



**NMG Corporation Limited**

**ABN 36 124 893 465**

**HALF - YEAR FINANCIAL REPORT**

**31 DECEMBER 2017**

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## **Corporate information**

**ABN 36 124 893 465**

### **Directors**

Mike Hill – Executive Chairman

Brett Chenoweth -Executive Director

Gregg Taylor – Non-Executive Director (Appointed 11 August 2017)

### **Company Secretary**

Andrew Whitten

### **Registered Office and Principal Place of Business**

Level 29

201 Elizabeth Street

Sydney, NSW 2000

### **Share Registry**

Link Market Services Limited

Level 12

QV1 Building

250 St Georges Terrace

Perth, Western Australia, 6000

Investor Enquiries: 1300 554 474

Facsimile: +61 2 9287 0303

### **Auditor**

Stantons International

Level 2

22 Pitt Street

Sydney, NSW, 2000

### **Solicitors**

Whittens Lawyers and Consultants

Level 29

201 Elizabeth Street

Sydney, NSW 2000

### **Bankers**

Westpac Banking Corporation

94 Church Street

Middle Brighton VIC 3186

### **Stock Exchange**

Securities are listed on the Australian Securities Exchange (ASX)

ASX Code: NMG

### **Website**

<http://www.nmglimited.com.au>



## Directors' report

Your directors submit their report of NMG Corporation Limited for the half year ended 31 December 2017.

### Directors

The names and details of the Company's directors in office during the financial year and until the date of this report are as follows.

Name	Particulars
Mike Hill	<i>Executive Chairman</i>
Jonathan Pager	<i>Finance Director — Resigned 8 December 2017</i>
Brett Chenoweth	<i>Executive Director</i>
Gregg Taylor	<i>Non Executive Director – Appointed 11 August 2017</i>

The above named Directors held office during and since the financial year, except as otherwise indicated.

### Principal activities

The principal activity of the Group during the financial year was exploration in Ghana.

### Operating and financial review

#### Operating results

The Company's operations during the half year ended 31 December 2017 were primarily dedicated to the renewal of the Company's Ghanaian exploration tenements, developing an exploration program and considering investment in other projects. The directors of the Company's subsidiary, Noble Mineral Resources Ghana Limited ("NMRGL") are continuing to liaise with the Minister of Lands and Natural Resources to progress the renewal of the Company's Cape Three Points South licences.

The total comprehensive loss for the financial year was \$336,802 (31 Dec 2016: loss \$299,261 ).



## **Directors' report (continued)**

### **Significant changes in the state of affairs**

Effective from 1 July 2017 onwards, all Directors of the Company, the Company's Advisory Committee, which comprises of Messrs Michael Pollak and Quentin Olde and the Bombora Group, have agreed to unconditionally and irrevocably waive all salaries and fees owed to them (other than the contingent liability accrued to that date).

On 11 August 2017 the Company raised \$200,000 and issued 25,000,000 fully paid Ordinary Shares at \$0.008 cents per share.

On 11 August 2017 Gregg Taylor was appointed Non Executive Director of the Company.

On 23 August 2017 the Company's wholly owned subsidiary has been granted a renewal licence of the Cape Three Points North Prospecting Licence (CTP North Licence).

On 28 August 2017 the securities of NMG Corporation Ltd have been suspended from official quotation as the ASX has determined the Company does not have sufficient operations to warrant the continued quotation of its securities in accordance with Listing Rules 12.1.

On 27 November 2017 the Company held its AGM and the shareholders of the Company passed all resolutions in the Notice of Annual General Meetings for 2017.

On 27 November 2017 the Company issued and allotted the following options to Gregg Taylor as part of his appointment:

- 4,000,000 unlisted and unvested options for nil consideration, exercisable at \$0.01 per option, vests only when the 20 day VWAP of the Company's shares is \$0.02 or above, expiring on 13 December 2020;
- 4,000,000 unlisted and unvested options for nil consideration, exercisable at \$0.01 per option, vests only when the 20 day VWAP of the Company's shares is \$0.03 or above, expiring on 13 December 2022.

On 8 December 2017 Jonathan Pager resigned as a Finance Director of the Company.

On 22 December 2017 NMG Corporation Ltd executed a conditional agreement to acquire 100% of the issued capital of the issued capital in formwork systems and hire equipment provider, Acrow Holdings Pty Limited subject to compliance with the ASX Listing Rules and the Corporations Act.

The purchase price will be funded in cash through the issue of a minimum of \$25million of new shares under a prospectus, which will be lodged as part of the transaction.

It is expected that any costs associated with the Acrow acquisition will be funded out of the proposed capital raising.

### **Significant events after the balance date**

In order to fund transaction costs and for working capital, the Company is borrowing \$800K (not yet received) from unsecured lenders via a convertible note. The lenders include Neo Camelot Holdings, an entity likely to become a related party. Under the terms of the note, the lenders will be paid a 5% arrangement fee and 12.5% coupon. These noteholders have agreed to re-invest the coupon and arrangement fee under the prospectus to be issued by the Company.



## **Directors' report (continued)**

### **Significant events after the balance date (continued)**

In addition to resolutions to effect the proposed transaction, shareholder approval will be sought for the full borrowed amount to convert to shares, at the same issue price as the shares that will be offered under a prospectus to raise up to \$27.2m that will be lodged by the Company as part of the transaction. No conversion will occur unless such shareholder approval has been obtained.

Following the Company's entry into formal documentation with respect to the transaction, the Company has resumed payment of salaries/fees for the current Board, which were frozen from 1 July 2017 to 31 December 2017.

### **Share options**

#### **Unissued shares**

As at the date of this report, the following were unquoted and unissued ordinary shares under option:

- 75,000,000 unquoted options exercisable at \$0.01, expires on 30 June 2018;
- 15,000,000 unlisted and unvested options exercisable at \$0.01 per option, vests only when the 20 day VWAP of the Company's shares is \$0.02 or above, expires on 12 April 2019;
- 15,000,000 unlisted and unvested options exercisable at \$0.01 per option, vests only when the 20 day VWAP of the Company's shares is \$0.03 or above, expires on 12 April 2021;
- 1,000,000 unlisted and unvested options exercisable at \$0.01 per option, vests only when the 20 day VWAP of the Company's shares is \$0.02 or above, expires on 23 November 2019;
- 1,000,000 unlisted and unvested options exercisable at \$0.01 per option, vests only when the 20 day VWAP of the Company's shares is \$0.03 or above, expires on 23 November 2021.
- 4,000,000 unlisted and unvested options exercisable at \$0.01 per option, vests only when the 20 day VWAP of the Company's shares is \$0.02 or above, expires on 13 December 2020;
- 4,000,000 unlisted and unvested options exercisable at \$0.01 per option, vests only when the 20 day VWAP of the Company's shares is \$0.03 or above, expires on 23 December 2022.

#### **Shares issued as a result of the exercise of options**

During or since the end of the half year, there have been no shares issued as a result of the exercise of options over unissued ordinary shares.

### **Environmental regulation and performance**

The Group is subject to environmental regulation in respect of its exploration activities in Ghana.

The Group's operations are also subject to environmental regulations in Australia under Commonwealth and State legislation.

### **Dividends paid and proposed**

No dividend has been paid or proposed during the period.



## **Directors' report (continued)**

### **Auditor independence and non-audit services**

The auditor's independence declaration for the half year ended 31 December 2017 has been received and is located with the Independent Auditor's Report on page 25.

Signed in accordance with a resolution of behalf of the Directors

A handwritten signature in blue ink, appearing to read 'Mike Hill'.

Mike Hill  
Executive Chairman  
1 February 2018



## Consolidated statement of financial position

As at 31 December 2017

	Note	31 Dec 2017 AUD \$	30 Jun 2017 AUD \$
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	7	546,589	480,720
Trade and other receivables		4,905	11,562
Prepayments		4,567	11,621
		<b>556,061</b>	<b>503,903</b>
Exploration and evaluation assets held for sale	5	64,103	-
<b>Total current assets</b>		<b>620,164</b>	<b>503,903</b>
<b>Non-current assets</b>			
Exploration and evaluation assets held for sale	5	-	65,003
<b>Total non-current assets</b>		<b>-</b>	<b>65,003</b>
<b>TOTAL ASSETS</b>		<b>620,164</b>	<b>568,906</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade and other payables	10	191,908	102,448
Liabilities associated with assets held for sale		66,946	-
<b>Total current liabilities</b>		<b>258,854</b>	<b>102,448</b>
<b>TOTAL LIABILITIES</b>		<b>258,854</b>	<b>102,448</b>
<b>NET ASSETS</b>		<b>361,310</b>	<b>466,458</b>
<b>EQUITY</b>			
Issued capital	8	2,065,819	1,865,819
Reserves	9	154,675	122,827
Accumulated losses		(1,859,184)	(1,522,188)
<b>TOTAL EQUITY</b>		<b>361,310</b>	<b>466,458</b>

The accompanying notes form part of these financial statements.





## Consolidated statement of profit or loss and other comprehensive income

For the half year ended 31 December 2017

	Note	31 Dec 2017 AUD \$	31 Dec 2016 AUD \$
<b>Revenue</b>			
Other income		844	1,902
<b>Total Revenue</b>		<b>844</b>	<b>1,902</b>
<b>Expenses</b>			
Employee benefit expenses	4	(42,150)	(111,899)
Legal expenses		-	(35,269)
Mineral Right Fee & Preservation expenses		(16,230)	(11,623)
Business development expenses	4	(168,636)	(80,000)
Other expenses		(110,824)	(95,491)
<b>Total Expenses</b>		<b>(337,840)</b>	<b>(334,282)</b>
<b>Loss before Income Tax</b>		<b>(336,996)</b>	<b>(332,380)</b>
Income tax		-	-
<b>Net loss from continuing operations</b>		<b>(336,996)</b>	<b>(332,380)</b>
<b>Net loss attributable to members of the Company</b>		<b>(336,996)</b>	<b>(332,380)</b>
<b>Other comprehensive income</b>			
Exchange differences arising on translation of operations		194	33,119
<b>Total other comprehensive income</b>		<b>194</b>	<b>33,119</b>
<b>Total comprehensive loss for the period</b>		<b>(336,802)</b>	<b>(299,261)</b>
		<b>Cents</b>	<b>Cents</b>
<b>Losses per share for loss from continuing operations attributable to the ordinary equity holders:</b>			
Loss per share (cents per share)			
- Continuing operations	6	(0.10)	(0.11)
- Discontinuing operations	6	-	-
Diluted loss per share (cents per share)			
- Continuing operations	6	(0.10)	(0.11)
- Discontinuing operations	6	-	-

The accompanying notes form part of these financial statements.



## Consolidated statement of changes in equity

For the half year ended 31 December 2017

	Issued Capital AUD \$	Foreign Currency Translation Reserve AUD \$	Option Reserve AUD \$	Accumulated Losses AUD \$	Total AUD \$
<b>Balance as at 1 July 2017</b>	<b>1,865,819</b>	<b>56,325</b>	<b>66,502</b>	<b>(1,522,188)</b>	<b>466,458</b>
Net loss for the period	-	-	-	(336,996)	(336,996)
Other comprehensive income	-	194	-	-	194
Total comprehensive loss for the period	-	194	-	(336,996)	(336,802)
Issue of share capital	200,000	-	-	-	200,000
Share based payments	-	-	31,654	-	31,654
Share issue costs	-	-	-	-	-
<b>Balance as at 31 December 2017</b>	<b>2,065,819</b>	<b>56,519</b>	<b>98,156</b>	<b>(1,859,184)</b>	<b>361,310</b>
<b>Balance as at 1 July 2016</b>	<b>1,865,819</b>	<b>20,446</b>	<b>62,460</b>	<b>(908,793)</b>	<b>1,039,932</b>
Net loss for the period	-	-	-	(332,380)	(332,380)
Other comprehensive income	-	33,119	-	-	33,119
Total comprehensive loss for the period	-	33,119	-	(332,380)	(299,261)
Issue of share capital	-	-	-	-	-
Share based payments	-	-	4,042	-	4,042
Share issue costs	-	-	-	-	-
<b>Balance as at 31 December 2016</b>	<b>1,865,819</b>	<b>53,565</b>	<b>66,502</b>	<b>(1,241,173)</b>	<b>744,713</b>

The accompanying notes form part of these financial statements.



## Consolidated statement of cash flows

For the half year ended 31 December 2017

		Consolidated	
	Note	31 Dec 2017 AUD \$	31 Dec 2016 AUD \$
<b>Cash flows from operating activities</b>			
Interest income received		844	1,902
Payments to suppliers and employees		(136,068)	(421,427)
<b>Net cash flows (used in) operating activities</b>		<b>(135,224)</b>	<b>(419,525)</b>
<b>Cash flows from investing activities</b>			
Proceeds from sale of property, plant and equipment		-	-
<b>Net cash flows provided by investing activities</b>		<b>-</b>	<b>-</b>
<b>Cash flows from financing activities</b>			
Proceeds from share issue		200,000	-
<b>Net cash flows provided by financing activities</b>		<b>200,000</b>	<b>-</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>		<b>64,776</b>	<b>(419,525)</b>
Net foreign exchange differences		1,093	2,923
<b>Cash and cash equivalents at the beginning of the period</b>		<b>480,720</b>	<b>1,180,194</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>7</b>	<b>546,589</b>	<b>763,592</b>

The accompanying notes form part of these financial statements.



## Notes to the consolidated financial statements

### For the half year ended 31 December 2017

#### 1. Corporate information

The consolidated financial statements of NMG Corporation Limited (formerly Noble Mineral Resources Limited) ("NMG") for the half year ended 31 December 2017 were authorised for issue at the date of the director's report. NMG is a limited company incorporated and domiciled in Australia whose shares are quoted on the Australian Securities Exchange.

NMG Corporation Limited is the ultimate parent of the consolidated entity. Noble Mineral Resources Ghana Limited is a subsidiary which is 100% controlled by NMG Corporation Limited.

The principal activities of the Group during the half year were exploration in Ghana.

#### 2. Summary of Significant accounting policies

##### (a) Basis of preparation

Unless stated elsewhere, the consolidated financial statements of NMG and all its subsidiaries (the "Group") are general purpose financial reports which have been prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board.

The consolidated financial statements have been prepared on a historical cost basis. The consolidated financial statements are presented in AUD dollars.

The Company is a for profit entity.

##### (b) Compliance Statement

The interim financial report is a general purpose financial report which was prepared in accordance with the Corporations Act 2001 and Accounting Standards AASB 134: Interim Financial Reporting where possible (refer to basis of preparation above). Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34: Interim Financial Reporting. The interim financial report does not include notes of the type normally included in an annual financial report and shall be read in conjunction with the most recent annual financial report.

##### (c) Going concern

The financial report has been prepared on the going concern basis that contemplates the continuity of normal business activities and the realisation and extinguishment of liabilities in the ordinary courses of business.



## Notes to the consolidated financial statements

### For the half year ended 31 December 2017

#### 2. Summary of Significant accounting policies (continued)

##### (c) Going concern (continued)

For the half year ended 31 December 2017 the consolidated entity incurred a total comprehensive loss of \$336,802 (31 Dec 2016: total comprehensive loss of \$299,261) and had working capital of \$361,310 (30 June 2016: \$401,455). Based upon the Group's existing cash resources of \$546,589 (30 June 2017: \$480,720), and on the ability to modify expenditure outlays if required, and to source additional funds, the Directors consider there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable, and therefore the going concern basis of preparation is considered to be appropriate for the 31 December 2017 half year financial report.

The Board of Directors are aware, having prepared a cash flow forecast, of the Group's working capital requirements and the need to access additional equity funding or asset divestment if required within the next 12 months.

In the event that the Group is not able to continue as a going concern, it may be required to realise assets and extinguish liabilities other than in the normal course of business and perhaps at amounts different to those stated in its financial report.

##### (d) Adoption of new and amended accounting standards and interpretations

The Group has adopted all new and amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to the operations and effective for the current year.

The adoption of all the new and revised Standards and Interpretations has not resulted in any material changes to the Group's accounting policies in order to comply with these amendments. However, the changes in accounting policies have no effect on the amounts reported for the current or prior years.



## Notes to the consolidated financial statements (continued)

For the half year ended 31 December 2017

### 3. Operating segments

The Group has identified its operating segments based on the internal reports that are reviewed and used by the executive management team (the chief operating decision makers) in assessing performance and in determining the allocation of resources.

The operating segments are identified by management based on the phase of each project as the risks are affected predominantly by differences in the phases in which each project is currently defined. Discrete financial information about each of these operating businesses is reported to the executive management team on at least a monthly basis.

The Group has the following segments:

Australia	Mineral exploration and corporate activities
Ghana	Mineral exploration activities

#### Accounting policies and inter-segment transactions

The accounting policies used by the Group in reporting segments internally are the same as those contained in the most recent annual financial statements as at 30 June 2017.



## Notes to the consolidated financial statements (continued)

For the half year ended 31 December 2017

### 3. Operating segments (continued)

	Ghana		Total	
	31 Dec 2017	31 Dec 2016	31 Dec 2017	31 Dec 2016
	AUD \$	AUD \$	AUD \$	AUD \$
Inter- segment eliminations			-	-
Corporate and other unallocated interest income			844	1,902
<b>Total revenue per the statement of profit or loss and other comprehensive income</b>			<b>844</b>	<b>1,902</b>
<b>Segment revenue reconciliation to the statement of profit or loss and other comprehensive income</b>				
<i>The analysis of the location of revenue is as follows:</i>				
Australia			844	1,902
Ghana			-	-
<b>Result</b>				
Segment result	(27,775)	(34,798)	(27,775)	(34,798)
Inter-segment eliminations			-	-
Corporate and other unallocated			(309,871)	(266,365)
<b>Net loss after tax and other comprehensive income</b>			<b>(336,802)</b>	<b>(299,261)</b>



## Notes to the consolidated financial statements (continued)

For the half year ended 31 December 2017

### 3. Operating segments (continued)

#### Segment assets

Segment assets

Inter-segment eliminations:

Inter-entity loans

Corporate and unallocated assets

#### Total assets per the statement of financial position

#### Segment assets reconciliation to the statement of financial position

*The analysis of the location of non-current assets is as follows:*

Australia

Ghana

#### Segment liabilities

Segment liabilities

Inter-segment eliminations:

Inter-entity loans

Corporate and unallocated liabilities

#### Total liabilities per the statement of financial position

Ghana		Total	
31 Dec 2017	30 Jun 2017	31 Dec 2017	30 Jun 2017
AUD \$	AUD \$	AUD \$	AUD \$
64,103	66,074	64,103	66,074
		-	-
		556,061	502,832
		<b>620,164</b>	<b>568,906</b>
		-	-
		-	66,074
197,676	172,468	197,676	172,468
		(130,730)	(115,406)
		191,908	45,026
		<b>258,854</b>	<b>102,448</b>





## Notes to the consolidated financial statements (continued)

For the half year ended 31 December 2017

### 4. Profit and loss information

	Consolidated	
	31 Dec 2017 AUD \$	31 Dec 2016 AUD \$
<b>Expenses</b>		
Salaries and fees	10,496	107,857
Share based payment expense	31,654	4,042
Business development expenses	168,636	80,000

### 5. Exploration and evaluation assets held for sale

	Consolidated	
	31 Dec 2017 AUD \$	30 Jun 2017 AUD \$
At cost:		
	64,103	65,003
	<b>64,103</b>	<b>*65,003</b>

\*The Ghanaian assets were not held for sale in the year ended 30 June 2017.

The value of the Group's interest in exploration and evaluation assets is dependent upon the continuance of the Group's rights to tenure of the areas of interest, the results of future exploration and the recoupment of costs through successful development and exploitation of the areas of interest, or alternatively, by their sale. The exploration and evaluation assets are at director's valuation of \$64,103. Whilst there is a renewal application in relation to the Company's Ghanaian tenements pending, impairment of the exploration and evaluation asset has been reviewed by the directors and no impairment considered necessary.



## Notes to the consolidated financial statements (continued)

For the half year ended 31 December 2017

### 6. Loss per share

Basic loss per share amounts are calculated by dividing the net loss for the year by the weighted average number of ordinary shares outstanding during the period.

	Consolidated	
	31 Dec 2017	31 Dec 2016
Net loss from continued operations (AUD \$)	(336,995)	(332,380)
Weighted average number of ordinary shares (number of shares)	332,833,642	313,328,147
Continuing operations:		
Basic loss per ordinary share from continuing operations (cents)	(0.10)	(0.11)
Diluted earnings/ (loss) per ordinary share from continuing operations (cents)	(0.10)	(0.11)

The total number of share options and conversion options outstanding at reporting date, but not considered to be dilutive is Nil (31 Dec 2016: Nil). No shares have been issued after the reporting date as a result of the exercise of listed options.

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of completion of these financial statements.

### 7. Cash and cash equivalents

	Consolidated	
	31 Dec 2017 AUD \$	30 Jun 2017 AUD \$
Cash at bank and in hand	546,589	480,720
	<b>546,589</b>	<b>480,720</b>



## Notes to the consolidated financial statements (continued)

For the half year ended 31 December 2017

### 8. Issued capital

	Consolidated	
	31 Dec 2017 AUD \$	30 Jun 2017 AUD \$
Ordinary share capital	2,065,819	1,865,819
<b>(a) Ordinary shares issued and fully paid</b>	<b>Number</b>	<b>AUD \$</b>
As at 1 July 2016	313,328,147	1,865,819
Movement	-	-
<b>As at 1 July 2017</b>	<b>313,328,147</b>	<b>1,865,819</b>
Issue of shares (i)	25,000,000	200,000
<b>As at 31 Dec 2017</b>	<b>338,328,147</b>	<b>2,065,819</b>

Fully paid ordinary shares carry one vote per share and carry the right to dividends.

(i) Shares issued on 11 August 2017 were:

- 25,000,000 fully paid ordinary shares an issue price of \$0.008 cents per share

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held. On a show of hands, every holder of ordinary shares present at a meeting, in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.



## Notes to the consolidated financial statements (continued)

For the half year ended 31 December 2017

### 8. Issued capital (continued)

#### (b) Options

	Expiry Date	Exercise Price	Balance at 1 July 2017	Movement for the period	Balance at 31 Dec 2017	Note
<b>Unlisted</b>						
Unlisted	30 June 2018	AUD \$0.01	75,000,000	-	75,000,000	(i)
Unlisted	12 April 2019	AUD \$0.01	15,000,000	-	15,000,000	(ii)
Unlisted	12 April 2021	AUD \$0.01	15,000,000	-	15,000,000	(ii)
Unlisted	23 November 2019	AUD \$0.01	1,000,000	-	1,000,000	(iii)
Unlisted	23 November 2021	AUD \$0.01	1,000,000	-	1,000,000	(iii)
Unlisted	13 December 2020	AUD \$0.01	-	4,000,000	4,000,000	(iv)
Unlisted	13 December 2022	AUD \$0.01	-	4,000,000	4,000,000	(iv)

(i) On 12 April 2016, as part of the recapitalisation, the Company issued 75,000,000 unlisted options at an issue price \$0.000025 per option, exercisable at \$0.01 per option, expiring on or before 30 June 2018 to raise \$1,875.

(ii) On 12 April 2016, the Company issued 30,000,000 management options for no consideration on the following terms:

- 15,000,000 unlisted and unvested options, which vest once the 20 day VWAP of the Company's shares is \$0.02 or above, each exercisable at \$0.01 per option, expiring on 12 April 2019.
- 15,000,000 unlisted and unvested options, which vest once the 20 day VWAP of the Company's shares is \$0.03 or above, each exercisable at \$0.01 per option, expiring on 12 April 2021.

(iii) On 23 November 2016, the Company issued 2,000,000 management options for no consideration on the following terms:

- 1,000,000 unlisted and unvested options, which vest once the 20 day VWAP of the Company's shares is \$0.02 or above, each exercisable at \$0.01 per option, expiring on 23 November 2019.
- 1,000,000 unlisted and unvested options, which vest once the 20 day VWAP of the Company's shares is \$0.03 or above, each exercisable at \$0.01 per option, expiring on 23 November 2021.

(iv) On 27 November 2017, the Company issued 8,000,000 management options for no consideration on the following terms:

- 4,000,000 unlisted and unvested options, which vest once the 20 day VWAP of the Company's shares is \$0.02 or above, each exercisable at \$0.01 per option, expiring on 13 December 2020.
- 4,000,000 unlisted and unvested options, which vest once the 20 day VWAP of the Company's shares is \$0.03 or above, each exercisable at \$0.01 per option, expiring on 13 December 2022.



## Notes to the consolidated financial statements (continued)

For the half year ended 31 December 2017

### 9. Reserves

	Foreign Currency Translation Reserve AUD \$	Consolidated Option Reserve AUD \$	Total AUD \$
<b>As at 1 July 2016</b>	<b>20,446</b>	<b>62,460</b>	<b>82,906</b>
Unlisted option issue – share-based payment	-	4,042	4,042
Foreign currency movements	35,879	-	35,879
<b>As at 1 July 2017</b>	<b>56,325</b>	<b>66,502</b>	<b>122,827</b>
Unlisted option issue – share-based payments	-	31,654	31,654
Foreign currency movements	194	-	194
<b>As at 31 December 2017</b>	<b>56,519</b>	<b>98,156</b>	<b>154,675</b>

#### Nature and purpose of reserves:

##### *Foreign currency translation reserve*

This reserve is used to record exchange differences arising on translation of the group entities that do not have a functional currency of AUD dollars and have been translated for presentation purposes.

### 10. Trade and other payables

	Consolidated	
	31 Dec 2017 AUD \$	30 Jun 2017 AUD \$
<b>Current</b>		
Trade payables	191,908	102,448
	<b>191,908</b>	<b>102,448</b>

Trade and other payables are recognised at their fair value. Trade payables are generally due for settlement within 30 days.

Trade payables as at 31 December 2017 are considered outside the normal trading terms.



## Notes to the consolidated financial statements (continued)

### For the half year ended 31 December 2017

#### 11. Share based payments

On 27 November 2017, a director received the following unlisted management options for \$NIL consideration:

- 4,000,000 Management options that vest once the 20 day VWAP of the Company's shares is \$0.02 per share, each exercisable at \$0.01 per option, expiring 3 years from the date of issue on 13 December 2020 (**3 Year Options**);
- 4,000,000 Management options that vest once the 20 day VWAP of the Company's shares is \$0.03 per share, each exercisable at \$0.01 per option, expiring 5 years from the date of issue on 13 December 2022 (**5 Year Options**).

The options were valued using the Black Scholes option pricing model that takes into account the exercise price, the term of the option, the share price at grant date, the expected volatility (75%) of the underlying share, the expected dividend yield (\$0) and the risk-free interest rate (2.41%) for the term of the option.

The grant of the management options was treated as a share based payment and resulted in \$31,654 being booked to the share based payment reserve.

#### 12. Capital commitments and other contingencies

##### Directors' fees

Each of the Directors and the advisory committee members have agreed to receive 35% of their respective original base salary (50% from 1 April 2017 to 30 June 2017 based on the reduced base salary) up until the first material acquisition is made by the Company, at which time Directors will be paid the outstanding base salary to ensure that each Director receives 100% of their respective base salary for the period from the date of their appointment to the date of the acquisition. The remaining 65% (50% from 1 April 2017 to 30 June 2017) of base salary (true up) has been treated as a contingent liability. Thereafter 100% of their respective base salary will be payable monthly.

Effective from 1 July 2017 onwards, all Directors of the Company, the Company's Advisory Committee, which comprises of Messrs Michael Pollak and Quentin Olde and the Bombora Group, have agreed to unconditionally and irrevocably waive all salaries and fees owed to them (other than the contingent liability accrued to that date).

The Company has also engaged Bombora Group to provide advisory services to the Company. Bombora is owned equally by Messrs Hill, Everett and Chenoweth. Bombora has agreed to receive \$30,000 post completion of the first acquisition.

As at 31 December 2017 the contingent liability associated with the true up is \$463,244 (30 June 2017: \$463,244).



## **Notes to the consolidated financial statements (continued)**

**For the half year ended 31 December 2017**

### **12. Capital commitments and other contingencies**

#### **Other Contingencies**

The Company has entered into multiple agreements' where the costs are contingent on the successful completion of the Acrow transaction and shareholder approval.

The Group does not have any further contingent liabilities at balance date.

### **13. Events after the reporting date**

In order to fund transaction costs and for working capital, the Company is borrowing \$800K (not yet received) from unsecured lenders via a convertible note. The lenders include Neo Camelot Holdings, an entity likely to become a related party. Under the terms of the note, the lenders will be paid a 5% arrangement fee and 12.5% coupon. These noteholders have agreed to re-invest the coupon and arrangement fee under the prospectus to be issued by the Company.

In addition to resolutions to effect the proposed transaction, shareholder approval will be sought for the full borrowed amount to convert to shares, at the same issue price as the shares that will be offered under a prospectus to raise up to \$27.2m that will be lodged by the Company as part of the transaction. No conversion will occur unless such shareholder approval has been obtained.

Following the Company's entry into formal documentation with respect to the transaction, the Company has resumed payment of salaries/fees for the current Board, which were frozen from 1 July 2017 to 31 December 2017.



## Directors' declaration

- 1) In the opinion of the Directors of NMG Corporation Limited (the 'Company'), the directors of the Company declare that:
  - a) the condensed financial statements, notes and the additional disclosures as set out on pages 8 to 23 are in accordance with the Corporations Act 2001 including:
    - i) giving a true and fair view financial position as at 31 December 2017 and of the performance for the half year ended on that date of the consolidated entity; and
    - ii) complying with the Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001;
  - b) At the date of this statement, and, as set out in Note 2(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;

This statement is made in accordance with a resolution of the Board of Directors made pursuant to S.303 (5) of the Corporations Act 2001.

On behalf of the Directors

A handwritten signature in blue ink, appearing to read 'Mike Hill'.

Mike Hill  
Executive Chairman  
1 February 2018



**INDEPENDENT AUDITOR'S REVIEW REPORT  
TO THE MEMBERS OF  
NMG CORPORATION LIMITED**

**Report on the Half-Year Financial Report**

We have reviewed the accompanying half-year financial report of NMG Corporation Limited, which comprises the consolidated statement of financial position as at 31 December 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 half-year ended on that date, condensed notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration, for NMG Corporation Limited (the consolidated entity). The consolidated entity comprises both NMG Corporation Limited (the Company) and the entities it controlled during the half year.

*Directors' Responsibility for the Half-Year Financial Report*

The directors of NMG Corporation Limited are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001* and for such control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

*Auditor's Responsibility*

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standards on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2017 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of NMG Corporation Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Whilst we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our review was not designed to provide assurance on internal controls.

Our review did not involve an analysis of the prudence of business decisions made by the directors or management.

*Independence*

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, has been provided to the directors of NMG Corporation Limited on 1 February 2018.

*Conclusion*

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of NMG Corporation Limited is not in accordance with the *Corporations Act 2001* including:

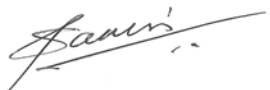
- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2017 and of its performance the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 Interim Financial Reporting and Corporations Regulations 2001.

*Emphasis of Matter Regarding Going Concern*

As referred to in Note 2(c) to the financial statements, the financial statements have been prepared on a going concern basis. At 31 December 2017, the entity had working capital of \$361,310, cash and cash equivalents of \$546,589 and had incurred a loss after tax for the period amounting to \$336,996.

The ability of the entity to continue as a going concern is subject to successful recapitalisation of the entity. In the event that the Board is not successful in recapitalising the entity and in raising further funds, the Company may not be able to meet its liabilities as they fall due.

**STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD**  
**(Trading as Stantons International)**  
**(An Authorised Audit Company)**

*Stantons International Audit and Consulting Pty Ltd*  


**Samir Tirodkar**  
**Director**

West Perth, Western Australia  
1 February 2018

1 February 2018

Board of Directors  
NMG Corporation Limited  
Level 29,  
201 Elizabeth Street,  
Sydney,  
NSW, 2000

Dear Sirs

**RE: NMG CORPORATION LIMITED**

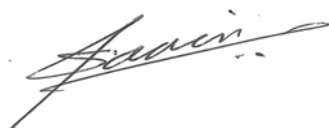
In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of NMG Corporation Limited.

As Audit Director for the review of the financial statements of NMG Corporation Limited for the half year ended 31 December 2017, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

Yours faithfully

**STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LIMITED**  
**(Trading as Stantons International)**  
**(An Authorised Audit Company)**



**Samir Tirodkar**  
**Director**