

SPHERE MINERALS LIMITED

A SUBSIDIARY OF
GLENORE

ABN 66 009 134 847

CONSOLIDATED FINANCIAL STATEMENTS

INTERIM FINANCIAL REPORT

FOR THE 6 MONTH INTERIM PERIOD ENDED

30 JUNE 2015

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SPHERE MINERALS LIMITED AND CONTROLLED ENTITIES

INTERIM FINANCIAL REPORT

CORPORATE DIRECTORY

DIRECTORS	Peter Coates AO Jon Romcke Jyothish George Nicholas Ogden Anthony Clark AM Jon Parker	Non - Executive Chairman Executive Director and Managing Director Executive Director Executive Director Non - Executive Independent Director Non - Executive Independent Director
CHIEF FINANCIAL OFFICER	Lionel Mages	
COMPANY SECRETARY	Matthew Conroy	
REGISTERED AND PRINCIPAL OFFICE	Level 38, Gateway 1 Macquarie Place Sydney NSW 2000 Telephone: + 61 2 9253 6700 Facsimile: + 61 2 9241 6898	
SOLICITORS	Ashurst Australia 5 Martin Place, Sydney NSW 2000	
AUDITORS	Deloitte Touche Tohmatsu Level 9, Grosvenor Place 225 George St Sydney NSW 2000	
SHARE REGISTRY	Computershare Investor Services Pty Ltd Level 11, 172 St Georges Terrace Perth WA 6000 Telephone: + 61 8 9323 2000 Facsimile: + 61 8 9323 2033	
STOCK EXCHANGE LISTING	The Company's securities are quoted on the official list of the Australian Securities Exchange (ASX). The home branch is Perth.	
ASX CODE	SPH	

SPHERE MINERALS LIMITED AND CONTROLLED ENTITIES
INTERIM FINANCIAL REPORT
DIRECTORS' REPORT

The directors of Sphere Minerals Limited submit herewith the financial report of Sphere Minerals Limited (the “Company” or “Sphere”) and its controlled entities (together referred to as the “Consolidated Entity”), for the six month interim period ended 30 June 2015. In order to comply with the provisions of the *Corporations Act 2001*, the directors report as follows:

Directors

The following persons were Directors of the Company during the six month period up to the date of this report unless otherwise stated:

Peter Coates AO

Jon Romcke Appointed 28 May 2015

Jyothish George Appointed 28 May 2015

Nicholas Ogden Appointed 3 June 2015

Anthony Clark AM

Jon Parker

Mark Eames Resigned 29 May 2015

Damian Hogue Resigned 31 March 2015

Review of Operations

For the six months ended 30 June 2015, the Consolidated Entity incurred no exploration expenditure (six months to 30 June 2014: US\$ 15,166,000).

The consolidated net loss from continuing operations after income tax for the six month period ended 30 June 2015 was US\$ \$4,126,237 compared to a loss of US\$ 4,083,226 for the six month period ended 30 June 2014. The current period loss included financing charges on the loan facility.

The Company's Mauritanian Iron Ore projects are continuing and the following is a brief progress report:

Guelb el Aouj Iron Ore Project (Sphere 50%; Société Nationale Industrielle et Minière 50%)

The Feasibility Study for the Stage 1 development of the El Aouj East deposit was progressed by El Aouj Mining Company SA (EMC). The primary engineering study (by Ausenco) and the mine planning study (by BBA) were progressed during the half-year period. A rail and port logistics and simulation study was initiated by EMC and SNIM to examine in detail the capacity of the SNIM network and the rail and port upgrade requirements necessary to support the El Aouj Stage 1 Project. This work was won by Hatch, and commenced in earnest with a site visit to Nouadhibou occurring in May 2015.

SPHERE MINERALS LIMITED AND CONTROLLED ENTITIES
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AECOM/URS continued to undertake the environmental assessment process in order to develop the required Environmental and Social Impact Assessment (ESIA). The government and EMC presented the El Aouj Project to the regional authorities and the local population as part of the official ESIA Terms of Reference community consultation process. The response overall was very positive.

Exploration activity during the first half-year was limited to a ground magnetometer survey over the El Aouj planned process plant, the dry tailings emplacement area, and the waste dump areas around the Guelb. The outcome of this work was that no significant magnetic anomalies were recorded and the geological advice was that no further sterilisation drilling was required.

Askaf Iron Ore Project (Sphere 90%)

The Company demobilised the construction contractor at the Askaf Project due to the significant fall in the iron ore price in late 2014. The outstanding costs associated with this demobilisation have been settled with the construction contractor with satisfactory outcomes.

Following a further review of Askaf, looking for alternative ways to implement the current project, the Board announced that while there remain potential improvements in operating costs, capital efficiency and product quality, at the current low iron ore prices there was little prospect for profitable development of the Askaf Project.

Accordingly, the Board determined to defer further development of Askaf. All construction commitments have been closed out, expenditure minimised, and employee numbers reduced. The Askaf project team was demobilised during the period and the number of employees within Sphere Mauritania SA were also reduced.

Throughout the process, Sphere has continued to engage closely with the Government of Mauritania. Sphere has indicated a new development timetable for the Project. Sphere continues to monitor and assess market conditions and whether it is economic to restart the Askaf Project at some time in the future.

Lebtheinia Iron Ore Project (Sphere 100%)

Sphere has completed its application for an exploitation licence for the Lebtheinia resource based on a feasibility study developed for that purpose. Sphere has continued to work on developing further documentation needed to support the application process.

SPHERE MINERALS LIMITED AND CONTROLLED ENTITIES
INTERIM FINANCIAL REPORT
DIRECTORS' REPORT


Auditor's Independence Declaration

The Auditor's Independence Declaration as required under section 307C of the *Corporations Act 2001* on page 5 forms part of the Directors' Report for the six month interim period ended 30 June 2015.

Rounding of Amounts

The Company is an entity to which the ASIC Class Order 98/100 applies and accordingly, amounts in the financial statements and Directors' Reports have been rounded to the nearest thousand dollars, unless otherwise stated.

This report is in accordance with a resolution of the Board of Directors.

Director:  _____

Peter Coates AO (Chairman).

Dated: 26 August 2015

The Directors
Sphere Minerals Limited
Level 38, Gateway
1 Macquarie Place
Sydney NSW 2000

26 August 2015

Dear Directors

Sphere Minerals Limited

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

As lead audit partner for the review of the financial statements of Sphere Minerals Limited for the six month interim period ended 30 June 2015, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

Yours sincerely



DELOITTE TOUCHE TOHMATSU



J A Leotta
Partner
Chartered Accountants

SPHERE MINERALS LIMITED AND CONTROLLED ENTITIES

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME**

FOR THE 6 MONTH INTERIM PERIOD ENDED 30 JUNE 2015

	Notes	6 months to June 2015	6 months to June 2014
		US\$'000	US\$'000
Interest revenue	3	19	13
Total revenue		19	13
Expenses from continuing operations			
Administration		(85)	(78)
Employee benefits expenses		(1,855)	(325)
External contractors expense		(770)	(24)
Directors fees		(82)	(108)
Legal fees		(30)	(27)
Travel and related expenses		(1)	(1)
Office expenses		(258)	(2)
Depreciation expense		(433)	-
Finance costs		(7,288)	(2,524)
Net foreign exchange gain/(losses)		3,297	(1,043)
Total expenses		(7,505)	(4,132)
Share of equity accounting gain/(losses)		113	9
Loss before income tax expense		(7,373)	(4,110)
Income tax expense	6	-	-
Loss for the period		(7,373)	(4,110)
Net loss attributable to non-controlling interests		(3,246)	(26)
Net loss attributable to owners		(4,127)	(4,084)
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit and loss</i>			
Exchange differences on translation of foreign operations		(2,757)	11,083
Other comprehensive income/(loss) net of tax		(2,757)	11,083
Total comprehensive income/(loss) for the period		(10,130)	6,973
Earnings per share for profit from continuing operations attributable to the ordinary equity holders of Sphere Minerals Limited			
Basic (loss)/earnings per share (cents per share)		(1.89)	(1.87)
Diluted (loss)/earnings per share (cents per share)		(1.89)	(1.87)

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

SPHERE MINERALS LIMITED AND CONTROLLED ENTITIES

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2015**

	Notes	30-Jun-15 US\$'000	31-Dec-14 US\$'000
CURRENT ASSETS			
Cash and cash equivalents	2	1,229	1,062
Other receivables		2,629	2,367
Prepayments		-	50,939
TOTAL CURRENT ASSETS		3,858	54,368
NON-CURRENT ASSETS			
Property, plant and equipment		2,960	3,637
Equity accounted investment in joint venture		50,912	50,800
TOTAL NON-CURRENT ASSETS		53,872	54,437
TOTAL ASSETS		57,730	108,805
CURRENT LIABILITIES			
Trade and other payables		812	13,244
Borrowings	9	132,000	116,813
Provisions		-	43,700
TOTAL CURRENT LIABILITIES		132,812	173,757
TOTAL LIABILITIES		132,812	173,757
NET ASSETS/(DEFICIENCY)		(75,082)	(64,952)
EQUITY			
Contributed equity		263,496	263,496
Reserves		15,109	17,866
Accumulated losses		(350,103)	(345,976)
Parent interest		(71,498)	(64,614)
Non-controlling interest		(3,584)	(338)
TOTAL EQUITY		(75,082)	(64,952)

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

SPHERE MINERALS LIMITED AND CONTROLLED ENTITIES

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE 6 MONTH INTERIM PERIOD ENDED 30 JUNE 2015

	Notes	6 months to June 2015 US\$'000	6 months to June 2014 US\$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers and employees		(7,752)	(2,598)
Interest received		19	13
Net cash used in operating activities		(7,733)	(2,585)
CASH FLOWS FROM INVESTING ACTIVITIES			
Prepayment - EPC contractor		-	(45,217)
Payments for capitalised exploration expenditure		-	(15,166)
Net cash used in investing activities		-	(60,383)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from loan drawn down		7,900	78,762
Net cash used in financing activities		7,900	78,762
Net increase in cash and cash equivalents held		167	15,794
Cash at the beginning of the financial year		1,062	4,669
Effects of exchange rate changes on cash and cash equivalents		-	-
Cash and cash equivalents at 30 June	2	1,229	20,463

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

SPHERE MINERALS LIMITED AND CONTROLLED ENTITIES

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE 6 MONTH INTERIM PERIOD ENDED 30 JUNE 2015

	Issued capital	Accumulated losses	Foreign currency translation reserve	Other reserves	Total	Non controlling interest	Total equity
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
At 1 January 2015	263,496	(345,976)	17,790	76	(64,614)	(338)	(64,952)
Loss for the period	-	-	-	-	-	-	-
Adjustment for translation of foreign controlled entities	-	(4,127)	-	-	(4,127)	(3,246)	(7,373)
<i>Total comprehensive income/(loss) for the period</i>	-	-	(2,757)	-	(2,757)	-	(2,757)
	-	(4,127)	(2,757)	-	(6,884)	(3,246)	(10,130)
At 30 June 2015	263,496	(350,103)	15,033	76	(71,498)	(3,584)	(75,082)
	-	-	-	-	-	-	-
At 1 January 2014	263,496	(34,112)	7,367	76	236,827	(249)	236,578
Loss for the period	-	-	-	-	-	-	-
Adjustment for translation of foreign controlled entities	-	(4,084)	-	-	(4,084)	(26)	(4,110)
<i>Total comprehensive income/(loss) for the period</i>	-	-	11,083	-	11,083	-	11,083
	-	(4,084)	11,083	-	6,999	(26)	6,973
At 30 June 2014	263,496	(38,196)	18,450	76	243,826	(275)	243,551

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

SPHERE MINERALS LIMITED AND CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE 6 MONTH INTERIM PERIOD ENDED 30 JUNE 2015

Note 1: Basis of preparation

Sphere Minerals Limited (the “Company”) is incorporated and domiciled in Australia. The consolidated interim financial report of Sphere Minerals Limited for the six months ended 30 June 2015 comprises the Company and its subsidiaries (together referred to as the “Consolidated Entity” or “Group”).

The interim consolidated financial report is a general purpose financial report prepared in accordance with the requirements of the *Corporations Act 2001* and Accounting Standards AASB 134: *Interim Financial Reporting*. The financial report also complies with International Reporting Standards (IAS 34: *Interim Financial Reporting*) as issued by the International Accounting Standards Board.

It is recommended that this interim report is read in conjunction with the annual report for the 12 month period ended 31 December 2014 and considered together with any public announcements made by the Group in accordance with the continuous disclosure obligations of the ASX listing rules. The interim report does not include disclosures of the type normally included in the annual financial statements and cannot be expected to provide as comprehensive an understanding of the financial performance, financial position and financing and investing activities of the Consolidated Entity as the most recent annual report.

The adoption of all the new and revised Standards and Interpretations has not resulted in any changes to the Group’s accounting policies and has no effect on the amounts reported for the current or prior half-years.

Accounting policies adopted are consistent with those of the previous financial period and corresponding interim reporting period.

Going concern basis

The financial report has been prepared on the going concern basis, which assumes that the Company and the Group will be able to realise their assets and discharge their liabilities in the normal course of business.

At 30 June 2015 the Group’s current liabilities exceed its current assets by US\$129.0 million, the Group has a net asset deficiency of US\$75.1 million and during the half year ended 30 June 2015, the Group incurred a consolidated net loss of US\$4.1 million and has negative cash flows from operations of US\$7.7 million. The Group has not generated cash inflows from its exploration operations and has relied upon funds from a shareholder loan to fund its operations.

The Directors have considered the facts and circumstances as outlined below, which include consideration of the Group’s key exploration activities at the Guelb el Aouj Iron Ore, Lebtheinia and Askaf Projects (Iron Ore Projects), to form a conclusion as to the appropriateness to continue to prepare the financial statements on the going concern basis.

On 27 October 2014, the Directors initiated a review of the Askaf project, resulting in a slowdown of the project. On 17 November 2014, the Board announced the decision to demobilise its construction contractor and its sub-contractors to the Askaf project. As a result of these decisions, the start of production has been delayed. Whilst, the Company intends to continue to assess the project in light of prevailing market conditions, the Askaf project remains suspended.

SPHERE MINERALS LIMITED AND CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE 6 MONTH INTERIM PERIOD ENDED 30 JUNE 2015

Note 1: Basis of preparation (continued)

Going concern basis (continued)

The feasibility study for the Stage 1 development of the El Aouj East deposit continues to be progressed. Engineering, mine planning, rail and port logistics and environmental assessments are close to completion with a final feasibility report expected to be completed by late September 2015.

The Group continues to prepare all necessary documentation required for the approval of the Lebtheinia exploitation licence.

The Group's major shareholder Glencore plc (Glencore), through its wholly owned subsidiary Glencore Australia Holdings Pty Limited, has committed funding of US\$186.0 million, of which US\$132.0 million has been drawn at 30 June 2015. The facility is to be repaid by 23 November 2015 (repayment date) or upon completion of a rights issue, or upon the issue of new equity by the Company in an amount sufficient to repay the amount owing, whichever occurs first. The levels of committed capital and other expenditure extending beyond the repayment date are limited, with substantially all future expenditure being care and maintenance costs for the Iron Ore Projects.

Glencore has provided the Directors with a letter which states that they intend to work with the Company to seek appropriate equity and/or debt funding required for the Company to remain a going concern. The Directors believe that funding will be made available through Glencore's assistance beyond the repayment date up to at least 12 months from the date of this report to enable the Company to meet its obligations as and when they fall due. This is on the basis that Glencore has previously provided financing to the Company as well as increases to the amounts financed and extension to repayment terms.

The Directors are confident of the ability of the Company and the Group to continue as going concerns, and the intention of Glencore to work with the Company to seek appropriate equity and/or debt funding required by the Company and the Group to remain going concerns. Notwithstanding Glencore's assistance there is material uncertainty about whether the Company and the Group will continue as going concerns and, therefore, whether they will realise their assets and discharge their liabilities in the normal course of business.

The financial report does not include adjustments relating to the recoverability and classification of recorded asset amounts, or to the amounts and classification of liabilities that might be necessary should the Company and the Group not continue as going concerns.

SPHERE MINERALS LIMITED AND CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE 6 MONTH INTERIM PERIOD ENDED 30 JUNE 2015

Note 2: Cash and cash equivalents

	30-Jun 2015 US\$'000	31-Dec 2014 US\$'000
Cash at bank and on hand	1,229	1,062
	<u>1,229</u>	<u>1,062</u>

Note 3: Interest revenue

	6 months to 30 June 2015 US\$'000	6 months to 30 June 2013 US\$'000
Bank interest	19	13
	<u>19</u>	<u>13</u>

Note 4: Segment information

The Consolidated Entity has identified its operating segments based upon the internal reports that are reviewed and used by the Chief Executive Officer and the Board of Directors (the Chief Operating Decision makers) in assessing performance and determining the allocation of resources. The principal activity and sole operating segment identified is that of Mineral Exploration in Mauritania, West Africa.

Financial information, being expenditure incurred, is reported to the Chief Executive Officer and management on a monthly basis. All costs incurred relating to exploration are capitalised as described in the notes to the 31 December 2014 Annual Report and as disclosed in Note 7 of this report.

Expenses included in the consolidated statement of profit or loss and other comprehensive income which have not been capitalised to the operating segment are unallocated as they are not considered part of the core operation of the segment.

Note 5: Dividends

No dividends were paid or declared during the period.

SPHERE MINERALS LIMITED AND CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE 6 MONTH INTERIM PERIOD ENDED 30 JUNE 2015

Note 6: Income tax expense

	6 months to 30 June 2015 US\$'000	6 months to 30 June 2014 US\$'000
Profit / (Loss) before income tax expense	(7,373)	(4,110)
Tax at the Australian tax rate of 30% (2014 – 30%)	(2,212)	(1,233)
Less the following items:		
Non-deductible capital losses	231	-
Unrealised foreign exchange (gain) / loss	(989)	337
Australian capital expenditure deductions	(77)	(92)
Deferred tax in respect of foreign losses not brought to account	-	68
Deferred tax in respect of Australian losses not brought to account	3,013	920
Other	34	-
Income tax expense for the period	-	-
Total unrecognised revenue tax losses at 30%	7,876	10,133

Note 7: Exploration and evaluations assets

	30-Jun-15 US\$'000	31-Dec-14 US\$'000
Opening balance	-	250,338
Capitalised during the period	-	50,814
Change in joint arrangement accounting	-	(75,005)
Impairments	-	(233,711)
Foreign exchange translation on capitalised exploration expenditure	-	7,564
Closing balance	-	-

Note 8: Commitments and contingencies

The total capital commitments as at 30 June 2015 are as follows:

	30-Jun-15 US\$'000
Within one year	2,610
After one year but not more than 5 years	-
More than five years	-
	2,610

SPHERE MINERALS LIMITED AND CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE 6 MONTH INTERIM PERIOD ENDED 30 JUNE 2015

Note 9: Borrowings

During the half year, the Consolidated Entity has further used a related party facility for the amount of US\$186,000,000 with Glencore Australia Holding Pty Limited. The loan facility is on an unsecured basis with an applicable rate of 12% per annum plus a 1% commitment fee on the unutilised portion. The loan is to be repaid within 18 months from the date of the first drawing (i.e. by 23 November 2015) or in the event of a successful rights issue. The drawn down amount as at 30 June 2015 was US\$116,702,293 plus US\$15,297,822 in accrued interest.

Note 10: Events Subsequent to Reporting Date

There have been no significant events subsequent to the reporting date.

SPHERE MINERALS LIMITED AND CONTROLLED ENTITIES

DIRECTORS' DECLARATION FOR THE 6 MONTH INTERIM PERIOD ENDED 30 JUNE 2015

The Directors of the Company declare that:

1. The financial statements and notes are in accordance with the *Corporations Act 2001*, including:
 - (a) complying with the Accounting Standard *AASB 134 Interim Financial Reporting*, the Corporations Regulations 2001, and
 - (b) giving a true and fair view of the consolidated entity's financial position as at 30 June 2015 and of its performance for the interim period ended on that date; and
2. There are reasonable grounds to believe that Sphere 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 Board of Directors made pursuant to s.303 (5) of the *Corporations Act 2001*, and is signed for and on behalf of the Directors by:


Director:-----
Peter Coates AO

Dated this 26 August 2015

Independent Auditor's Review Report to the Members of Sphere Minerals Limited

We have reviewed the accompanying interim financial report of Sphere Minerals Limited, which comprises the consolidated statement of financial position as at 30 June 2015, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of cash flows and the consolidated statement of changes in equity for the half-year ended on that date, selected explanatory notes and, the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the end of the half-year or from time to time during the six month interim period as set out on pages 6 to 15.

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 consolidated entity's financial position as at 30 June 2015 and its performance for the six month interim period ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Sphere Minerals Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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.

Auditor's Independence Declaration

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Sphere Minerals Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

Conclusion

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 Sphere Minerals Limited is not in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2015 and of its performance for the six month interim period ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Emphasis of Matter

Without modifying our opinion, we draw attention to Note 1 in the financial report, which indicates that the consolidated entity incurred a net loss of \$4,127,000 and has negative cash flows from operations of \$7,733,000 during the six month interim period ended 30 June 2015 and, as of that date, the consolidated entity's current liabilities exceeded its current assets by \$128,954,000 and it has a net asset deficiency of \$75,082,000. These conditions, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty that may cast significant doubt about the ability of the company and the consolidated entity to continue as going concerns and therefore, the company and the consolidated entity may be unable to realise their assets and discharge their liabilities in the normal course of business.



DELOITTE TOUCHE TOHMATSU



J A Leotta
Partner
Chartered Accountants
Sydney, 26 August 2015