

Apollo Mining Pty Ltd

**Special Purpose Financial Report
30 June 2016**

ACN 085 753 126

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Additional Company Information

Directors

Simon Hadfield Non-executive Chairman
Rob Tyson Managing Director
Graham Hardie Non-executive Director

Parent Company

Peel Mining Limited

Company Secretary

Ryan Woodhouse

Incorporated and Domiciled.

Perth, Western Australia.

Currency

Australian Dollars (AUD)

Registered Office & Principle Place of Business

Unit 1, 34 Kings Park Rd
WEST PERTH WA 6005
Telephone: +61 (0) 8 9382 3955
Email: info@peelmining.com.au

Auditors

PricewaterhouseCoopers
Level, 15
125 St Georges Terrace
Perth WA 6000

Apollo Mining Pty Ltd is a proprietary company limited by shares, incorporated and domiciled in Australia. The financial statements were authorized for issue by the directors on 1 March 2018. The directors have the power to amend and reissue the financial statements.

Apollo Mining Pty Ltd
Statement of Profit or Loss and Other Comprehensive Income
for the year ended 30 June 2016

	Note	2016 \$	2015 \$
Other income		-	-
Revenue and other income		-	-
Exploration expenditure written off	4	(49,019)	-
Loss before income tax		(49,019)	-
Income tax expense	2	-	-
Loss from continuing operations after income tax		(49,019)	-
Other comprehensive income		-	-
Total comprehensive loss for the year		(49,019)	-

The above Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

Apollo Mining Pty Ltd
Statement of Financial Position
as at 30 June 2016

	Note	2016 \$	2015 \$
Current Assets			
Cash and cash equivalents		-	-
Trade and other receivables	3	18,141	13,508
Total Current Assets		18,141	13,508
Non-Current Assets			
Exploration assets	4	3,253,854	2,821,426
Total Non-Current Assets		3,253,854	2,821,426
Total Assets		3,271,995	2,834,934
Current Liabilities			
Trade and other payables	5	5,203	59,304
Loan from parent	5	2,270,811	1,730,630
Total Current Liabilities		2,276,014	1,789,934
Total Liabilities		2,276,014	1,789,934
Net Assets		995,981	1,045,000
Equity			
Contributed equity	6	1,045,000	1,045,000
Accumulated losses	7	(49,019)	-
Total Equity		995,981	1,045,000

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

Apollo Mining Pty Ltd
Statement of Changes in Equity
for the year ended 30 June 2016

		Contributed Equity \$	Accumulated Losses \$	Total Equity \$
Balance at 1 July 2014	Note	1,045,000	-	1,045,000
Loss for the year		-	-	-
Total comprehensive loss for the year		-	-	-
Balance at 30 June 2015	6	1,045,000	-	1,045,000
Loss for the year			(49,019)	(49,019)
Total comprehensive loss for the year	7	-	(49,019)	(49,019)
Balance at 30 June 2016		1,045,000	(49,019)	995,981

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Apollo Mining Pty Ltd
Statement of Cash Flows
for the year ended 30 June 2016

	Note	2016 \$	2015 \$
Cash flows from operating activities			
Payments to suppliers and employees		-	-
Net cash inflow from operating activities	12	-	-
Cash flows from investing activities			
GST received		17,769	-
Payments for exploration expenditure		(575,993)	(210,273)
Net cash outflow from investing activities		(558,224)	(210,273)
Cash flows from financing activities			
Loan from parent company		558,224	210,273
Net cash inflow from financing activities		558,224	210,273
Net increase/(decrease) in cash and cash equivalents		-	-
Cash and cash equivalents at the start of year		-	-
(Bank overdraft)/Cash and cash equivalents at the end of year		-	-

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

Notes to the financial statements

1. Summary of Significant Accounting Policies

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial report includes the financial statements for Apollo Mining Pty Ltd for the financial year ended 30 June 2016 and the comparative period.

(a) Basis of preparation

Statement of Compliance

The special purpose financial report has been prepared in accordance with the recognition and measurement aspects of Australian Accounting Standards ("AASBs") adopted by the Australian Accounting Standards Board ("AASB"). It contains the disclosures that are mandatory under the Accounting Standards and only those disclosures considered necessary by the directors to meet the needs of the users of this report. Apollo Mining Pty Ltd is a for-profit entity for the purpose of preparing the financial statements.

Principal activities

The principal activity of the Company is the exploration for economic deposits of minerals. For the period of this report, the emphasis has been on precious metals.

Historical cost convention

These financial statements have been prepared under the historical cost convention.

New and amended standards adopted by the Company

The accounting policies adopted are consistent with those of the previous financial year, other than the adoption of the following standards and amendments; AASB 2014-3 Amendments to Australian Accounting Standard – Accounting for Acquisitions of Interests in Joint Operations; AASB 2014-4 Amendments to Australian Accounting Standard – Clarification of Acceptable Methods of Depreciation and Amortisation; AASB 2015-1 Amendments to Australian Accounting Standard – Annual improvements to Australian Accounting Standards 2012-2014 cycle; and AASB 2015-2 Amendments to Australian Accounting Standard – Disclosure Initiative Amendments to AASB 101; which came into effect for the annual reporting period commencing 1 July 2016. The adoption of these standards did not have any significant impact on the current period or any prior period and is not likely to affect future periods.

Going Concern

For the year ended 30 June 2016, the Company incurred a total comprehensive loss of \$49,019 (2015: \$nil), net cash outflows from Exploration and Evaluation expenditure of \$575,993 (2015: \$210,273) and working capital deficiency of \$2,257,873 (2015: \$1,776,426). The Company's parent, Peel Mining Limited has agreed to cover all expenditure related to its subsidiary, by way of interest free loan. The Company has received a letter of financial support from its parent who will accept responsibility of providing and undertaking to provide sufficient financial assistance to the Company as and when it is needed to enable the Company to continue its operations and fulfil all of its financial obligations now and in the future. At year end, the Company's had a loan balance payable of \$2,293,767 (2015: \$1,730,630).

(b) Income tax

The income tax expense (or benefit) for the period is the tax payable (or refundable) on the current period's taxable income based on the notional income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Deferred income tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax assets are recognised for all deductible temporary differences, carry forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised. A deferred income tax asset is not recognised where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable income or when the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred income tax assets are reviewed at each reporting date and reduced to the extent it is no longer probable that sufficient taxable income will be available to allow all or part of the deferred income tax asset to be utilised. Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted at the reporting date. Income taxes relating to items recognised directly in equity are recognised in equity and not in profit and loss for the year.

The Australian parent entity, Peel Mining Limited and its wholly-owned Australian controlled entity, Apollo Mining Pty Ltd, have implemented the tax consolidation legislation.

Notes to the financial statements

The head entity, Peel Mining Limited, and its wholly owned Australian controlled entity, Apollo Mining Pty Ltd, account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a standalone taxpayer in its own right.

Current tax liabilities (or assets) and deferred tax assets arising from unused tax losses and unused tax credits are derecognised in Apollo Mining Pty Ltd's accounts and instead recognised in Peel Mining Limited's accounts

(c) Cash and cash equivalents

For statement of cash flows preparation purposes, cash and cash equivalents includes cash on hand and short term deposits held at call (other than deposits used as cash backing for performance bonds) with financial institutions. Any bank overdrafts are shown within borrowings in the current liabilities on the statement of financial position.

(d) Trade and other receivables

Trade receivables, which generally have 30 to 90 day terms, are recognised initially at fair value and subsequently at amortised cost less an allowance for any potentially unrecoverable amounts. An allowance for doubtful debts is made when there is objective evidence that the Company may not be able to collect the debts. The allowance for bad debts is recognised in a separate account. Bad debts are written off when identified.

(e) Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The carrying value 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 Company for similar financial instruments.

(f) Exploration and evaluation expenditure

All exploration and evaluation expenditure is capitalised under AASB 6 Exploration for and Evaluation of Mineral Resources. Mineral interest acquisition costs and exploration and evaluation expenditure incurred is accumulated and capitalised in relation to each identifiable area of interest. These costs are only carried forward to the extent that the Company's right to tenure to that area of interest are current and either the costs are expected to be recouped through successful development and exploitation of the area of interest (alternatively by sale) or where areas of interest have not at reporting date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active, and significant operations are undertaken in relation to the area of interest.

Amortisation is not charged on costs carried forward in respect of areas of interest in the exploration and evaluation phase or development phase until production commences.

(g) Trade and other payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually payable within 30 days of invoice. They are recognised initially at fair value and subsequently at amortised cost.

(h) Contributed equity

Ordinary shares are classified as equity.

(i) Goods and services tax

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

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable is included as a current asset in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from the taxation authority are classified as operating cash flows.

(j) New accounting standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2016 reporting period and have not been early adopted by the Company. The Company's assessment of the impact of these new standards and interpretations is set out below.

AASB 9 Financial Instruments – (Effective date 1 January 2018)

AASB 9 addresses the classification, measurement and de-recognition of financial assets and financial liabilities and introduces new rules for hedge accounting. In December 2014, the AASB made further changes to the classification and measurement rules and also

Notes to the financial statements

introduced a new impairment model. These latest amendments now complete the financial instruments standard.

Management has assessed the assets, liabilities and contracts and believe the application of the standard will not affect the financial instruments held or have a significant impact on the Company's accounting for financial assets and liabilities at the operative date.

AASB 15 Revenue from Contracts with Customers – (Effective date 1 January 2018)

The AASB has issued a new standard for the recognition of revenue. This will replace AASB 118 which covers contracts for goods and services and AASB111 which covers construction contracts. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer, so the notion of control replaces the existing notion of risks and rewards. The standard permits either a full retrospective or a modified retrospective approach for the adoption.

Management has assessed the impact of the new rules. At this stage, the application of the new rules on the Company's financial statements will not constitute a material change, as there is no revenue.

AASB 16 Leases – (Effective date 1 January 2019)

AASB 16 was issued in February 2016. It will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases.

The accounting for lessors will not significantly change.

Management has considered significant contracts, such as those for drilling, and believes the Company does not hold any contracts that constitute leases under the standard. The Company has not entered into any operating or financial leases and therefore believes the implementation of the standard will have no impact at the current time.

At this stage the Company does not intend to adopt any of the above standards before their effective date. There are no other standards that are not yet effective and that are expected to have a material impact on the consolidated entity in the current or future reporting periods and on foreseeable future transactions.

(k) Critical accounting estimates and judgements

The directors evaluate estimates and judgements incorporated into the financial report based on historical knowledge and best available current information.

Capitalisation and carrying amount of capitalised mining and exploration licences

The Company makes estimates and judgements in applying the accounting policies. Critical judgements in respect of accounting policies relate to exploration assets, where exploration expenditure is capitalised in certain circumstances. Recoverability of the carrying amount of any exploration assets is dependent on the successful development and commercial exploitation or sale of the respective areas of interest.

Exploration leases acquired are carried in the consolidated statement of financial position at cost. The directors have determined that the carrying value is appropriate.

Impairment of capitalised exploration and evaluation expenditure

It is the Company's policy to capitalise costs relating to exploration and evaluation activities. The future recoverability of capitalised exploration and evaluation expenditure is dependent upon 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 which could impact the cost of mining, future legal changes (including changes to environmental restoration obligations) and changes to commodity prices.

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

Income tax expenses and deferred tax

The Company is subject to income taxes in Australia. Significant judgement is required in determining the provision for income taxes. There are certain transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Company estimates its tax liabilities based on the Company'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.

Notes to the financial statements

2. Income tax	2016	2015
	\$	\$
Income tax expense		
Current tax	-	-
Deferred tax	-	-
Numerical reconciliation of income tax to prima facie tax payable:		
Profit/(loss) from continuing operations before income tax	(49,019)	-
At the statutory income tax rate of 30% (2016: 30%)	(14,705)	-
Expenditure not allowed for income tax purposes:		
Tax losses not brought to account	14,705	-
Income tax benefit/(expense) reported in the statement of profit and loss and other comprehensive income	-	-

The Company has generated carry forward tax losses that are assumed and used by the parent entity as part of the tax consolidated group.

3. Trade and other receivables	2016	2015
	\$	\$
GST recoverable from taxation authority	18,141	13,506
	18,141	13,506

4. Exploration assets	2016	2015
	\$	\$
At cost	3,253,854	2,821,426
Reconciliation		
Opening balance	2,821,426	2,479,212
Exploration expenditure	481,447	342,214
Impairment Expense	(49,019)	-
Closing balance	3,253,854	2,821,426

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

5. Trade and other payables	2016	2015
	\$	\$
Trade payables and accrued liabilities	5,203	59,304
Loan from parent company ^(a)	2,270,811	1,730,630
	2,276,014	1,789,934

- a) The loan from parent is provided by Peel Mining Limited. It is interest free loan to cover the Company's working capital deficit. See note 1(a) in relation to going concern and the intercompany loan.

6. Contributed Equity

(a) Share capital	2016		2015	
	Number of Shares	\$	Number of Shares	\$
Ordinary shares fully paid	59,541	1,045,000	59,541	1,045,000

(b) Ordinary shares

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.

The immediate and ultimate parent entity of the Company is Peel Mining Limited who owns 100% of the shares on issue for Apollo Mining Pty Ltd (2015: 100%) and hence the board of Peel Mining Limited makes decisions on behalf of the company.

7. Accumulated losses	2016	2015
	\$	\$
Opening balance	-	-
Loss for the year	(49,019)	-
Closing balance	(49,019)	-

Notes to the financial statements

8. Remuneration of Auditors

The auditors for Apollo Mining Pty Ltd is PricewaterhouseCoopers. The remuneration for existing auditors, PricewaterhouseCoopers, is borne by a related party. The auditors received no other benefits.

9. Contingencies

The Company is subject to the following royalties over parts of the Apollo Hill Project area:

- (i) A 5% gross overriding royalty on all gold production from the Apollo Hill Project payable to Hampton Hill Mining NL; and
- (ii) A \$1.00 per tonne of ore processed for production of gold from M39/296 which is part of the Apollo Hill Project to various previous vendors of that tenement.

The Company had no other contingent assets or liabilities as at 30 June 2016.

10. Commitments

	2016	2015
	\$	\$
Operating lease commitments		
Within one year	-	-
Later than a year but not later than five years	-	-
Later than five years	-	-

Exploration commitments

Under the terms of mineral tenement licences held by the Company, minimum annual expenditure obligations are required to be expended during the forthcoming financial year in order for the tenements to maintain a status of good standing. This expenditure may be subject to variation from time to time in accordance with the relevant state department's regulations. The Company may at any time relinquish tenements and as such avoid the requirement to meet applicable expenditure requirement, or may seek exemptions from the relevant authority.

Expenditure commitments at the reporting date but not recognised as liabilities are as follows:

	2016	2015
	\$	\$
Within one year	483,680	512,640
Later than a year but not later than five years	-	-
Later than five years	-	-

11. Reconciliation of cash flows from operating activities to loss after income tax

	2016	2015
	\$	\$
Net cash inflow from operating activities	-	-
Adjustments for		
Exploration expenditure written off	(49,019)	-
Profit/(loss) after income tax	(49,019)	-

12. Non-cash investing and financing activities

No non-cash investing and financing activities were undertaken during the year (2015: \$162,529). In 2015 the non-cash investing activities related to E&E expenditure which was paid for in full by the Company's parent, Peel Mining Limited, and included in the company's loan to parent.

13. Events after the reporting period

On the 8th September 2017, the Board of Peel Mining Limited announced plans to vend its Apollo Hill Gold project into a new 100% owned subsidiary with the intention to list the new company on the ASX, via an initial public offering (IPO). The company has held a general meeting on the 10th October 2017 at which they obtained shareholder approval for the transaction (see ASX Announcements 8th September 2017 and 10th October 2017). On 11th October 2017 Saturn Metals Limited advised the Company that all tenements that were subject to the deal had been transferred to Saturn or reapplied for in Saturn's name. Saturn subsequently issued 20,000,000 shares in Saturn to the Company's nominee. The nominee, Peel Mining Limited, agreed to write-off the loan to payable by the Company.

Notes to the financial statements

Other than above no other matters or circumstances have arisen since the end of the financial period which significantly affected or may significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company in future financial years..

Directors' declaration

In the opinion of the directors of Apollo Mining Pty Ltd ("the company"):

- (a) the company is not a reporting entity because there are no users dependent on general purpose financial reports;
- (b) the financial statements and notes, set out on pages 2 to 11,
 - (i) give a true and fair view of the financial position of the group as at 30 June 2016 and of its performance, as represented by the results of its operations and its cash flows, for the financial year ended on that date in accordance with the statement of compliance and basis of preparation described in Note 1; and
 - (ii) comply with Australian Accounting Standards and other mandatory professional reporting requirements to the extent described in Note 1; 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.

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



Rob Tyson

Managing Director
Perth, Western Australia
1 March 2018



Independent auditor's report to the members of Apollo Mining Pty Ltd

Report on the financial report

We have audited the accompanying financial report, being a special purpose financial report, of Apollo Mining Pty Ltd (the company), which comprises the statement of financial position as at 30 June 2016 and 30 June 2015, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the years ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the financial report and have determined that the basis of preparation described in Note 1 to the financial report, which forms part of the financial report, is appropriate to meet the needs of the members.

The directors' responsibility also includes such internal control as the directors determine is necessary to enable the preparation of a financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Auditor's opinion

In our opinion, the financial report gives a true and fair view of the financial position of the company as at 30 June 2016 and 30 June 2015 and its financial performance for the years then ended in accordance with the accounting policies described in Note 1 to the financial report.

PricewaterhouseCoopers, ABN 52 780 433 757

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Basis of accounting and restriction on use

Without modifying our opinion, we draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared to assist Apollo Mining Pty Ltd to meet the needs of the members.

As a result, the financial report may not be suitable for another purpose. Our report is intended solely for the members of Apollo Mining Pty Ltd and should not be used by parties other than Apollo Mining Pty Ltd.

PricewaterhouseCoopers

PricewaterhouseCoopers

Ben Gargett

Ben Gargett
Partner

Perth
1 March 2018