



**CHARTER  
PACIFIC**  
Corporation Limited

A.B.N. 12 003 344 287

31 August 2015

THE MANAGER  
COMPANIES ANNOUNCEMENT OFFICE  
THE AUSTRALIAN SECURITIES EXCHANGE LIMITED

Dear Sir

Listed investment company, Charter Pacific Corporation Limited (ASX: CHF) today announced a consolidated loss of \$4.77 million for the 2015 financial year (2014: \$2.7m). The Group's performance in 2015 was severely impacted by the downturn in global iron ore prices and the resources markets which has resulted in the impairment of the Group's Mauritanian investments by \$2.2 million. The increased loss also included a deemed interest expense of \$900k primarily relating to the acquisition of the Legleitat permit and future payments to the Mauritanian government although no actual interest payments were paid or payable during the year. The Company also booked a foreign exchange loss of \$530k that reflects the change in the value of borrowings of US\$3m for the first round of funding for the Legleitat iron project as a result of the decrease in the value of the Australian dollar to the US dollar.

Following the down turn in the iron ore market the Board decided to investigate other opportunities for the Company. The Company has reviewed and assessed numerous acquisition opportunities and continues to do so with the view to being in a position to provide definitive information to shareholders as soon as possible. Any proposed acquisition transaction will be subject to shareholder approval.

Yours faithfully,

Kevin J. Dart  
*Executive Chairman*

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& ITS CONTROLLED ENTITIES

# Appendix 4E

## Preliminary final report

**Year ended 30 June 2015**

For announcement to the market

Revenues from ordinary activities	Up	568.38%	to	\$ 431,877
(Loss) from ordinary activities after tax attributable to members	Down	77.43%	to	\$ (4,777,495)
Net (loss) for the period attributable to members	Down	77.43%	to	\$ (4,777,495)

The 2015 financial year showed a consolidated loss of \$4.77m compared to a loss of \$2.7m in 2014. The loss is largely due to impairment losses of \$2.4m and deemed interest expense of \$900k primarily relating to the future payments to the Mauritanian Government.

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**CHARTER PACIFIC CORPORATION LIMITED**  
**30 JUNE 2015 APPENDIX 4E**

No final dividend has been declared for the current year and no dividend was declared or paid for the previous year.

The net tangible (net liability)/asset (NTA) per security as at 30 June 2015 was (\$0.0142) (2014:\$0.012).

Whilst the Group's financial statements are still in the process of being audited and the content of the Group's annual report has not yet been finalised, it is likely to contain a going concern note similar to Note 6 of this report. If this is the case, the independent audit report which will accompany the annual report, is likely to contain an emphasis of matter paragraph drawing attention to the Group's ability to continue as a going concern.

**INDEX**

	Page
<b>CONSOLIDATED STATEMENT OF FINANCIAL POSITION .....</b>	<b>3</b>
<b>CONSOLIDATED STATEMENT OF PROFIT OR LOSS &amp; OTHER COMPREHENSIVE INCOME.....</b>	<b>4</b>
<b>CONSOLIDATED STATEMENT OF CHANGES IN EQUITY .....</b>	<b>5</b>
<b>CONSOLIDATED STATEMENT OF CASH FLOWS .....</b>	<b>6</b>
<b>CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS .....</b>	<b>7</b>

**CHARTER PACIFIC CORPORATION LIMITED**  
**30 JUNE 2015 APPENDIX 4E**

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

	<b>Note</b>	<b>2015</b> <b>\$</b>	<b>2014</b> <b>\$</b>
<b>ASSETS</b>			
Cash and cash equivalents		158,562	350,596
Trade and other receivables		26,220	13,382
Prepayments		1,060	13,488
Financial assets at fair value through profit or loss		2	2
<b>Total current assets</b>		<b>185,844</b>	<b>377,468</b>
Exploration and evaluation expenditure	2	9,084,295	2,262,060
Plant and equipment		49,582	65,751
Other	2	3,522,636	-
<b>Total non-current assets</b>		<b>12,656,513</b>	<b>2,327,811</b>
<b>Total assets</b>		<b>12,842,357</b>	<b>2,705,279</b>
<b>LIABILITIES</b>			
Trade and other payables		2,017,959	1,391,840
Loans and borrowings	3	5,562,559	1,691,636
Employee benefits		1,502,279	1,342,308
<b>Total current liabilities</b>		<b>9,082,797</b>	<b>4,425,784</b>
Loans and borrowings	2	6,223,942	-
<b>Total non-current liabilities</b>		<b>6,223,942</b>	<b>-</b>
<b>Total liabilities</b>		<b>15,306,739</b>	<b>4,425,784</b>
<b>NET LIABILITIES</b>		<b>(2,464,382)</b>	<b>(1,720,505)</b>
<b>EQUITY</b>			
Issued capital		27,794,600	26,763,109
Reserves		1,329,543	1,850,052
Accumulated losses		(34,819,124)	(30,359,716)
<b>Total deficiency attributable to equity holders of the Company</b>		<b>(5,694,981)</b>	<b>(1,746,555)</b>
Non-controlling interest		3,230,599	26,050
<b>TOTAL DEFICIENCY</b>		<b>(2,464,382)</b>	<b>(1,720,505)</b>

**CHARTER PACIFIC CORPORATION LIMITED**  
**30 JUNE 2015 APPENDIX 4E**

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS & OTHER COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 30 JUNE 2015**

	<b>Note</b>	<b>2015</b>	<b>2014</b>
		<b>\$</b>	<b>\$</b>
<b>Revenue</b>	4	431,877	(92,206)
Other income	4	261,000	154,000
<b>Expenses</b>			
Depreciation and amortisation expenses		(16,168)	(25,463)
Rent and occupancy costs		(106,040)	(138,216)
Professional fees		(525,692)	(361,311)
Travel expenses		(39,297)	(49,623)
Shareholder reports and registry costs		(62,966)	(48,603)
Employee benefits expense		(1,194,702)	(1,800,789)
Interest expenses		(911,834)	-
Other operating expenses		<u>(189,817)</u>	<u>(321,012)</u>
<b>Net operating loss before share-based payments and impairment losses</b>		<u>(2,353,639)</u>	<u>(2,683,223)</u>
Share-based payments		(17,397)	-
Impairment losses	2	<u>(2,406,459)</u>	<u>(9,413)</u>
<b>Results from operating activities</b>		<u>(4,777,495)</u>	<u>(2,692,636)</u>
<b>Loss before equity accounting and income tax</b>		<u>(4,777,495)</u>	<u>(2,692,636)</u>
Share of net losses of equity accounted investees		-	-
<b>Loss before income tax for the year</b>		<u>(4,777,495)</u>	<u>(2,692,636)</u>
Income tax (expense)/benefit		-	-
<b>Loss after income tax for the year</b>		<u>(4,777,495)</u>	<u>(2,692,636)</u>
<b>Other comprehensive income</b>			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation		<u>(537,906)</u>	<u>(298)</u>
Other comprehensive income for the year, net of income tax		<u>(537,906)</u>	<u>(298)</u>
<b>Total comprehensive loss for the year</b>		<u>(5,315,401)</u>	<u>(2,692,934)</u>
<b>Loss for the year is attributable to:</b>			
Non-controlling interest		(318,087)	(1,633)
Owners of Charter Pacific Corporation Limited		<u>(4,459,408)</u>	<u>(2,691,003)</u>
		<u>(4,777,495)</u>	<u>(2,692,636)</u>
<b>Loss per share for the year attributable to the members of Charter Pacific Corporation Limited</b>			
Basic loss per share	5	<u>(0.030)</u>	<u>(0.019)</u>
Diluted loss per share	5	<u>(0.031)</u>	<u>(0.019)</u>

**CHARTER PACIFIC CORPORATION LIMITED**  
**30 JUNE 2015 APPENDIX 4E**

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 30 JUNE 2015**

	Issued capital \$	Option issue reserve \$	Fair value reserve \$	Foreign currency translation reserve \$	Accumulated losses \$	Non- controlling interest \$	Total equity \$
Balance at 1 July 2013	26,015,307	1,854,846	(4,496)	-	(27,667,080)	17,665	216,242
<b>Total comprehensive income for the year</b>							
Loss for the year	-	-	-	-	(2,692,636)	-	(2,692,636)
<i>Other comprehensive income</i>							
Foreign currency translation differences	-	-	-	(298)	-	-	(298)
Total other comprehensive income	-	-	-	(298)	-	-	(298)
<b>Total comprehensive (loss) for the year</b>	-	-	-	(298)	(2,692,636)	-	(2,692,934)
<b>Transactions with owners, recorded directly in</b>							
Shares issued, net of transactions costs	734,424	-	-	-	-	-	734,424
Value of conversion rights on convertible notes	13,378	-	-	-	-	-	13,378
Total transactions with owners	747,802	-	-	-	-	-	747,802
Non-controlling interest	-	-	-	-	-	8,385	8,385
<b>Balance at 30 June 2014</b>	<b>26,763,109</b>	<b>1,854,846</b>	<b>(4,496)</b>	<b>(298)</b>	<b>(30,359,716)</b>	<b>26,050</b>	<b>(1,720,505)</b>
Balance at 1 July 2014	26,763,109	1,854,846	(4,496)	(298)	(30,359,716)	26,050	(1,720,505)
<b>Total comprehensive income for the year</b>							
Loss for the year	-	-	-	-	(4,459,408)	(318,087)	(4,777,495)
<i>Other comprehensive income</i>							
Foreign currency translation differences	-	-	-	(537,906)	-	-	(537,906)
Total other comprehensive income	-	-	-	(537,906)	-	-	(537,906)
<b>Total comprehensive (loss) for the year</b>	-	-	-	(537,906)	(4,459,408)	(318,087)	(5,315,401)
<b>Transactions with owners, recorded directly in</b>							
Shares issued, net of transactions costs	1,040,773	-	-	-	-	-	1,040,773
Options issued	-	17,397	-	-	-	-	17,397
Value of conversion rights on convertible notes	(9,282)	-	-	-	-	-	(9,282)
Total transactions with owners	1,031,491	17,397	-	-	-	-	1,048,888
Non-controlling interest	-	-	-	-	-	3,522,636	3,522,636
<b>Balance at 30 June 2015</b>	<b>27,794,600</b>	<b>1,872,243</b>	<b>(4,496)</b>	<b>(538,204)</b>	<b>(34,819,124)</b>	<b>3,230,599</b>	<b>(2,464,382)</b>

**CHARTER PACIFIC CORPORATION LIMITED**  
**30 JUNE 2015 APPENDIX 4E**

**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 30 JUNE 2015**

	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash receipts in the course of operations	500,000	16,200
Cash payments in the course of operations	(972,769)	(1,145,329)
Cash used in operations	(472,769)	(1,129,129)
Interest paid	(5,357)	(16,311)
Interest received	2,073	4,203
<b>Net cash used in operating activities</b>	<b>(476,053)</b>	<b>(1,141,237)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Payments for property, plant and equipment	-	(1,044)
Repayment of loans from other entities	-	142,400
Acquisition payment for Mauritania	(3,443,370)	-
Exploration and evaluation expenditure	(255,136)	(468,738)
Proceeds from sale of investments	-	171,215
<b>Net cash used in investing activities</b>	<b>(3,698,506)</b>	<b>(156,167)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Capital raised	200,000	526,751
Proceeds from convertible notes	80,000	392,000
Proceeds from secured loans	330,000	230,000
Repayments on loan funds	(65,045)	(62,590)
Loan funds for Mauritania	3,437,570	-
<b>Net cash from financing activities</b>	<b>3,982,525</b>	<b>1,086,161</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(192,034)</b>	<b>(211,243)</b>
Cash and cash equivalents at the beginning of the financial year	350,596	561,839
<b>Cash and cash equivalents at the end of the financial year</b>	<b>158,562</b>	<b>350,596</b>

**CHARTER PACIFIC CORPORATION LIMITED**  
**30 JUNE 2015 APPENDIX 4E**

**CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**1. OPERATING SEGMENTS**

The Group comprises the following main operating segments:

- corporate services – the provision of company secretarial/accounting services;
- investments – investments in listed and unlisted companies to deliver significant returns in future years through capital appreciation and/or interest on loan funds advanced;
- share trading – the purchase and sale of listed investment securities to generate short-term profits;
- exploration and evaluation – the exploration of iron ore and gold permits.

There is little or no integration between the four segments, other than shared operating costs and corporate assets.

Information regarding the result of each reportable segment is included below. Performance is measured based on segment profit before income tax as included in the internal management reports that are reviewed by the Managing Director. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of each segment in comparison to market conditions and past performance.

**Geographical segments**

The corporate services, investment and share trading segments operate in Australia. The exploration and evaluation segment operates in Mauritania.

The Group does not have any significant revenues outside of Australia.

<b>CONSOLIDATED - 2015</b>	<b>CORPORATE SERVICES</b>	<b>INVESTMENTS</b>	<b>SHARE TRADING</b>	<b>EXPLORATION &amp; EVALUATION</b>	<b>TOTAL</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Total external revenue	276,952	154,925	-	-	431,877
Inter-segment revenue	-	-	-	-	-
Depreciation and amortisation					(16,168)
Interest expenses					(911,834)
Impairment expenses					(2,406,459)
Other expenses					(1,874,911)
Loss before income tax expense					(4,777,495)
<b>Assets</b>					
Segment assets	-	-	2	12,606,931	12,606,933
<i>Unallocated assets</i>					
Cash and cash equivalents					158,562
Other assets					76,862
<b>Total assets</b>					12,842,357
Acquisition of non-current assets	-	-	-	8,806,589	8,806,589
<b>Liabilities</b>					
Segment liabilities	-	-	-	10,141,672	10,141,672
<i>Unallocated liabilities</i>					
Trade and other payables					1,623,392
Loans and borrowings					2,039,396
Employee benefits					1,502,279
<b>Total liabilities</b>					15,306,739



## CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 1. OPERATING SEGMENTS (CONTINUED)

CONSOLIDATED - 2014	CORPORATE SERVICES	INVESTMENTS	SHARE TRADING	EXPLORATION & EVALUATION	TOTAL
	\$	\$	\$	\$	\$
Total external revenue	-	4,297	(96,503)	-	(92,206)
Other income	-	-	-	-	154,000
Depreciation and amortisation					(25,463)
Interest expenses					-
Impairment expenses					(9,413)
Other expenses					(2,719,554)
Loss before income tax expense					(2,692,636)
<b>Assets</b>					
Segment assets	-	-	2	2,262,060	2,262,062
<i>Unallocated assets</i>					
Cash and cash equivalents					350,596
Other assets					92,621
<b>Total assets</b>					2,705,279
Acquisition of non-current assets	-	-	-	-	-
<b>Liabilities</b>					
Segment liabilities	-	-	-	-	-
<i>Unallocated liabilities</i>					
Trade and other payables					1,391,840
Loans and borrowings					1,691,636
Employee benefits					1,342,308
<b>Total liabilities</b>					4,425,784

**CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**2. EXPLORATION AND EVALUATION EXPENDITURE**

	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
<i>Costs carried forward in respect of area of interest in:</i>		
- Exploration and evaluation phases	9,084,295	2,262,060
	<u>9,084,295</u>	<u>2,262,060</u>
Opening balance	2,262,060	1,810,939
Acquisitions during the period	8,806,589	-
Expenditure during the period	239,051	451,121
Impairment	(2,223,405)	-
Closing balance	<u>9,084,295</u>	<u>2,262,060</u>

Ultimate recoupment of these costs is dependent on successful development and commercial exploration or alternatively sale of respective areas of interest.

An impairment of \$2,223,405 relates to the iron ore and gold exploration permits in Mauritania. The remaining impairment balance of \$183,054 relates to funds owed by Conquest Agri Limited.

In September 2014 the Group finalised first round funding for the acquisition of the advanced Hematite deposit permit 2138 in Mauritania by its subsidiary Legleitit Iron Mauritanie SA's (Legleitit) by securing a loan of US\$3M (incorporated in loans and borrowings of \$3,917,730 in the Statement of Financial Position) from its in-country partner and Legleitit shareholder, WAFA Mining & Petroleum for the initial payment of the permit to the Mauritanian Government is included in the loans and borrowings amount of \$5,562,559. An amount of \$3,522,636 in the Statement of Financial Position relates to WAFA's contribution to Charter Pacific for the payments to the Mauritanian Government for the Legleitit permit.

As part of the loan, WAFA Mining & Petroleum received an additional 10% equity in Legleitit Iron Mauritanie SA, increasing its equity position to 20%. The Mauritanian Government remains a 20% shareholder and Charter Pacific now holds 60% of the company.

No interest is payable on the loan.

The acquisition cost of US\$10M over 5 years is made up as follows:

Initial payment on issue of Presidential Decree US\$3M by Charter Pacific -this payment has been made.

1st anniversary of commencement of operations

US\$2M payable by WAFA Mining & Petroleum, Deferred payment balance of \$2,288,600

2nd anniversary of commencement of operations

US\$2M payable by Charter Pacific, Deferred payment balance of \$2,288,600

3rd anniversary of commencement of operations

US\$2M payable by WAFA Mining & Petroleum, Deferred payment balance of \$2,288,600

4th anniversary of commencement of operations

US\$1M payable by Charter Pacific Deferred payment balance of \$1,144,300

The present value calculations relating to deferred payments have a 20% discount factor which represents the loan and borrowings amount of \$6,223,942 in the Statement of Financial Position.

The commitments of WAFA in terms of payment for the permit have recorded as a non-current receivable and Charter Pacific's payment for the permit have been recorded as a non-current liability.

**CHARTER PACIFIC CORPORATION LIMITED**  
**30 JUNE 2015 APPENDIX 4E**

**CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**3. LOANS AND BORROWINGS**

			CONSOLIDATED	
	Interest	Years to	2015	2014
	Rate	Maturity	\$	\$
<b>Current</b>				
Secured loans (ii)	7.00%	< 1 year	1,073,864	1,076,568
Convertible note (iii)	8.00%	< 1 year	119,640	381,562
Secured loans (iv)	7.00%	< 1 year	251,325	233,506
Unsecured loan (v)	0.00%	< 1 year	200,000	-
Loan - WAFA	0.00%	< 1 year	3,917,730	-
			<u>5,562,559</u>	<u>1,691,636</u>
<b>(i) Convertible note</b>				
Opening balance			-	16,841
Repayments			-	(10,461)
Rights Issue			-	(6,380)
Liability as at 30 June			<u>-</u>	<u>-</u>
<b>(ii) Secured loans</b>				
Opening balance			1,076,568	1,122,504
Repayments			(76,023)	(58,781)
Rights issue			-	(60,639)
Accrued interest			73,319	73,484
Liability as at 30 June			<u>1,073,864</u>	<u>1,076,568</u>
<b>(iii) Convertible note</b>				
Opening balance			381,562	-
Proceeds from loans			80,000	392,000
Convertible notes converted			(378,363)	-
Equity component			9,283	(13,378)
Accrued interest			27,158	2,940
Liability as at 30 June			<u>119,640</u>	<u>381,562</u>
<b>(iv) Secured loans</b>				
Opening balance			233,506	-
Proceeds from loans			130,000	230,000
Loans converted to shares			(130,000)	-
Accrued interest			17,819	3,506
Liability as at 30 June			<u>251,325</u>	<u>233,506</u>
<b>(v) Unsecured loan</b>				
Proceeds from loans			<u>200,000</u>	<u>-</u>
Liability as at 30 June			<u>200,000</u>	<u>-</u>

**CHARTER PACIFIC CORPORATION LIMITED**  
**30 JUNE 2015 APPENDIX 4E**

**CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**3. LOANS AND BORROWINGS (CONTINUED)**

	<b>CONSOLIDATED</b>	
	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
<b>(vi) Loan - WAFA</b>		
Loan funds	3,437,570	-
Foreign currency adjustment	480,160	-
Accrued interest	-	-
Liability as at 30 June	<u>3,917,730</u>	<u>-</u>

Convertible notes totalling \$80,000 were raised during 2015 and loan funds totalling \$130,000 were provided to the Group for working capital purposes. The convertible notes are to be repaid at the end of 12 months and the applicable interest rate is 8% per annum. The secured loans have no fixed date of repayment and an applicable interest rate of 7% per annum.

**4. REVENUE**

	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
Realised gains on investments held for trading	-	(861)
Unrealised change in value of investments held for trading	-	(95,642)
Professional fees	276,952	-
Finance income	<u>154,925</u>	<u>4,297</u>
<b>Total revenue</b>	<u>431,877</u>	<u>(92,206)</u>

**OTHER INCOME**

	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
Recovery of impaired loan	<u>261,000</u>	<u>154,000</u>
<b>Other income</b>	<u>261,000</u>	<u>154,000</u>

**5. EARNINGS PER SHARE**  
**Basic earnings per share**

The calculation of basic and diluted earnings per share at 30 June 2015 was based on the loss attributable to ordinary shareholders of (\$4,777,495) (2014:(\$2,692,636)) and a weighted average number of ordinary shares outstanding of 157,982,473 (2014:138,136,027), calculated as follows:

<b>Loss attributable to ordinary shareholders</b>	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
Net loss for the year	<u>(4,777,495)</u>	<u>(2,692,636)</u>
Net loss attributable to ordinary shareholders	<u>(4,777,495)</u>	<u>(2,692,636)</u>
<b>Weighted average number of ordinary shares</b>		
Issued ordinary shares at 1 July	141,756,873	122,355,210
Effect of shares issued	<u>16,225,600</u>	<u>15,780,817</u>
Weighted average number of ordinary shares at 30 June	<u>157,982,473</u>	<u>138,136,027</u>
Basic and diluted loss per share	<u>\$ (0.030)</u>	<u>\$ (0.019)</u>

The average market value of the Company's shares for purposes of calculating the dilutive effect of share options was based on quoted market prices for the period that the options were outstanding.

**CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**6. GOING CONCERN**

The consolidated entity has incurred a loss after tax for the year ended 30 June 2015 of \$4,777,495 and had net cash outflows from operating activities of \$476,053. The ability of the consolidated entity to continue as a going concern is dependent upon a number of factors, one being the continuation and availability of funds. These conditions indicate a material uncertainty that may cast doubt about the consolidated entity's ability to continue as a going concern.

The financial statements have been prepared on the basis that the consolidated entity is a going concern, which contemplates the continuity of normal business activity, realisation of assets and settlement of liabilities in the normal course of business for the following reasons:

- Directors are implementing plans to introduce new cornerstone investors to the Group to raise sufficient funds to meet budgeted cash outflows for operations. Directors are also implementing plans to attract joint venture partners for its Mauritanian investments to raise sufficient funds to meet budgeted cash outflows for operations.
- The Group has received letters of support from current and retired Directors confirming that the outstanding Directors entitlements and retirement benefits will not be demanded from the Group within the next 12 months unless the Group raises sufficient capital to meet its operational requirements.
- The Group has received letters of financial support from the Directors, Company Secretary and staff (loan holders) confirming that demand of loan funds and unpaid interest as at 30 June 2015 will not be made on the Group within the next 12 months unless the Group raises sufficient capital to meet its operational requirements.
- As at 30 June 2015, the consolidated entity had cash and cash equivalents of \$158,562.
- The consolidated entity's indicative cash flow forecast for the next twelve months includes significant cash out flows in relation to exploration and evaluation expenditure, which if need be, can be deferred or eliminated by the sale, joint venture or relinquishment of mining tenements. The consolidated entity has discretion over the quantum and timing of this type of expenditure.
- The Board is of the opinion that, subject to satisfactory market conditions, the Group will be able to access equity capital markets to raise sufficient funds for its ongoing operations, as and when required.
- Management of the consolidated entity will actively manage the current level of discretionary expenditures in line with the funds available to the consolidated entity.
- During the year ended 30 June 2015, the consolidated entity received funds from convertible notes and secured/unsecured loans totalling \$410,000 to manage the cash flows requirements. This is indicative of an underlying level of support for the operations carried out by the consolidated entity.

Based on the above, the Directors are satisfied that, adequate plans are in place and that the Group will have sufficient cash flows for 12 months from date of this report. On this basis the financial report has been prepared on the going concern basis.

This financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessarily incurred should the consolidated entity not continue as a going concern.

**7. EVENTS SINCE THE END OF THE FINANCIAL YEAR**

In May 2015 a heads of agreement was entered into to investigate the acquisition 100% of Accloud Limited, however, the proposed transaction was subsequently abandoned at the end of July 2015.

On 21 July 2015 1,000,000 shares were issued at \$0.04 per issue in lieu of payment of professional fees.

Other than the above, there has not arisen in the interval between the end of the financial year and the date of this report any other item, transaction or event of a material and unusual nature likely to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group, in future financial years.