to add value		
2.1	The Board should establish a nomination committee	Given the size of the Board there is no formal nomination committee. Acting in its ordinary capacity from time to time as required, the Board carries out the process of determining the need for, screening and appointing new Directors. In view of the size and resources available to the Company, it is not considered that a separate nomination committee would add any substance to this process.
Principle 4: Safeguard integrity in financial reporting		
4.1	The Board should establish an audit committee	The Company does not have an Audit Committee. The Board believes that, with only 3 Directors on the Board, the Board itself is the appropriate forum to deal with this function.
Principle 7: Recognise and manage risk		
7.1-2	The Board should establish a risk committee	The Company does not have a Risk Committee. The Board believes that, with only 3 Directors on the Board, the Board itself is the appropriate forum to deal with this function. The board continuously reviews and addresses risk facing the Company.
Principle 8: Remunerate fairly and responsibly		
8.1	The Board should establish a remuneration committee	Given the current size of the Board, the Company does not have a remuneration committee. The Board as a whole reviews remuneration levels on an individual basis, the size of the Company making individual assessment more appropriate than formal remuneration policies. In doing so, the Board seeks to retain professional services as it requires, at reasonable market rates, and seeks external advice and market comparisons where necessary.

Other Additional ASX Information

Top 20 Shareholders (As at 25 September 2017)

No.	Shareholder	Shares	%
1	DECK CHAIR HOLDINGS PTY LTD	14,750,000	11.09
2	MAHSOR HOLDINGS PTY LTD	11,379,980	8.56
3	SALT MINERALS INVESTMENTS LIMITED	10,371,761	7.80
4	MAHSOR HOLDINGS PTY LTD	5,338,121	4.01
5	INVESTMENT HOLDINGS PTY LTD	4,625,000	3.48
6	FLUE HOLDINGS PTY LTD	4,139,250	3.11
7	HOLDREY PTY LTD	3,750,000	2.82
8	MS MERLE SMITH & MS KATHRYN SMITH	3,600,000	2.71
9	GIANT SKY ASIA PACIFIC LIMITED	3,000,000	2.26
10	MR MICHAEL MCMAHON	2,405,750	1.81
11	MR FARIS CASSIM	2,175,000	1.64
12	MR GABRIEL CHIAPPINI & MRS ROSA CHIAPPINI	2,000,000	1.50
13	WALSAL NOMINEES PTY LTD NO2	1,948,491	1.47
14	OCEAN VIEW WA PTY LTD	1,910,000	1.44
15	FNL INVESTMENTS PTY LTD	1,800,000	1.35
16	MATCH CORP PTY LTD	1,718,750	1.29
17	RACCOLTO INVESTMENTS PTY LTD	1,625,000	1.22
18	MR GEOFFREY KEVIN CAMMELL	1,500,000	1.13
19	FIRST INVESTMENT PARTNERS PTY LTD	1,497,426	1.13
20	STORICO HOLDINGS PTY LTD	1,450,000	1.09
	Total	**80,984,529**	**60.91**
	Balance of register	**51,978,662**	**39.09**
	Grand total	**132,963,191**	**100**

Shareholder Spread (As at 25 September 2017)

	Securities	Securities %	Holders	Holders %
100,001 and Over	125,726,051	94.56	129	34.96
10,001 to 100,000	6,821,411	5.13	168	45.53
5,001 to 10,000	352,589	0.27	38	10.3
1,001 to 5,000	61,991	0.05	21	5.69
1 to 1,000	1,149	0	13	3.52
Total	**132,963,191**	**100**	**369**	**100**

Tenement Schedule

Tenement reference and location	Nature of interest	Interest at beginning of period	Interest at end of period
Gallatin Gas Project Cherokee County, Texas USA	Working Interest	-	7.5%