LUNALITE INTERNATIONAL PTY LTD

and controlled entities

ABN: 62 115 799 776

FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2014

DIRECTORS' REPORT

Your directors present their report on the consolidated entity consisting of Lunalite International Pty Ltd and the entity it controlled at the end of, or during, the year ended 30 June 2014. Throughout the report, the consolidated entity is referred to as the group.

The names of the directors in office at any time during or since the end of the year and up to the date of this report are:

Francis Hurley
Mark Niutta

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Operating Results
The operating loss of the group for the financial year after providing for income tax amounted to $1,222,046 (2013: $303,294).

Review of Operations
The directors consider the results for the year to be satisfactory and look forward to the future with optimism.

State of Affairs
No significant changes in the company's state of affairs occurred during the financial year.

Principal Activities
The principal activity of the company during the financial year was development of animated signage technology.

After Balance Date Events
On 10 July 2014, Lunalite completed a capital raising of $1,180,000 by issuing 5,900,000 ordinary shares at an issue price of $0.20 per share.

On 21 August 2014, Lunalite held a general meeting of shareholders to approve a number of resolutions relating to the proposed acquisition of Lunalite by White Eagle Resources Limited and various proposed share issues. The resolutions considered at the meeting were:

1. Waiving by Lunalite Shareholders of their pre-emptive rights under clause 28(1) of the Company's constitution to allow the transfer of shares to White Eagle Resources Limited. Clause 28(1) of the Company's constitution states that no shares shall be transferred unless and until pre-emptive rights conferred under clause 28 have been exhausted. Therefore in advance of completion of the proposed acquisition of Lunalite by White Eagles Resources Limited, a pre-emptive waiver was required to be sought;
2. Approval of the issue of 875,000 shares to each of Frank Hurley, Mark Niutta and Steve Wildisen. The shares were proposed to be issued to Mr Hurley and Mr Niutta in lieu of unpaid directors fees and to Mr Wildisen in recognition of passed missed scheduled salary payments in light of the Company's historically constrained cash position. The total of 2,625,000 shares to be issued pursuant to this resolution are to be issued at a deemed issue price of $0.20 per share;
3. Approval of the issue of 1,125,000 shares to F.H.C Wilson Pty Limited as consideration for the conversion to shares of the outstanding $150,000 convertible note. In September 2013 the Company entered into a convertible note agreement with F.H.C Wilson Pty Limited whereby the Company issued 750,000 convertible notes with a face value of $0.20 per convertible note for gross proceeds of $150,000. Under the terms of the convertible note agreement, upon occurrence of a material corporate event which included a takeover or proposed ASX listing, the loan would be converted to shares at a ratio of 1.5x the face value of the notes (being 1,125,000 Lunalite shares);

DIRECTORS' REPORT (Continued)

After Balance Date Events (Continued)

4. Approval of the issue of 150,000 shares to each of F.H.C Wilson Pty Limited and Keneric Nominees Pty Limited. The shares were proposed to be issued to F.H.C Wilson Pty Limited and Keneric Nominees Pty Limited in lieu of underwriting fees. Prior capital raisings totalling $900,000 were underwritten by both F.H.C Wilson Pty Limited and Keneric Nominees Pty Limited and the underwritten fees agreed to be paid to each party was $30,000. The total of 300,000 shares to be issued pursuant to this resolution are to be issued at a deemed issue price of $0.20 per share;
5. Approval for the issue of 750,000 shares to Azure Capital Limited at a deemed issue price of $0.20 per share. The gross proceeds of $150,000 raised pursuant to this share issue are to be used for general working capital purposes

All five of the resolutions outlined above were passed by a majority vote at the general meeting held on 21 August 2014 and the resulting issue of 4,800,000 shares was completed on 22 August 2014.

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

Future Developments

Likely developments in the operations of the company and the expected results of those operations in future financial years have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the company.

Dividends Paid or Recommended

No dividend has been declared, paid or proposed during the financial year.

Options

No options over issued shares or interests in the company were granted during or since the end of the financial year and there were no options outstanding at the date of this report.

Environmental Regulation

The company's operations have been carried out in accordance with all applicable environmental regulations effective under Commonwealth, State or Territory laws or that of any country in which the company operated.

Indemnifying Officer

No indemnities have been given or insurance premiums paid, during or since the end of the financial year, for any person who is or has been an officer of the company.

Proceedings on Behalf of Company

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

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

DIRECTORS' REPORT (Continued)

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is included in this financial report.

Signed in accordance with a resolution of the Board of Directors:

Mark Niutta

Dated this 8th day of September 2014

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www.bdo.com.au

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Subiaco, Perth
WA 6008
Australia

DECLARATION OF INDEPENDENCE BY PHILLIP MURDOCH TO THE DIRECTORS OF LUNALITE INTERNATIONAL PTY LTD

As lead auditor of Lunalite International Pty Ltd for the year ended 30 June 2014, I declare that, to the best of my knowledge and belief, there have been:

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

This declaration is in respect of Lunalite International Pty Ltd and the entity it controlled during the period.

Phillip Murdoch

Director

BDO Audit (WA) Pty Ltd

Perth, 8 September 2014

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2014

	Note	2014 $	2013 $
Revenue from continuing operations	2	1,639	67,594
Consultancy fees		(175,168)	(227,336)
Depreciation expense		(13,551)	(19,841)
Directors benefits expense		(350,000)	-
Employee expenses		(230,801)	-
Motor vehicle expenses		(17,844)	(17,946)
Occupancy expenses		(6,006)	(7,807)
Project fees		(300,000)	-
Travelling expenses		(37,624)	(25,358)
Other expenses	3	(92,691)	(72,600)
Loss before income tax expense		(1,222,046)	(303,294)
Income tax expense		-	-
Net loss after income tax expense		(1,222,046)	(303,294)
Other comprehensive income		-	-
Total comprehensive loss for the year		(1,222,046)	(303,294)
Total comprehensive loss for the year attributable to:			
Owners of Lunalite International Pty Ltd		(1,222,046)	(303,294)

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2014

	Note	2014 $	2013 $
CURRENT ASSETS			
Cash and cash equivalents	4	276,373	(4,922)
Trade and other receivables	5	1,537,935	140,475
TOTAL CURRENT ASSETS		1,814,308	135,553
NON-CURRENT ASSETS			
Property, plant and equipment	6	97,696	111,247
Intangibles	7	871,285	871,285
TOTAL NON-CURRENT ASSETS		968,981	982,532
TOTAL ASSETS		2,783,289	1,118,085
CURRENT LIABILITIES			
Trade and other payables	8	1,321,417	20,837
Borrowings	9	179,990	18,615
TOTAL CURRENT LIABILITIES		1,501,407	39,452
NON-CURRENT LIABILITIES			
Deferred tax liability		261,385	261,385
TOTAL NON-CURRENT LIABILITIES		261,385	261,385
TOTAL LIABILITIES		1,762,792	300,837
NET ASSETS		1,020,497	817,248
EQUITY			
Issued Capital	10	2,907,371	1,482,076
Accumulated Losses	11	(1,886,874)	(664,828)
TOTAL EQUITY		1,020,497	817,248

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2014

	Note	Contributed Equity	Accumulated Losses	Total
Balance at 1 July 2013		1,482,076	(664,828)	819,283
Loss for the year		-	(1,222,046)	(1,222,046)
Total comprehensive income for the year		-	(1,222,046)	(1,222,046)
Transactions with owners in their capacity as owners:				
Issue of shares	10	1,768,000	-	1,768,000
Capital raising costs		(342,705)	-	(342,705)
Balance at 30 June 2014		2,907,371	(1,886,874)	1,020,497

	Note	Contributed Equity	Accumulated Losses	Total
Balance at 1 July 2012		663,577	(361,534)	302,043
Loss for the period		-	(303,294)	(303,294)
Total comprehensive income for the period		-	(303,294)	(303,294)
Transactions with owners in their capacity as owners:				
Issue of shares	10	818,499	-	818,499
Balance at 30 June 2013		1,482,076	(664,828)	817,248

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

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2014

	Note	2014 $	2013 $
CASH FLOW FROM OPERATING ACTIVITIES			
Payments to suppliers and employees		(337,586)	(236,778)
Research and development grant		122,166	-
Interest received		1,639	1,840
Net cash used in operating activities	12	(213,781)	(234,938)
CASH FLOW FROM INVESTING ACTIVITIES			
Payment for acquisition of subsidiary		-	(520,000)
Project development expenditure		(96,455)	(2,260)
Net cash used in investing activities		(96,455)	(522,260)
CASH FLOW FROM FINANCING ACTIVITIES			
Issue of shares and options		445,000	722,500
Proceeds from borrowings		15,000	-
Repayment of borrowings		(18,469)	-
Proceeds from issue of convertible note		150,000	-
Net cash provided by/(used in) financing activities		591,531	722,500
Net increase/(decrease) in cash held		281,295	(34,698)
Cash at beginning of year		(4,922)	29,776
Cash at end of reporting period	4	**276,373**	**(4,922)**

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Preparation

These financial statements have been prepared in accordance with the requirements of the Corporations Act 2001 for use by the directors and members of the company and are a special purpose financial report. In the Directors opinion, the group is not a reporting entity because there are no users dependant on Special purpose financial statements.

Lunalite International Pty Ltd was incorporated and has its domicile in Australia and is a company limited by shares.

Statement of Compliance

The financial report has been prepared in accordance with the recognition and measurement requirements specified by all of the Australian Accounting Standards and interpretations, and the disclosure requirements of the following Australian Accounting Standards:

AASB 101:	Presentation of Financial Statements
AASB 107:	Cash Flow Statements
AASB 108:	Accounting Policies, Changes in Accounting Estimates and Errors
AASB 110:	Events after the Balance Sheet Date
AASB 1031:	Materiality
AASB 1048:	Interpretation and Application of Standards

No other applicable Accounting Standards or other authoritative pronouncements of the Australian Accounting Standards Board have been applied.

The following is a summary of the material accounting policies adopted by the group in the preparation of this report. Unless otherwise stated, the accounting policies are consistent with the previous period.

The financial report has been prepared on an accruals basis and is based on historic costs modified by the revaluation of financial assets, financial liabilities and selected non-current assets for which the fair value basis of accounting has been applied.

b) Financial Instruments

Recognition
Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

Loans and Receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are quoted in an active market and are stated at amortised cost using the effective life interest rate method.

Financial Liabilities
Non derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

c) Impairment of Assets

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

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

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

d) Employee Benefits

Provision is made for the liability due to employee benefits arising from services rendered by employees to the reporting date. Employee benefits expected to be settled within one year together with benefits arising from wages and salaries, sick leave and annual leave which will be settled after one year, have been measured at their nominal amount.

Contributions are made to employee superannuation funds and are charged as expenses when incurred. All employees are entitled to varying levels of benefits on retirement, disability or death. The superannuation plans or equivalent provide accumulated benefits. Contributions are made in accordance with the statutory requirements of each jurisdiction.

e) Provisions

Provisions are recognised when the group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

f) Cash and Cash Equivalents

Cash and short-term deposits in the statement of financial position comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less plus bank overdrafts. Bank overdrafts are shown on the statement of financial position as current liabilities under borrowings.

g) Revenue

Revenue from the sale of goods is recognised when the goods are delivered to customers and substantially all risks and rewards of ownership have passed to the customer.

Interest revenue is recognised on a proportional basis taking into account the interest rates relevant to the financial assets.

Revenue from the rendering of a service is recognised upon the delivery of the service to the customers.
All revenue is stated net of the amount of Goods & Services Tax (GST).

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

h) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of goods and service tax, except:

I. where the amount of GST incurred is not recoverable from the Australian Tax Office. It is recognised as part of the cost of acquisition of an asset or as part of an item of the expense.
II. receivables and payables are shown inclusive of GST.

The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the statement of financial position.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

i) Income Taxes

The charge for current income tax expenses is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using tax rates that have been enacted or are substantively enacted by the statement of financial position date.

Deferred tax is accounted for using the liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary difference can be utilised. The amount of benefits brought to account or which may be released in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the group will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

j) Trade and Other Receivables

Receivables are initially recognised at fair value and subsequently measured at amortised cost, less provision for doubtful debts. Current receivables for GST are due for settlement within 30 days and other current receivables within 12 months. Cash on deposit is not due for settlement until rights of tenure are forfeited or performance obligations are met.

k) Trade and Other Payables

Trade payables and other payables are carried at cost and represent liabilities for goods and services provided to the Group prior to the end of the financial period that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and usually paid within 30 days of recognition.

l) Contributed Equity

Issued and paid up capital is recognised at the fair value of the consideration received by the group. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

m) Dividends

No dividends were paid or proposed during the year.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

n) Critical Accounting Estimates and Judgements

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

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

(ii) Provision for doubtful debts
The provision for doubtful debts requires a degree of estimation and judgement. The level of provision is assessed by taking into account the aging of receivables, historical collection rates and specific knowledge of the individual debtors financial position.

(iii) Fair value on business combinations
On initial recognition, the assets and liabilities of the acquired business are included in the consolidated statement of financial position at their fair values. In measuring fair value of intangible assets, management considers the potential future cash flows to be generated from such assets which involve significant levels of judgement and estimation.

o) Functional and Presentation Currency

Items included in the financial statements of each of the group's operations are measured using the currency of the primary economic environment in which it operates ('the functional currency'). The financial statements are presented in Australian dollars, which is the group's functional and presentation currency.

p) Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquire. Acquisition-related costs are recognised in profit or loss as incurred.

Where applicable, the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition-date fair value. Subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments (see below). All other subsequent changes in the fair value of contingent consideration classified as an asset or liability are accounted for in accordance with relevant Standards. Changes in the fair value of contingent consideration classified as equity are not recognised.

Where a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to fair value at the acquisition date (i.e. the date the Group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

p) **Business combinations** (continued)

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under AASB 3 (2009) are recognised at their fair value at the acquisition date, except where:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with AASB 112 Income Taxes and AASB 119 Employee Benefits respectively;
- liabilities or equity instruments related to the replacement by the Group of an acquiree's share-based payment awards are measured in accordance with AASB 2 Share-based Payments; and
- assets (or disposal groups) that are classified as held for sale in accordance with AASB 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see below), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

The measurement period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed as of the acquisition date and is subject to a maximum of one year.

q) **Intangible assets (contract rights)**

Contact rights have a finite useful life and are carried at cost less accumulated amortisation and impairment losses.

r) **Borrowings**

The fair value of the liability portion of a convertible note is determined using a market interest rate for an equivalent non-convertible note. This amount is recorded as a liability on an amortised cost basis until extinguished on conversion of the note. The remainder of the proceeds is allocated to the conversion option. This is recognised and included in shareholders' equity, net of income tax effects.

Borrowings are removed from the Statement of Financial Position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit and loss as other income or finance costs.

Where the terms of a financial liability are renegotiated and the entity issues equity instruments to a creditor to extinguish all or part of the liability (debt for equity swap), a gain or loss is recognised in profit or loss, which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued.

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

s) New Accounting Standards and Interpretations

The following standards, amendments to standards and interpretations have been identified as those which may impact the entity in the period of initial application. They are available for early adoption at 30 June 2013, but have not been applied in preparing this financial report.

AASB 9: Financial Instruments (periods beginning on or after 1 January 2015)
Amends the requirements for classification and measurement of financial assets. The following requirements have generally been carried forward unchanged from AASB 139 Financial Instruments: Recognition and Measurement into AASB 9. These include the requirements relating to:

- Classification and measurement of financial liabilities; and
- Derecognition requirements for financial assets and liabilities.

However, AASB 9 requires that gains or losses on financial liabilities measured at fair value are recognised in profit or loss, except that the effects of changes in the liability's credit risk are recognised in other comprehensive income. The group does not have any financial liabilities measured at fair value through profit or loss. There will therefore be no impact on the financial statements when these amendments to AASB are first adopted.

AASB 13: Fair Value Measurement (Annual reporting periods commencing on after 1 January 2013)
Currently, fair value measurement requirements are included in several Accounting Standards. AASB 13 establishes a single framework for measuring fair value of financial and non-financial items recognised at fair value in the statement of financial position or disclosed in the notes in the financial statements. Due to the recent release of this standard, the group has yet to conduct a detailed analysis of the differences between the current fair valuation methodologies used and those required by AASB 13. However, when this standard is adopted for the first time for the year ended 30 June 2014, there will be no impact on the financial statements because the revised fair value measurement requirements apply prospectively from 1 July 2013.

	2014 $	2013 $
NOTE 2: REVENUE		
Revenue from continuing operations		
- Capital loss on disposal of shares	-	(45,399)
- Interest received	1,639	1,839
- R&D tax incentive	-	122,166
- Sales revenue	-	(11,012)
	1,639	67,594

NOTE 3: EXPENSES

Loss for the year includes the following specific expenses:		
- Accounting and bookkeeping fees	15,088	7,725
- Advertising and marketing	73	6,759
- Audit fees	12,000	-
- Bad debts expense	-	21,161
- Hire of plant and equipment	12,386	-
- Insurance expense	2,242	12,166
- Interest expense	21,290	26
- Legal fees	14,447	7,885
- Telephone and internet expenses	5,775	6,334
- Other Expenses	9,390	10,544
	92,691	72,600

NOTE 4: CASH AND CASH EQUIVALENTS

Cash at bank	276,373	(4,922)
	276,373	(4,922)

NOTE 5: TRADE AND OTHER RECEIVABLES

	2014 $	2013 $
GST receivable	36,150	14,524
R&D tax incentive receivable	-	122,166
Other receivables	1,501,785	3,785
	1,537,935	140,475

There were no trade receivables past due but not impaired.

Other receivables include $1,470,000 in the current financial year in relation to a proceeds of a capital raising completed on 30 June 2014 not deposited until 1 July 2014.

NOTE 6: PROPERTY, PLANT AND EQUIPMENT

	2014 $	2013 $
Property, plant and equipment	97,696	111,247
	97,696	111,247
Reconciliation:		
Balance at the beginning of the year	111,247	125,420
Additions	-	5,668
Depreciation expense	(13,551)	(19,841)
Balance at the end of the year	97,696	111,247

NOTE 7: INTANGIBLES

	2014 $	2013 $
Contract rights	871,285	871,285
	871,285	871,285

(a) Business combination – Outdoor Digital Solutions Pty Ltd

On 2 January 2013, the Company acquired 100% of the issued capital of Outdoor Digital Solutions Pty Ltd. The consideration for the acquisition was made up of a $90,000 cash deposit and a $520,000 cash payment on settlement. A deferred tax liability of $261,385 has been recognised in respect of this acquisition.

NOTE 8: TRADE AND OTHER PAYABLES

	2014 $	2013 $
Trade creditors	243,496	7,573
Accrued expenses	879,705	-
Other payables	177,035	13,264
	1,321,417	20,837

Other payables include $175,000 in the current financial year in relation to a receipt of funds deposited by30 June 2014 for a capital raising completed after 1 July 2014.

NOTE 9: BORROWINGS

	2014 $	2013 $
Loans – Directors (i)	15,146	18,615
Loans – Non-Related Party (ii)	164,844	-
	179,990	18,615

(i) During the 2013 and 2014 financial years the Group borrowed funds from directors to meet working capital requirements. No interest is payable in respect of these loans.

(ii) During the year the Group borrowed $150,000 from non-related parties to meet working capital requirements. Interest is payable at 12% per annum, payable quarterly in arrears.

NOTE 10: CONTRIBUTED EQUITY

(a) Share Capital

	30-Jun-14	
	$	No.
Fully paid ordinary shares	2,907,391	14,844,753

	30-Jun-13	
	$	No.
Fully paid ordinary shares	1,482,076	6,004,753

(b) Fully Paid Ordinary Shares

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

At 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.

(c) Movements in ordinary share capital

	30-Jun-14	
Issue of ordinary shares during the Year	$	No.
Opening balance	1,482,076	6,004,753
Issue of shares	1,768,000	8,840,000
Capital raising costs	(342,705)	
Balance at 30 June 2014	2,907,371	14,844,753

	30-Jun-13	
Issue of ordinary shares during the Year	$	No.
Opening balance	663,577	708,810
Issue of shares	818,499	5,105,775
Balance at 30 June 2013	1,482,076	6,004,753

	2014 $	2013 $
NOTE 11: ACCUMULATED LOSSES		
Retained profits at the beginning of the reporting year	(664,828)	(361,534)
Net loss attributable to members of the company	(1,222,046)	(303,294)
Retained loss at the end of the reporting year	(1,886,874)	(664,828)

NOTE 12: CASH FLOW INFORMATION

Reconciliation of Cash Flow from Operations with Profit after income tax expense:

	2014 $	2013 $
Profit after income tax	(1,222,046)	(303,294)
Non-cash flows in profit		
Depreciation	13,551	19,841
Project fees	311,947	2,260
Interest accrual	14,844	-
Changes in assets and liabilities		
Increase / (decrease) in debtors and accruals	122,166	-
Increase / (decrease) in creditors and accruals	545,757	46,255
Cash flows used in operations	(213,781)	(234,938)

NOTE 13: CONTINGENCIES AND COMMITMENTS

There are no contingent liabilities, contingent assets or commitments at balance date.

NOTE 14: EVENTS SUBSEQUENT TO REPORTING DATE

On 10 July 2014, Lunalite completed a capital raising of $1,180,000 by issuing 5,900,000 ordinary shares at an issue price of $0.20 per share.

On 21 August 2014, Lunalite held a general meeting of shareholders to approve a number of resolutions relating to the proposed acquisition of Lunalite by White Eagle Resources Limited and various proposed share issues. The resolutions considered at the meeting were:

1. Waiving by Lunalite Shareholders of their pre-emptive rights under clause 28(1) of the Company's constitution to allow the transfer of shares to White Eagle Resources Limited. Clause 28(1) of the Company's constitution states that no shares shall be transferred unless and until pre-emptive rights conferred under clause 28 have been exhausted. Therefore in advance of completion of the proposed acquisition of Lunaite by White Eagles Resources Limited, a pre-emptive waiver was required to be sought;
2. Approval of the issue of 875,000 shares to each of Frank Hurley, Mark Niutta and Steve Wildisen. The shares were proposed to be issued to Mr Hurley and Mr Niutta in lieu of unpaid directors fees and to Mr Wildisen in recognition of passed missed scheduled salary payments in light of the Company's historically constrained cash position. The total of 2,625,000 shares to be issued pursuant to this resolution are to be issued at a deemed issue price of $0.20 per share;

NOTE 14: EVENTS SUBSEQUENT TO REPORTING DATE (Continued)

3. Approval of the issue of 1,125,000 shares to F.H.C Wilson Pty Limited as consideration for the conversion to shares of the outstanding $150,000 convertible note. In September 2013 the Company entered into a convertible note agreement with F.H.C Wilson Pty Limited whereby the Company issued 750,000 convertible notes with a face value of $0.20 per convertible note for gross proceeds of $150,000. Under the terms of the convertible note agreement, upon occurrence of a material corporate event which included a takeover or proposed ASX listing, the loan would be converted to shares at a ratio of 1.5x the face value of the notes (being 1,125,000 Lunalite shares);
4. Approval of the issue of 150,000 shares to each of F.H.C Wilson Pty Limited and Keneric Nominees Pty Limited. The shares were proposed to be issued to F.H.C Wilson Pty Limited and Keneric Nominees Pty Limited in lieu of underwriting fees. Prior capital raisings totalling $900,000 were underwritten by both F.H.C Wilson Pty Limited and Keneric Nominees Pty Limited and the underwritten fees agreed to be paid to each party was $30,000. The total of 300,000 shares to be issued pursuant to this resolution are to be issued at a deemed issue price of $0.20 per share;
5. Approval for the issue of 750,000 shares to Azure Capital Limited at a deemed issue price of $0.20 per share. The gross proceeds of $150,000 raised pursuant to this share issue are to be used for general working capital purposes

All five of the resolutions outlined above were passed by a majority vote at the general meeting held on 21 August 2014 and the resulting issue of 4,800,000 shares was completed on 22 August 2014.

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

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NOTE 15: COMPANY DETAILS

The registered office of the company is:

Level 1, 282 Rokeby Road
Subiaco
WA 6008

The principle place of business of the company is:

37 Canonbury Grove
Dulwich Hill
NSW 2203

DIRECTORS DECLARATION

The directors have determined that the company is not a reporting entity and that these special purpose financial statements should be prepared in accordance with the accounting policies described in Note 1 to the financial statements.

The directors of the company declare that:

1. The financial statements, comprising the statement of profit or loss and other comprehensive income, statement of financial position, statement of cash flows, statement of changes in equity, and accompanying notes, are in accordance with the Corporations Act 2001 and:

   (a) comply with Accounting Standards as described in Note 1 to the financial statements and the Corporations Regulations 2001 and other professional reporting requirements; and

   (b) give a true and fair view of the company's financial position as 30 June 2014 and of its performance for the year ended on that date in accordance with the accounting policies described in Note 1 to the financial statements.

2. In the directors' opinion, 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:

Mark Niutta

Director

Perth, 8th of September 2014

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Subiaco, WA 6008
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Australia

INDEPENDENT AUDITOR'S REPORT

To the members of Lunalite International Pty Ltd

Report on the Financial Report

We have audited the accompanying financial report, being a special purpose financial report of Lunalite International Pty Ltd, which comprises the consolidated statement of financial position as at 30 June 2014, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entity it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report, and have determined that the basis of preparation described in Note 1 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 and fair presentation 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 have 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 company'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 company'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.

Independence

In conducting our audit, we have complied with the independence requirements of the Australian professional accounting bodies.

Basis for Qualified Opinion

The financial report of Lunalite International Pty Ltd for 30 June 2013 was unaudited. As at the date of our report the financial information was unavailable to us and accordingly we were unable to obtain sufficient appropriate audit evidence regarding the statement of comprehensive income, statement of changes in equity and cash flow statement for the comparative year. Given this limitation of scope, we do not express an opinion to this effect.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial report of Lunalite International Pty Ltd is in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the company's financial position as at 30 June 2014 and of its performance for the year ended on that date; and

(b) complying with Australian Accounting Standards.

Basis of Accounting

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 for the purpose of fulfilling the requirements of the members. As a result, the financial report may not be suitable for another purpose.

BDO Audit (WA) Pty Ltd

BDO

Phillip Murdoch

Director

Perth, 8 September 2014