

# **Cove Resources Limited**

**ABN 94 131 445 335**

## **Interim Financial Report - 31 December 2015**

# **Cove Resources Limited**

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**31 December 2015**

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**Cove Resources Limited**  
**Corporate directory**  
**31 December 2015**

Directors	Winton Willesee (Executive Chairman) Marcus Gracey (Non-executive Director) Erlyn Dale (Non-executive Director and company secretary)
Company secretary	Erlyn Dale
Registered office	Suite 25, 145 Stirling Highway Nedlands, Western Australia 6009 Phone: (08) 9389 3110 Phone: (08) 9389 3199
Principal place of business	Suite 25, 145 Stirling Highway Nedlands, Western Australia 6009
Share register	Computershare Investor Services Pty Ltd Level 2, 45 St Georges Terrace, Perth, Western Australia 6000
Auditors	Hall Chadwick Level 40, 2 Park Street Sydney NSW 2000
Stock exchange listing	Cove Resources Limited shares are listed on the Australian Securities Exchange (ASX code: CVE and CVEO)

**Cove Resources Limited**  
**Directors' report**  
**31 December 2015**

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of Cove Resources Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 31 December 2015.

**Directors**

The following persons were directors of Cove Resources Limited during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

Winton Willesee (Executive Chairman)  
Erlyn Dale (Non-executive Director)  
Marcus Gracey (Non-executive Director)

**Principal activities**

During the financial half-year the principal continuing activities of the consolidated entity consisted of:

- exploration of the Company's mineral exploration assets; and carrying out a review of potential complementary projects or other value accretive assets for the Company.

**Review of operations**

The loss for the consolidated entity after providing for income tax amounted to \$290,766 (31 December 2014: \$189,042).

On 25 November 2015 the Company announced that it has executed a term sheet to acquire 100% of cloud-based energy spend management platform provider, BidEnergy Pty Ltd ("BidEnergy"). Completion of the acquisition will provide shareholders with early exposure to a disruptive and rapidly expanding global technology company.

As consideration for the acquisition of 100% of the issued capital in BidEnergy, Cove will issue 201,396,700 Cove shares and 38,648,750 Cove options (on a post consolidation basis) to the shareholders of BidEnergy.

In addition, Cove will also issue up to 70,000,000 performance shares which will vest in two even tranches upon achievement of revenue milestones.

Completion of the transaction is subject to various conditions precedent occurring which are detailed in the announcement on 25 November 2015.

**Significant changes in the state of affairs**

On 8 December 2015 the consolidated entity issued 400,000 fully paid ordinary shares upon exercise of unlisted options at \$0.005 (0.5 cents) per share.

There were no other significant changes in the state of affairs of the consolidated entity during the financial half-year.

**Auditor's independence declaration**

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on the following page.

**Cove Resources Limited**  
**Directors' report**  
**31 December 2015**

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the directors



---

Winton Willesee  
Chairman

2 March 2016

**COVE RESOURCES LIMITED  
ABN 94 131 445 335**

**AUDITOR'S INDEPENDENCE DECLARATION  
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001  
TO THE DIRECTORS OF COVE RESOURCES LIMITED**

**SYDNEY**

Level 40  
2 Park Street  
Sydney NSW 2000  
Australia

GPO Box 3555  
Sydney NSW 2001

Ph: (612) 9263 2600  
Fx: (612) 9263 2800

I declare that, to the best of my knowledge and belief, during the half-year ended 31 December 2015 there have been no contraventions of:

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



HALL CHADWICK  
Level 40, 2 Park Street  
SYDNEY NSW 2000



**DREW TOWNSEND**  
**Partner**

Dated: 2 March 2016

**Cove Resources Limited**  
**Statement of profit or loss and other comprehensive income**  
**For the half-year ended 31 December 2015**

		<b>Consolidated</b>	
		<b>31 December 2015</b>	<b>31 December 2014</b>
	<b>Note</b>	<b>\$</b>	<b>\$</b>
<b>Revenue</b>	4	8,908	165
<b>Expenses</b>			
Consultancy fees		(20,040)	(36,000)
Directors and consultants		(87,000)	-
Exploration expenditure written off		(26,833)	-
ASX listing fees		(16,416)	(12,500)
Insurance costs		(972)	(2,700)
Other expenses		(5,529)	-
Tenement management fees		-	(39,675)
Finance costs		-	(17,569)
Professional fees		(34,231)	(80,763)
Acquisition costs		(108,653)	-
<b>Loss before income tax expense</b>		(290,766)	(189,042)
Income tax expense		-	-
<b>Loss after income tax expense for the half-year attributable to the owners of Cove Resources Limited</b>		(290,766)	(189,042)
Other comprehensive income for the half-year, net of tax		-	-
<b>Total comprehensive income for the half-year attributable to the owners of Cove Resources Limited</b>		<u>(290,766)</u>	<u>(189,042)</u>
		<b>Cents</b>	<b>Cents</b>
Basic earnings per share		(0.03)	(0.29)
Diluted earnings per share		(0.03)	(0.29)

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

**Cove Resources Limited**  
**Statement of financial position**  
**As at 31 December 2015**

		<b>Consolidated</b>	
	<b>Note</b>	<b>31 December</b>	<b>30 June 2015</b>
		<b>2015</b>	<b>2015</b>
		<b>\$</b>	<b>\$</b>
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents		864,405	1,154,728
Trade and other receivables		35,849	20,185
Other assets		14,827	7,227
Total current assets		<u>915,081</u>	<u>1,182,140</u>
<b>Non-current assets</b>			
Exploration and evaluation		-	1,797
Total non-current assets		<u>-</u>	<u>1,797</u>
<b>Total assets</b>		<u>915,081</u>	<u>1,183,937</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables		61,063	41,153
Total current liabilities		<u>61,063</u>	<u>41,153</u>
<b>Total liabilities</b>		<u>61,063</u>	<u>41,153</u>
<b>Net assets</b>		<u>854,018</u>	<u>1,142,784</u>
<b>Equity</b>			
Issued capital	5	11,087,556	11,085,556
Reserves		1,409,460	1,409,460
Accumulated losses		(11,642,998)	(11,352,232)
<b>Total equity</b>		<u>854,018</u>	<u>1,142,784</u>

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



**Cove Resources Limited**  
**Statement of changes in equity**  
**For the half-year ended 31 December 2015**

<b>Consolidated</b>	<b>Issued Capital \$</b>	<b>Accumulated Losses \$</b>	<b>Option Reserve \$</b>	<b>Total equity \$</b>
Balance at 1 July 2014	9,257,358	(12,181,387)	1,180,810	(1,743,219)
Loss after income tax expense for the half-year	-	(189,042)	-	(189,042)
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive income for the half-year	-	(189,042)	-	(189,042)
Balance at 31 December 2014	<u>9,257,358</u>	<u>(12,370,429)</u>	<u>1,180,810</u>	<u>(1,932,261)</u>
<b>Consolidated</b>	<b>Issued Capital \$</b>	<b>Accumulated Losses \$</b>	<b>Option Reserve \$</b>	<b>Total equity \$</b>
Balance at 1 July 2015	11,085,556	(11,352,232)	1,409,460	1,142,784
Loss after income tax expense for the half-year	-	(290,766)	-	(290,766)
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive income for the half-year	-	(290,766)	-	(290,766)
<i>Transactions with owners in their capacity as owners:</i>				
Exercise of Options	2,000	-	-	2,000
Balance at 31 December 2015	<u>11,087,556</u>	<u>(11,642,998)</u>	<u>1,409,460</u>	<u>854,018</u>

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

**Cove Resources Limited**  
**Statement of cash flows**  
**For the half-year ended 31 December 2015**

	<b>Consolidated</b>	
	<b>31 December 2015</b>	<b>31 December 2014</b>
	<b>\$</b>	<b>\$</b>
<b>Cash flows from operating activities</b>		
Payments to suppliers and employees	(274,333)	(121,464)
Interest received	7,046	165
	<u>(267,287)</u>	<u>(121,299)</u>
Net cash used in operating activities		
<b>Cash flows from investing activities</b>		
Payments for exploration and evaluation	(25,036)	-
	<u>(25,036)</u>	<u>-</u>
Net cash used in investing activities		
<b>Cash flows from financing activities</b>		
Proceeds from borrowings	-	117,924
Exercise of options	2,000	-
	<u>2,000</u>	<u>117,924</u>
Net cash from financing activities		
Net decrease in cash and cash equivalents	(290,323)	(3,375)
Cash and cash equivalents at the beginning of the financial half-year	1,154,728	20,576
Cash and cash equivalents at the end of the financial half-year	<u>864,405</u>	<u>17,201</u>

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

**Cove Resources Limited**  
**Notes to the financial statements**  
**31 December 2015**

**Note 1. General information**

The financial statements cover Cove Resources Limited as a consolidated entity consisting of Cove Resources Limited and the entities it controlled at the end of, or during, the half-year. The financial statements are presented in Australian dollars, which is Cove Resources Limited's functional and presentation currency.

Cove Resources Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Suite 25,  
145 Stirling Highway  
Nedlands, Western Australia 6009

A description of the nature of the consolidated entity's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 2 March 2016.

**Note 2. Significant accounting policies**

These general purpose financial statements for the interim half-year reporting period ended 31 December 2015 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2015 and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

**Accounting Policies**

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements.

The Group has considered the implications of new or amended Accounting Standards, but determined that their application to the financial statement as either not relevant or not material.

**Note 2. Significant accounting policies (continued)**

**Going concern**

The financial report has been prepared on the going concern basis, which assumes continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

The working capital position as at 31 December 2015 of the consolidated entity results in an excess of current assets over current liabilities of \$854,018 (30 June 2015: \$1,140,987 excess). The consolidated entity made a loss after tax of \$290,766 during the financial half-year (2014: \$189,042 loss from continuing operations) and the net operating cash outflow was \$267,287 (2014: \$121,299 net outflow). The cash balance as at 31 December 2015 was \$864,405 (30 June 2015: \$1,154,728).

On 25 November 2015, the consolidated entity announced that it had executed a term sheet to acquire 100% of cloud-based provider, BidEnergy Pty Ltd ("BidEnergy"). Completion of the acquisition is subject to a number of conditions precedent including shareholder approval.

As part of this proposed transaction, Cove will complete a post consolidation capital raising, pursuant to a prospectus, to raise a minimum of \$7,000,000.

In the event the proposed transaction does not proceed, the Directors are of the opinion that the existing cash reserves prior to the proposed capital raising will provide the Company with adequate funds to ensure its continued viability and operate as a going concern. The Directors are also of the opinion that other capital raising opportunities can be achieved if and when required.

The Company continues to closely monitor expenditure, and the Board is confident that it will be able to manage its cash resources appropriately without negatively impacting upon planned activities. On this basis the directors consider that the consolidated entity remains a going concern and these financial statements have been prepared on this basis.

**Note 3. Operating segments**

*Identification of reportable operating segments*

Identification and measurement of segments - AASB 8 'operating segments' requires the 'management approach' to the identification, measurement and disclosure of operating segments. The 'management approach' requires that operating segments be identified on the basis of internal reports that are regularly reviewed by the entity's chief operating decision maker, for the purpose of allocating resources and assessing performance. This could also include the identification of operating segments which sell primarily or exclusively to other internal operating segments.

**Note 4. Revenue**

	<b>Consolidated</b>	
	<b>31 December 2015</b>	<b>31 December 2014</b>
	<b>\$</b>	<b>\$</b>
Interest	7,046	165
Other revenue	1,862	-
Revenue	<u>8,908</u>	<u>165</u>

**Cove Resources Limited**  
**Notes to the financial statements**  
**31 December 2015**

**Note 5. Equity - issued capital**

	<b>31 December 2015 Shares</b>	<b>Consolidated 30 June 2015 Shares</b>	<b>31 December 2015 \$</b>	<b>30 June 2015 \$</b>
Ordinary shares - fully paid	<u>995,191,860</u>	<u>994,791,860</u>	<u>11,087,556</u>	<u>11,085,556</u>

*Movements in ordinary share capital*

<b>Details</b>	<b>Date</b>	<b>Shares</b>	<b>Issue price</b>	<b>\$</b>
Balance	1 July 2015	994,791,860		11,085,556
Exercise of options	8 December 2015	<u>400,000</u>	\$0.005	<u>2,000</u>
Balance	31 December 2015	<u>995,191,860</u>		<u>11,087,556</u>

**Note 6. Contingencies and commitments**

There have not been any material changes in the contingencies and commitments since 30 June 2015.

**Note 7. Related party transactions**

*Parent entity*

Cove Resources Limited is the parent entity.

*Transactions with related parties*

The following transactions occurred with related parties:

	<b>Consolidated 31 December 2015 \$</b>	<b>31 December 2014 \$</b>
Payment for goods and services:		
Directors fees entitled to be paid to director for services performed - Marcus Gracey	15,000	-
Consulting fees paid to director related entity (Winton Willesee (through Azalea consulting)) for provision of Executive Chairman, Non-Executive Director, Company Secretary and office and administration services.	72,000	-

*Terms and conditions*

All transactions were made on normal commercial terms and conditions and at market rates.

**Note 8. Events after the reporting period**

Subsequent to the half-year ended 31 December 2015, the 4 Goongarrie prospecting licences were sold to Black Mountain Gold Limited for 420,000 fully paid ordinary shares in Intermin Resources Limited.

No other matter or circumstance has arisen since 31 December 2015 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

**Cove Resources Limited**  
**Directors' declaration**  
**31 December 2015**

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 31 December 2015 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the directors



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Winton Willesee  
Chairman

2 March 2016

**COVE RESOURCES LIMITED****ABN 94 131 445 335****INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF  
COVE RESOURCES LIMITED****SYDNEY**Level 40  
2 Park Street  
Sydney NSW 2000  
AustraliaGPO Box 3555  
Sydney NSW 2001Ph: (612) 9263 2600  
Fx : (612) 9263 2800**Report on the Half-year Financial Report**

We have reviewed the accompanying half-year financial report of Cove Resources Limited, which comprises the statement of financial position as at 31 December 2015, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration.

**Directors' Responsibility for the Half-year Financial Report**

The directors of Cove Resources Limited are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the half-year 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 half-year 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 half-year financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of Cove Resources Limited's financial position as at 31 December 2015 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of Cove Resources Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

**Independence**

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

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**COVE RESOURCES LIMITED**  
**ABN 94 131 445 335**  
**INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF**  
**COVE RESOURCES LIMITED**

**Conclusion**

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Cove Resources Limited is not in accordance with the Corporations Act 2001 including:

- (i) giving a true and fair view of Cove Resources Limited's financial position as at 31 December 2015 and of its performance for the half-year ended on that date; and
- (ii) complying with AASB 134: Interim Financial Reporting and the Corporations Regulations 2001.



HALL CHADWICK  
Level 40, 2 Park Street  
SYDNEY NSW 2000



**DREW TOWNSEND**  
**Partner**  
Dated: 2 March 2016