



# **LUSTRUM**

## **MINERALS LIMITED**

ABN 83 609 594 005

# **INTERIM FINANCIAL REPORT**

## **FOR THE HALF-YEAR ENDED**

### **31 December 2018**

# INTERIM FINANCIAL REPORT

for the half-year ended 31 December 2018

|  |    |
|--|----|
| CORPORATE DIRECTORY .....  | 1  |
| DIRECTORS' REPORT .....  | 2  |
| AUDITOR'S INDEPENDENCE DECLARATION .....   | 5  |
| INDEPENDENT AUDITOR'S REVIEW REPORT .....  | 6  |
| DIRECTORS' DECLARATION .....   | 8  |
| CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE<br>INCOME ..... | 9  |
| CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION .....                               | 10 |
| CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY .....                                | 11 |
| CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS .....                                       | 12 |
| NOTES TO THE INTERIM FINANCIAL STATEMENTS .....  | 13 |

# CORPORATE DIRECTORY

---

## DIRECTORS

David Prentice (Non-Executive Chairman)  
Josh Russell Puckridge (Non-Executive Director)  
Loren Anne King (Non-Executive Director)

## COMPANY SECRETARIES

Loren Anne King  
Harpreet (Sonu) Cheema

## REGISTERED OFFICE

C/- Cicero Corporate Services Pty Ltd  
Suite 9, 330 Churchill Avenue  
Subiaco WA 6008

## POSTAL ADDRESS

PO Box 866  
Subiaco WA 6904

## PRINCIPAL PLACE OF BUSINESS

Suite 9, 330 Churchill Avenue  
Subiaco WA 6008

## CONTACT INFORMATION

Tel: +61 8 6489 1600  
Fax: +61 8 6489 1601

## AUDITORS

[HLB Mann Judd](#)  
Level 4, 130 Stirling Street  
Perth WA 6000

## SHARE REGISTRY

[Automic Share Registry](#)  
Level 2, 267 St Georges Terrace  
Perth WA 6000

1300 288 664 (Local)  
+61 2 9698 5414 (International)  
[www.automic.com.au](http://www.automic.com.au)

## BANKER

[National Australia Bank](#)  
Level 1 / 1238 Hay Street  
West Perth WA 6005

## SECURITIES EXCHANGE LISTING

[Australian Securities Exchange \(ASX\)](#)  
Level 40, Central Park  
152-158 St George's Terrace  
Perth WA 6000

**ASX CODE: LRM**

## DIRECTORS' REPORT

The directors of Lustrum Minerals Limited (ASX: **LRM**) (**Company** or **Lustrum**) and its controlled entities (**Group**), for the half-year ended 31 December 2018 (**Period**) and the auditor's review report thereon. This report has been prepared in accordance with AASB 134 Interim Financial Reporting.

### DIRECTORS

The names and particulars of the directors of the Company in office during the period and until the date of this report are as follows. Directors were in office for the entire period unless otherwise stated.

| Director                  | Position               |
|---------------------------|------------------------|
| Mr David Prentice         | Non-Executive Chairman |
| Mr Josh Russell Puckridge | Non-Executive Director |
| Mrs Loren Anne King       | Non-Executive Director |

The names of the secretaries in office at any time during or since the end of the year are:

| Company Secretaries       | Position          |
|---------------------------|-------------------|
| Mrs Loren Anne King       | Company Secretary |
| Mr Harpreet (Sonu) Cheema | Company Secretary |

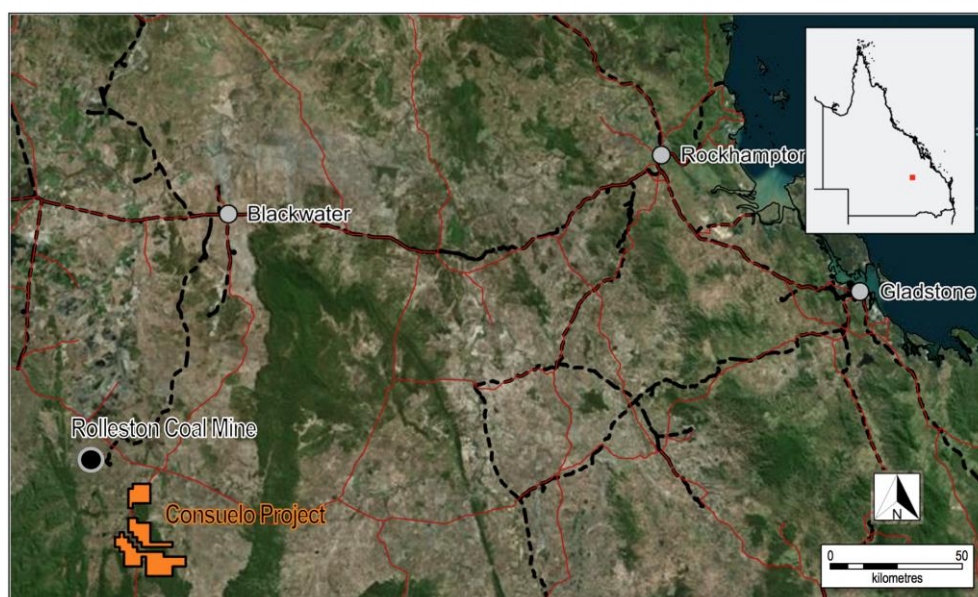
### OPERATING RESULTS

The Group has incurred a net loss after tax for the half-year ended 31 December 2018 of \$323,202 (31 December 2017: \$2,489,602).

### REVIEW OF OPERATIONS

#### PROJECT AND EXPLORATION SUMMARY

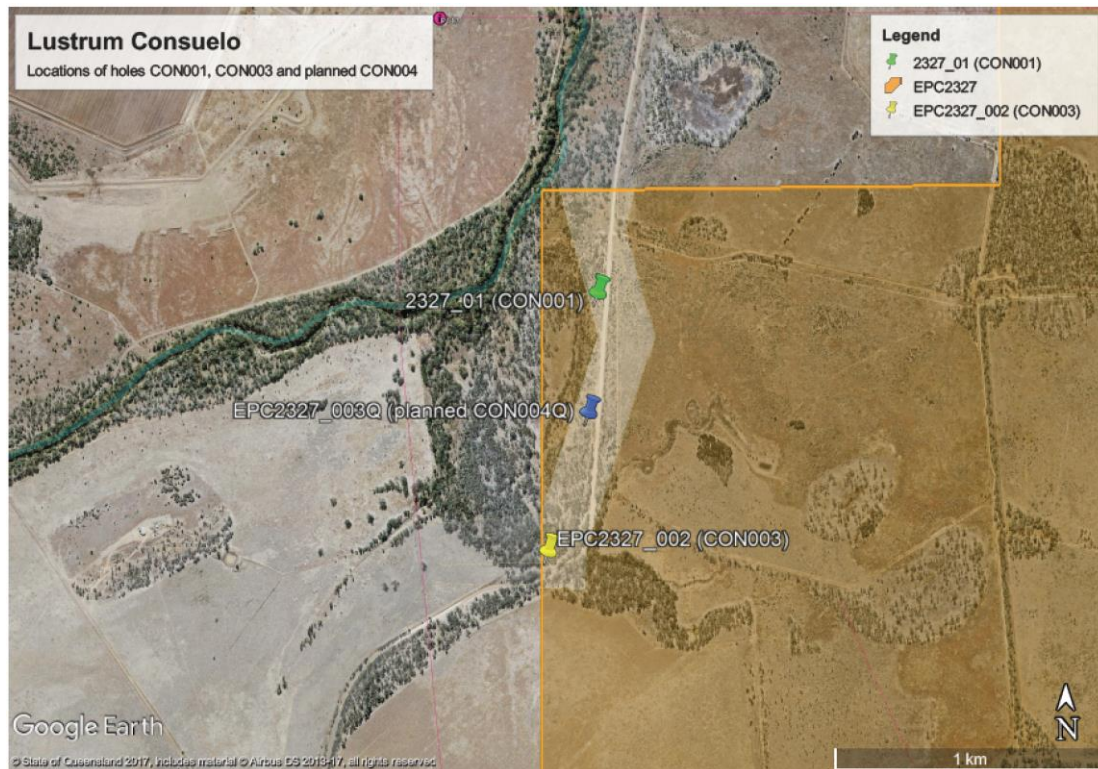
Lustrum's Consuelo Project is comprised of three (3) Coal Exploration Permits (EPCs 2327, 2318 and 2332, together the **EPCs** or **Project**) located south of the town of Rolleston in Queensland's Bowen Basin where Rolleston's high-quality thermal coal mine operates.



**Figure 1:** The Consuelo Project

Having completed multiple drilling campaigns in 2018, the Company completed three drill holes on EPC 2327 and one at EPC 2318 for a combined total of over 2.1 km of drilling. Holes CON001, CON002 and CON003 have seen open hole percussion and CON004Q was a partially cored hole that gathered coal seam samples for coal quality analysis.

Generally, results which have been reported to show an excellent correlation of the coal sequence on the single traverse completed at EPC 2327, covering a broad north to south of approximately 1 km. Downhole Geophysical logging of the drill chips and core combined with the coal quality analysis of seams intersected in CON004Q confirmed coal seams intersecting with high correlation as per the Bandanna Formation, a sequence being mined at the nearby Rolleston Coal Mine (see “High Quality Coal confirmed at Consuelo”, 25 June 2018).



**Figure 2:** Location of drill holes on EPC 2327

Completed drilling on EPC 2327 has confirmed the presence of moderate to high quality thermal coal at relatively shallow depths within the Bandanna Formation, with the data from this drilling to be used to provide an Exploration Target for the western portion of EPC 2327. The Company has engaged an independent consultant to compile the data and estimate the Exploration Target for this portion of the Consuelo Project. A program of step out drilling will be required to further define the orientation, dip and aerial extent of the thicker seams intersected following the delivery of the Exploration Target.

Elsewhere within the Consuelo Project area, a number of locations have been identified as having the potential for the delineation of shallow coal-bearing sequences based on interpretation of 2D seismic data and previously reported shallow coal intersections adjacent to the project boundary. A series of “road reserve” drill hole locations have been identified to follow up on these prospective shallow coal target areas, with planning underway to implement an initial drilling campaign to test these targets.

During the Period the Company has considered and developed its next stage of exploration on the Project. This has included assessing a myriad of factors, including macro and micro economic conditions and the summarised exploration success to date. The Company’s review of its next exploration steps is ongoing, and it will inform the market in due course.

## **CAPITAL MANAGEMENT**

As announced 14 May 2018, the Company has embarked on a share buy-back to buy back up to 4,000,000 of its own shares (**Buy-Back**). On 16 August 2018, shareholders approved a further 6,000,000 shares to be bought back under the Buy-Back. As at the date of this report, the Company has spent approximately \$848,912 to acquire 6,148,551 of its own shares under the Buy-Back. Please consult the Appendix 3Es lodged by the Company for further information. The Company maintains the capacity to buy up to 3,851,450 further shares and will update the market accordingly.

The Company maintains 33,851,450 fully paid ordinary shares on issue and \$2,303,387 in net cash as at the end of the Period.

## **BUSINESS DEVELOPMENT**

During the Period the Company spent significant time reviewing opportunities to create shareholder value via the acquisition of further Company projects. These potential acquisitions are natural developments of the Company's business strategy and operations and should any of these opportunities consummate, the Company's board believes they have the potential to create significant value for shareholders.

At the time of this report, all discussions currently remain confidential, non-binding and incomplete.

## **SIGNIFICANT EVENTS AFTER THE BALANCE DATE**

At the time of this report there were no further events subsequent to the reporting date that required disclosure.

## **SIGNIFICANT CHANGE IN THE STATE OF AFFAIRS**

There were no significant changes in the state of affairs of the Group other than as referred to elsewhere in this consolidated half-year report and in the accounts and notes attached thereto.

## **AUDITOR'S INDEPENDENCE DECLARATION**

A copy of the auditors' independence declaration as required under Section 307C of the Corporations Act 2001 in relation to the review for the half-year is set out on page 5 of this report.

This report is presented in accordance with a resolution of the Board of Directors and is signed for and on behalf of the directors by:



**David Prentice**

Non-Executive Chairman

Perth, Western Australia this 12<sup>th</sup> day of March 2019



## AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the financial report of Lustrum Minerals Limited for the half-year ended 31 December 2018, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- a) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b) any applicable code of professional conduct in relation to the review.

Perth, Western Australia  
12 March 2019



**N G Neill**  
Partner

**hlb.com.au**

**HLB Mann Judd (WA Partnership) ABN 22 193 232 714**

Level 4, 130 Stirling Street, Perth WA 6000 / PO Box 8124 Perth BC WA 6849

**T:** +61 (0)8 9227 7500 **E:** mailbox@hlbwa.com.au

Liability limited by a scheme approved under Professional Standards Legislation.

HLB Mann Judd (WA Partnership) is a member of HLB International, the global advisory and accounting network.

**INDEPENDENT AUDITOR'S REVIEW REPORT**

To the members of Lustrum Minerals Limited

**Report on the Condensed Interim Financial Report***Conclusion*

We have reviewed the accompanying interim financial report of Lustrum Minerals Limited ("the company") which comprises the condensed consolidated statement of financial position as at 31 December 2018, the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory notes, and the directors' declaration, for the Group comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

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

- (a) giving a true and fair view of the Group's financial position as at 31 December 2018 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

*Directors' responsibility for the interim financial report*

The directors of the company are responsible for the preparation of the interim 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 interim financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

*Auditor's responsibility*

Our responsibility is to express a conclusion on the interim financial report based on our review. We conducted our review in accordance with Auditing Standard 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 interim financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 31 December 2018 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 the company, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

**hlb.com.au**

**HLB Mann Judd (WA Partnership) ABN 22 193 232 714**

Level 4, 130 Stirling Street, Perth WA 6000 / PO Box 8124 Perth BC WA 6849

**T:** +61 (0)8 9227 7500 **E:** mailbox@hlbwa.com.au

Liability limited by a scheme approved under Professional Standards Legislation.

HLB Mann Judd (WA Partnership) is a member of HLB International, the global advisory and accounting network.



A review of an interim 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.

*Independence*

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.



**HLB Mann Judd**  
**Chartered Accountants**

**Perth, Western Australia**  
**12 March 2019**



**N G Neill**  
**Partner**

## DIRECTORS' DECLARATION

---

The directors declare that the financial statements and notes are in accordance with the *Corporations Act 2001*:

- (a) Comply with Accounting Standards and the *Corporations Regulations 2001*, and other mandatory professional reporting requirements;
- (b) As stated in Note 1.2, the financial statements also comply with International Financial Reporting Standards; and
- (c) Give a true and fair view of the financial position of the entity as at 31 December 2018 and of its performance for the period ended on that date.

In the directors' opinion there are reasonable grounds to believe that Lustrum Minerals Limited 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 directors.

*For, and on behalf of, the Board of the Company,*



**David Prentice**

Non-Executive Chairman

Perth, Western Australia this 12<sup>th</sup> day of March 2019

# CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the half-year ended 31 December 2018

|   | Half-year ended<br>31 Dec 2018<br>\$ | Half-year ended<br>31 Dec 2017<br>\$ |
|---|--------------------------------------|--------------------------------------|
| <b>Income</b>   |                                      |                                      |
| Interest income   | 19,314                               | -                                    |
| <b>Total Income</b>   | 19,314                               | -                                    |
| <b>Expenses</b>   |                                      |                                      |
| Audit and accounting fees                                       | (14,470)                             | (25,570)                             |
| Corporate compliance costs                                      | (83,257)                             | (137,050)                            |
| Corporate fees  | (69,502)                             | (41,700)                             |
| Directors' fees, salaries, superannuation, and consulting costs | (79,996)                             | (66,665)                             |
| Insurance expense   | (10,739)                             | (9,299)                              |
| Legal fees  | (3,520)                              | (91,796)                             |
| Other expenses from ordinary activities                         | (5,654)                              | (29,614)                             |
| Exploration expenditure expensed                                | (25,378)                             | (87,908)                             |
| Exploration acquisition costs expensed                          | (50,000)                             | (2,000,000)                          |
| <b>Total Expense</b>  | <b>(342,516)</b>                     | <b>(2,489,602)</b>                   |
| Income tax (benefit)/expense                                    | -                                    | -                                    |
| <b>Loss after tax from continuing operations</b>                | <b>(323,202)</b>                     | <b>(2,489,602)</b>                   |
| Other comprehensive income for the year, net of tax             | -                                    | -                                    |
| <b>Total comprehensive loss net of tax for the period</b>       | <b>(323,202)</b>                     | <b>(2,489,602)</b>                   |
| Basic and diluted loss per share (\$)                           | (0.01)                               | (0.18)                               |

The Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes, which form an integral part of the interim financial report.

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 December 2018

|                             | Note | As at<br>31 Dec 2018<br>\$ | As at<br>30 Jun 2018<br>\$ |
|-----------------------------|------|----------------------------|----------------------------|
| <b>Current assets</b>       |      |                            |                            |
| Cash and cash equivalents   |      | 2,303,387                  | 3,292,303                  |
| Trade and other receivables |      | 74,589                     | 155,416                    |
| Total current assets        |      | 2,377,976                  | 3,447,719                  |
| <b>Total assets</b>         |      | <b>2,377,976</b>           | <b>3,447,719</b>           |
| <b>Current liabilities</b>  |      |                            |                            |
| Trade and other payables    | 2    | 36,810                     | 133,150                    |
| Total current liabilities   |      | 36,810                     | 133,150                    |
| <b>Total liabilities</b>    |      | <b>36,810</b>              | <b>133,150</b>             |
| <b>Net Assets</b>           |      | <b>2,341,166</b>           | <b>3,314,569</b>           |
| <b>Equity</b>               |      |                            |                            |
| Issued capital              | 3    | 6,140,048                  | 6,790,249                  |
| Accumulated losses          |      | (3,798,882)                | (3,475,680)                |
| <b>Total Equity</b>         |      | <b>2,341,166</b>           | <b>3,314,569</b>           |

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes, which form an integral part of the interim financial report.

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the half-year ended 31 December 2018

|  | Issued<br>capital<br>\$ | Accumulated<br>losses<br>\$ | Total<br>equity<br>\$ |
|--|-------------------------|-----------------------------|-----------------------|
| <b>Balance at 1 July 2017</b>                  | <b>469,303</b>          | <b>(208,574)</b>            | <b>260,729</b>        |
| Loss for the period                            | -                       | (2,489,602)                 | (2,489,602)           |
| <b>Total comprehensive loss for the period</b> | <b>-</b>                | <b>(2,489,602)</b>          | <b>(2,489,602)</b>    |
| Shares issued during the period                | 7,000,000               | -                           | 7,000,000             |
| Capital raising costs                          | (480,342)               | -                           | (480,342)             |
| <b>Balance as at 31 December 2017</b>          | <b>6,988,961</b>        | <b>(2,698,176)</b>          | <b>4,290,785</b>      |
| <b>Balance at 1 July 2018</b>                  | <b>6,790,249</b>        | <b>(3,475,680)</b>          | <b>3,314,569</b>      |
| Loss for the period                            | -                       | (323,202)                   | (323,202)             |
| <b>Total comprehensive loss for the period</b> | <b>-</b>                | <b>(323,202)</b>            | <b>(323,202)</b>      |
| Shares bought back during the period           | (650,201)               | -                           | (650,201)             |
| Capital raising costs                          | -                       | -                           | -                     |
| <b>Balance at 31 December 2018</b>             | <b>6,140,048</b>        | <b>(3,798,882)</b>          | <b>2,341,166</b>      |

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes, which form an integral part of the interim financial report.

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

for the half-year ended 31 December 2018

|   | Half-year<br>ended<br>31 Dec 2018<br>\$ | Half-year<br>ended<br>31 Dec 2017<br>\$ |
|---|---|---|
| <b>Cash flows from operating activities</b>                 |   |   |
| Payments to suppliers and employees                         | (427,029)                               | (517,111)                               |
| Interest received   | 19,314                                  | -                                       |
| <i>Net cash used in operating activities</i>                | (407,715)                               | (517,111)                               |
| <b>Cash flows from investing activities</b>                 |   |   |
| Proceeds from loan receivable                               | 69,000                                  | -                                       |
| <i>Net cash generated by investing activities</i>           | 69,000                                  | -                                       |
| <b>Cash flows from financing activities</b>                 |   |   |
| Proceeds from the issue of shares                           | -                                       | 5,000,000                               |
| Payment for shares issue costs                              | -                                       | (480,342)                               |
| Shares buy-back   | (650,201)                               | -                                       |
| <i>Net cash (used in)/generated by financing activities</i> | (650,201)                               | 4,519,658                               |
| <b>Net (decrease)/increase in cash and cash equivalents</b> | <b>(988,916)</b>                        | <b>4,002,547</b>                        |
| Cash and cash equivalents at the beginning of the period    | 3,292,303                               | 213,127                                 |
| <b>Cash and cash equivalents at the end of the period</b>   | <b>2,303,387</b>                        | <b>4,215,674</b>                        |

The Condensed Consolidated Statement of Cash Flow should be read in conjunction with the accompanying notes, which form an integral part of the interim financial report.



# NOTES TO THE INTERIM FINANCIAL STATEMENTS

## for the half-year ended 31 December 2018

---

### 1. BASIS OF PREPARATION

#### 1.1. BASIS OF PREPARATION

These interim consolidated financial statements are general purpose financial statements prepared in accordance with the requirements of the Corporations Act 2001, applicable accounting standards including AASB 134 'Interim Financial Reporting', Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board ('AASB'). Compliance with AASB 134 ensures compliance with IAS 34 'Interim Financial Reporting'.

This condensed interim financial report does not include full disclosures of the type normally included in an annual financial report. Therefore, it cannot be expected to provide as full an understanding of the financial performance, financial position and cash flows of the Group as in the full financial report.

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2018 and any public announcements made by Lustrum Minerals Limited and its subsidiaries during the half-year in accordance with continuous disclosure requirements arising under the Corporations Act 2001 and the ASX Listing Rules.

The interim report has been prepared on a historical cost basis, except for the revaluation of certain financial instruments to fair value. Cost is based on the fair value of the consideration given in exchange for assets. The company is domiciled in Australia and all amounts are presented in Australian dollars, unless otherwise noted.

For the purpose of preparing the interim financial report, the half-year has been treated as a discrete reporting period.

#### 1.2. STATEMENT OF COMPLIANCE

The interim financial statements were authorised for issue on 12 March 2019.

The interim financial statements comply with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial report, comprising the interim financial statements and notes thereto, complies with International Financial Reporting Standards (IFRS).

#### 1.3. ACCOUNTING POLICIES AND METHODS OF COMPUTATION

The accounting policies and methods of computation adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the impact (if any) of the new and revised Standards and Interpretations effective 1 July 2018 as disclosed below. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

#### 1.4. SIGNIFICANT ACCOUNTING JUDGMENTS AND KEY ESTIMATES

The preparation of interim financial reports requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates.

# NOTES TO THE INTERIM FINANCIAL STATEMENTS

## for the half-year ended 31 December 2018

---

The judgements, estimates and assumptions applied in the interim financial statements, including the key sources of estimation uncertainty were the same as those applied in the Group's last annual financial statements for the year ended 30 June 2018, except for the impact (if any) of the new and revised Standards and Interpretations effective 1 July 2018 as disclosed below.

### **1.5. NEW AND REVISED ACCOUNTING STANDARDS**

In the half-year ended 31 December 2018, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Group's operations and effective for annual reporting periods beginning on or after 1 July 2018.

As a result of this review, the Group has initially applied AASB 15 Revenue from Contracts with Customers and AASB 9 Financial Instruments from 1 July 2018. Due to the transition methods chosen by the Group in applying AASB 9 and AASB 15, comparative information throughout the interim financial statements has not been restated to reflect the requirements of the new standards.

It has been determined by the Directors that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on the Group's business and, therefore, no change is necessary to the Group accounting policies.

The Directors have also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the half-year ended 31 December 2018. As a result of this review the Directors have determined that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on the Group's business and, therefore, no change necessary to the Group's accounting policies.

# NOTES TO THE INTERIM FINANCIAL STATEMENTS

## for the half-year ended 31 December 2018

### 2. TRADE AND OTHER PAYABLES

#### Current

Trade and sundry payables<sup>(i)</sup>

| AS AT<br>31 DEC 2018<br>\$ | AS AT<br>30 JUN 2018<br>\$ |
|----------------------------|----------------------------|
| 36,810                     | 133,150                    |

*(i) Trade payables are non-interest bearing and are normally settled on 30-day terms.*

### 3. ISSUED CAPITAL

Fully paid ordinary shares

| AS AT<br>31 DEC 2018<br>No. | AS AT<br>30 JUN 2018<br>No. |
|-----------------------------|-----------------------------|
| 33,851,450                  | 38,550,001                  |

#### 3.1 FULLY PAID ORDINARY SHARES

|                                      | AS AT<br>31 DEC 2018 |           | AS AT<br>30 JUN 2018 |           |
|--------------------------------------|----------------------|-----------|----------------------|-----------|
|                                      | No.                  | \$        | No.                  | \$        |
| Opening Balance                      | 38,550,001           | 6,790,249 | 5,000,001            | 469,303   |
| Shares issued pursuant to prospectus | -                    | -         | 25,000,000           | 5,000,000 |
| Acquisition of Consuelo              | -                    | -         | 10,000,000           | 2,000,000 |
| Share issue costs                    | -                    | -         | -                    | (480,342) |
| Share Buy-back                       | (4,698,551)          | (650,201) | (1,450,000)          | (198,711) |
| Balance at end of the Year           | 33,851,450           | 6,140,048 | 38,550,001           | 6,790,249 |

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

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

#### 3.2 PERFORMANCE SHARES

|   | AS AT<br>31 DEC 2018<br>No. | AS AT<br>30 JUN 2018<br>No. |
|---|-----------------------------|-----------------------------|
| Class A Performance Shares <sup>(i)</sup> | 15,000,000                  | 15,000,000                  |
| Class C Performance Shares <sup>(i)</sup> | 15,000,000                  | 15,000,000                  |

<sup>(i)</sup> No value has been ascribed to the deferred consideration as the Company has not yet reached a stage where it can reliably estimate the likelihood of the milestones being achieved.

# NOTES TO THE INTERIM FINANCIAL STATEMENTS

## for the half-year ended 31 December 2018

---

### 4. SUBSEQUENT EVENTS

At the time of this report there were no further events subsequent to the reporting date that required disclosure.

### 5. SEGMENT REPORTING

The Group has adopted AASB 8 'Operating Segments' which requires operating segments to be identified on the basis of internal reports about components of the Group that are reviewed by the chief operating decision maker (considered to be Board of Directors) in order to allocate resources to the segment and assess its performance. The chief operating decision maker of the Group reviews internal reports prepared as consolidated financial statements and strategic decisions of the Group are determined upon analysis of these internal reports.

During the period, the Group operated predominantly in one segment being the mineral exploration sector in Queensland. Accordingly, under the 'management approach' outlined above only one operating segment has been identified and no further disclosure is required in the notes to the consolidated financial statements.

### 6. FAIR VALUE MEASUREMENT

The Directors consider that the carrying amount of other financial assets and liabilities recognised in the consolidated financial statements approximate their fair value.

### 7. ACQUISITION OF CONSUELO ASSETS

#### 7.1. SHARE SALE AGREEMENT WITH CONSUELO COAL HOLDINGS PTY LIMITED

On the 26<sup>th</sup> of September 2017 the Company acquired 100% of CCPL's shares in consideration for \$2,000,000 in consideration consisting of 10,000,000 Shares at \$0.20 per share and 30,000,000 performance shares consisting of; 15,000,000 Class A performance shares, and 15,000,000 Class C performance shares (together, the **Consideration**) and deferred consideration.

The performance shares detailed in the Consideration convert into one (1) fully paid ordinary share in the Company and one (1) new performance share for every one (1) of the initial Class A And Class C performance share that are triggered to convert.

Class A performance shares convert on the Project generating an indicated mineral resource (JORC 2012) of not less than 50 million tonnes of Coal before 30 June 2021 (**Class A Performance Shares**).

Class C performance shares convert on the Project generating an indicated mineral resource (JORC 2012) of not less than 150 million tonnes of Coal before 30 June 2021 (**Class C Performance Shares**). Should the Class A Performance Shares convert, the holders will receive one (1) Share and one (1) new class B performance share for every one (1) Class A Performance Share successfully converted. Should the Class C Performance Shares convert, the holders will receive one (1) Share and one (1) new class B performance share for every one (1) Class D Performance Share successfully converted.

# NOTES TO THE INTERIM FINANCIAL STATEMENTS

## for the half-year ended 31 December 2018

### 7.1 SHARE SALE AGREEMENT WITH CONSUELO COAL HOLDINGS PTY LIMITED (CONTINUED)

Class B Performance Shares convert into ordinary Shares on a one for one (1:1) basis on the Project generating an indicated mineral resource (JORC 2012) of not less than 100 million tonnes of Coal before 30 June 2021 (**Class B Performance Shares**). Class D Performance Shares convert into ordinary Shares on a one for one (1:1) basis on the Project generating an indicated mineral resource (JORC 2012) of not less than 300 million tonnes of Coal before 30 June 2021 (**Class D Performance Shares**).

### 7.2. DEFERRED CONSIDERATION

The consideration comprised an issue of equity instruments, performance shares and deferred consideration:

|  | TOTAL<br>SHARES<br>No. | COST PER<br>SHARE<br>\$ | TOTAL<br>COST<br>\$ |
|--|------------------------|-------------------------|---------------------|
| Issued Capital   | 10,000,000             | \$0.20                  | 2,000,000           |
| <b>Performance Shares</b>  |                        |                         |                     |
| Class A Performance shares <sup>(i)</sup>  | 15,000,000             |                         | -                   |
| Class C Performance shares <sup>(ii)</sup>   | 15,000,000             |                         | -                   |
| Issue of deferred consideration (shares) as part<br>consideration for acquisition of Consuelo <sup>(iii)(iv)</sup> | 30,000,000             |                         | -                   |
| Total consideration  |                        |                         | 2,000,000           |
| Direct costs relating to the acquisition   |                        |                         | -                   |
| <b>Assets Acquisition accounting is as follows</b>   |                        |                         |                     |
| Exploration and Evaluation asset arrived on acquisition <sup>(v)</sup>   |                        |                         | 2,000,000           |
| Total consideration  |                        |                         | 2,000,000           |

No value has been ascribed to the deferred consideration as the Company has not yet reached a stage where it can reliability estimate the likelihood of the milestones being achieved.

- <sup>(i)</sup> A Class A Performance Share in the relevant class will convert into one Share upon the delineation of an "indicated mineral resource" (as that term is defined in JORC, 2012 Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves) of not less than 50 million tonnes of coal at greater than 5,000 kcal/kg at the Project on or before 30 June 2021.
- <sup>(ii)</sup> A Class C Performance Share in the relevant class will convert into one Share upon the delineation of an "indicated mineral resource" (as that term is defined in JORC, 2012 Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves) of not less than 150 million tonnes of coal at greater than 5,000 kcal/kg at the Project on or before 30 June 2021.
- <sup>(iii)</sup> 15,000,000 shares upon the delineation of an "indicated mineral resource" of (as that term is defined in JORC, 2012 Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves) of not less than 100 million tonnes of coal at greater than 5,000 kcal/kg at the Project on or before 30 June 2021; and
- <sup>(iv)</sup> 15,000,000 Shares upon the delineation of an "indicated mineral resource" (as that term is defined in JORC, 2012 Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves) of not less than 300 million tonnes of coal at greater than 5,000 kcal/kg at the Project on or before 30 June 2021.
- <sup>(v)</sup> Mineral exploration and evaluation costs are expensed as incurred. Acquisition costs will normally be expensed but will be assessed on a case by case basis and if appropriate may be capitalised. These acquisition costs are only carried forward to the extent that they are expected to be recouped through the successful development or sale of the tenement. Accumulated acquisition costs in relation to an abandoned tenement are written off in full against the profit and loss in the year which the decision to abandon the tenant is made. Where a decision has been made to proceed with development in respect of a particular area of interest, all future costs are recorded as a development asset.

# NOTES TO THE INTERIM FINANCIAL STATEMENTS

## for the half-year ended 31 December 2018

---

### 8. RELATED PARTIES TRANSACTIONS

During the half-year ended 31 December 2018 the following related party transaction was undertaken between the Group and director related entities:

The company has an agreement with Cicero Corporate Services Pty Ltd (**CCS**), of which Mrs Loren King is a shareholder, (**Corporate Services Agreement**). Pursuant to the Corporate Services Agreement, the CCS was appointed to provide corporate and administrative services to the Company. The fee payable by the Company to CCS in consideration for performing the services under the Corporate Services Agreement is A\$120,000 per annum.

The Company has not sought Shareholder approval for the execution of the proposal despite CCS being a related party of the Company on the basis that the Proposal has been negotiated at arm's length and contains standards commercial terms and therefore falls within the exception on section 210 of the Corporations Act.

### 9. COMMITMENTS AND CONTINGENT LIABILITIES

#### 9.1. TENEMENT RELATED COMMITMENTS AND CONTINGENCIES

The Company is required to meet minimum committed expenditure requirements to maintain current rights of tenure to exploration licences. These obligations may be subject to re-negotiation, may be farmed-out or may be relinquished and have not been provided for in the statement of financial position. A summary of aggregate commitments is as follows:

|   | AS AT<br>31 DEC 2018<br>\$ | AS AT<br>30 JUN 2018<br>\$ |
|---|----------------------------|----------------------------|
| Within one year                             | 75,000                     | 75,000                     |
| After one year but not more than five years | 300,000                    | 300,000                    |
| More than five years                        | 1,225,000                  | 1,225,000                  |
|   | <u>1,600,000</u>           | <u>1,600,000</u>           |