



Orpheus Energy Limited

ABN 67 121 257 412

Annual Report

for the year ended

30 June 2016

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Corporate Information

Orpheus Energy Limited

ACN 121257412

The shares of Orpheus Energy Limited ('the Company') are quoted on the official list of the Australian Security Exchange.

The ASX code for the Company's ordinary fully paid shares is "OEG".

Directors

Mr Wayne Mitchell	Executive Chairman
Mr Wesley Harder	Executive Director
Mr David Smith	Non-Executive Director
Mr Michael Rhodes	Non-Executive Director

Company Secretary

Mr Wesley Harder (from 24 April 2015 to 31 August 2015)

Mr David Smith (till 24 April 2015; and then re-appointed 31 August 2015)

Chief Financial Officer

Mr Barry Neal

Registered Office and Principal place of business

Suite 9, Level 3
3 Spring Street
Sydney NSW 2000
Australia

Telephone: +61 2 8387 5901
Internet: www.orpheusenergy.com.au

Share Register

Computershare Investor Services Pty Limited
Level 4, 60 Carrington Street
Sydney NSW 2000

Australia: 1300 850 505
Overseas callers: +61 3 9415 4000
Facsimile: +61 3 9473 2500
Internet: www.computershare.com.au

Solicitors

HWL Ebsworth
Level 23, Riverside Centre
123 Eagle Street
Brisbane Qld 4001

Auditors

Hall Chadwick
Level 40
2 Park Street
Sydney NSW 2000

Bankers

National Australia Bank Limited
105 Miller Street
North Sydney NSW 2060

Stock Exchange Listing

Australian Securities Exchange
Exchange Centre
20 Bridge Street
Sydney NSW 2000

Chairman's Letter

Dear Fellow Shareholders

The last year has continued an extremely difficult period for your Company.

Over the last year, the Company has focused on two main activities: (a) proceeding with an alternative asset acquisition strategy to allow Orpheus to get re-listed; and (b) collecting monies owed by Nugroho Suksmanto, which amounted to approximately A\$6M as at end June 2016 (out of a total A\$7.5M still outstanding), including accrued interest.

Alternative asset acquisition strategy

From the middle of 2015, Orpheus had been diligently progressing with the proposed acquisition of Wavetronic Solutions Private Ltd ("Wavetronic") and had formally entered into a Share Purchase Agreement on 12 February 2016, with the vendors to acquire 100% of the issued capital of Wavetronic in consideration for the issue of shares and options in Orpheus. While the due diligence process and work continued on the Notice of Meeting to Shareholders and the Prospectus for the proposed \$4M Share Purchase Plan, Orpheus had to announce in March and April 2016, that there had been delays experienced in the process.

In July 2016, Orpheus announced that it had been advised by Wavetronic that there was continuing internal restructuring occurring, resulting in further delays. Since then, Orpheus has been waiting for formal advice and details from Wavetronic, as to the completion of its restructuring process, so that a new proposed transaction can be considered.

As advised in the June Quarterly Report, Orpheus has also been receiving approaches regarding other potential backdoor listing opportunities, which are being considered by the Board, for presentation to shareholders, when and if one of the opportunities sufficiently progresses.

Debt Recovery Update

Nugroho Suksmanto is still to pay any of the outstanding funds owed to Orpheus and he remains in breach of the Settlement Agreement. According to the Agreement, as at 30 June 2016, IDR 55.8 billion Rupiah, plus interest of IDR 4.655 billion Rupiah (total 60.455 billion Rupiah or ~AUD\$6M) remains due. Over the last 12 months, Orpheus has continued to relentlessly pursue collections via the Indonesian legal system, daily personal communications, and ongoing attempts to sell his real estate assets, and our pledged shares over his real estate company.

As announced on several occasions, as part of the Agreement, Orpheus was provided with additional security in the form of a pledge over 10.5% of the shares equity in a real estate company, PT Abadi Guna Papan ("AGP"), in which Nugroho Suksmanto has a controlling interest.

Given Suksmanto's continuing breach of the Agreement, Orpheus, as the pledgee under the Shares Pledge Agreements is entitled to sell the pledged shares, on behalf of the pledgors based on powers of attorney to sell shares and consents to transfer issued by the pledgors, to recover the outstanding funds owed to Orpheus. Over the course of the last year, Orpheus continued to, directly, and through its lawyers, conduct discussions with

multiple potential acquirers of the AGP shares.

Additionally, Suksmanto continues to advise Orpheus that he is in advanced negotiations to sell a number of his other properties (separate to the properties owned by AGP), and if any of these sales eventuate, Orpheus will be paid a large portion of the outstanding amount owed.

Notwithstanding this activity, Orpheus instructed its lawyers to commence the lodgement of a formal Police Report. This complex legal process continues, involving further extensive documentation, formal interviews by the Police with the parties involved and letters being sent.

Conclusion

Your Board will continue to tirelessly pursue the outstanding funds owed by Suksmanto to Orpheus, while concurrently progressing with an alternate asset strategy that ultimately is in the best interests of all shareholders. Finally, I want to thank everyone for their ongoing support and patience as we move through this extremely challenging period for the company.

A handwritten signature in black ink, appearing to read 'Wayne Mitchell', with a small horizontal line underneath.

Wayne Mitchell
Executive Chairman

Summary of Activities

Settlement Agreement with Nugroho Suksmanto

- On 30 July 2015, Orpheus announced it had executed a Settlement Agreement with Suksmanto which allowed for a revised total amount of 70 billion Rupiah (~AUD\$7M) to be paid in monthly instalments. As part of the revised Agreement, Orpheus was provided with security over 10.5% of the equity in a property development company, AGP, and Orpheus agreed to withdraw the bankruptcy petition against Suksmanto but retained the right to re-initiate proceedings should payment default occur.
- On 23 September 2015, Orpheus announced it had presented due post-dated cheques provided by Suksmanto to the bank in Indonesia, on three separate occasions, as required by Indonesian law, and on each presentation, the bank advised that there were insufficient funds to honour the cheques, hence, Suksmanto was in breach of the Settlement Agreement. Consequently, Orpheus commenced attempts to sell shares in AGP to recover the outstanding funds owed to Orpheus.
- In the December 2015 Quarterly Report to shareholders, Orpheus announced it had received an independent valuation report on the AGP property portfolio, valuing the security held by Orpheus far in excess of the amount owed to Orpheus. Further, Orpheus advised that it was in ongoing, advanced negotiations with three separate parties to acquire the equity in AGP, and that the Company was in discussions with a global real estate services firm specializing in commercial property, with the objective of appointing the firm to arrange for the sale of the equity in AGP or the underlying property assets themselves.
- In the Half-Year Report and March 2016 Quarterly Report to shareholders, Orpheus advised it had appointed a criminal lawyer in Jakarta in late 2015, to take the appropriate next legal steps against Suksmanto, due to his ongoing failure to fulfil his commitments. Suksmanto continued in his failure to pay outstanding funds, so accordingly, Orpheus instructed its lawyers to lodge a formal Police Report.
- In the June 2016 Quarterly Report to shareholders, Orpheus updated shareholders to advise that the complex Police Reporting process was continuing, involving further extensive documentation, formal interviews by the Police with the parties involved and letters being sent.

Acquisition Process

After months of negotiations and a comprehensive due diligence process with Wavetronic, on 15 February 2016, Orpheus announced it had formally entered into a Share Purchase Agreement with the vendors to acquire 100% of the issued share capital of Wavetronic in consideration for the issue of shares and options in Orpheus (Acquisition) which would constitute a backdoor listing of Wavetronic into Orpheus (Backdoor Listing). Consequently, the Acquisition was subject to a number of conditions precedent and Completion in accordance with the terms of the Share Purchase Agreement. Conditions precedent included the approval of Orpheus Shareholders at a General Meeting and compliance with a number of regulatory approvals under both Australian and Indian law.

As part of the Backdoor Listing, Orpheus was going to undertake the following corporate activities:

- a share consolidation on a 1 for 10 basis (ie the 183,476,469 shares in Orpheus currently on issue at \$0.01 per share would be consolidated to 18,347,647 shares at \$0.10 per share).
- an offer under a Share Purchase Plan (SPP) contained in a full prospectus (Prospectus) would be offered to all eligible Orpheus shareholders to raise \$4.0M at a price of \$0.10 per share. Details of the SPP, which

was expected to be fully underwritten, was to be provided in the Notice of Meeting and Prospectus for shareholders.

- conversion of 50% of outstanding debt to Orpheus Directors/CFO into Orpheus shares at a price of \$0.10 per share.

In July 2016, Orpheus announced that it had been advised by Wavetronic that there was continuing internal restructuring occurring, resulting in further delays, including a split between the US and Indian businesses, such that, in the proposed acquisition, Orpheus would only acquire the US business. Since then, Orpheus has been waiting for formal advice and details from Wavetronic, as to the completion of its restructuring process, so that a new proposed transaction can be considered.

Costs Reduction Program

Over the last financial year, the Company has continued with its cost reduction strategy to reduce the Company's monthly administration costs including:

- Deferment of all Directors' fees and Executive salaries up to 31 July 2015. From 3 August 2015, Directors agreed to vary their service contracts such that no further remuneration other than minimum statutory remuneration (eg Superannuation) would be payable going forward, apart from specific and limited consultancy work related to the proposed Wavetronic acquisition.
- Reduction of Indonesian staff to only two individuals, both of whom will be made redundant once funds are received from Indonesia to pay for the redundancy entitlements.
- Surrendering of the Company's Sydney office lease and relocation into a very cost effective serviced office arrangement.
- Cessation of all administration costs other than those required to maintain the company's listing (eg ASX listing costs, Share Registry costs, annual audit fees).

Directors' Loans

To continue to provide working capital cover for the company during the Suksmanto debt recovery process and acquisition process, and to avoid any shareholder dilution by raising capital, the Directors have continued to provide unsecured loans to the company. Consequently, as at reporting date, the total Directors' loans outstanding were \$681,327, including the applicable discounted interest.

Change of Registered Address and Company Secretary

On 31 August 2015, Orpheus Energy Limited announced the registered office of the company had changed to Suite 9, Level 3, 3 Spring Street Sydney NSW 2000 Australia, effective 1 September 2015.

Also effective 1 September 2015, Wesley Harder stood down as Company Secretary, remaining on the Orpheus Board as a Director, and fellow Director David Smith assumed the Company Secretary role.

Change of Share Registry Details

On 7 April 2016, Orpheus announced it had changed its Share Registry from Boardroom Pty Ltd to Computershare Investor Services Pty Ltd, providing the Company with a more cost-effective and strategic solution.

Corporate Governance Statement

Orpheus Energy Limited and the Board are committed to achieving and demonstrating the highest standards of corporate governance. Orpheus Energy Limited has reviewed corporate governance practices against the Corporate Governance Principles and Recommendation (3rd edition) (CGPR) published by the ASX Corporate Governance Council.

The 2015 corporate governance statement is dated as at 30 June 2015 and reflects the corporate governance practices in place throughout the 2015 and 2016 financial years. The corporate governance statement was approved by the Board on 10 June 2015. A description of the group's current corporate governance practices is set out in the group's corporate governance statement which is set out below and can also be viewed at (www.orpheusenergy.com.au).

PRINCIPLE 1: LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

A listed entity should establish and disclose the respective roles and responsibilities of the Board and management and how their performance is monitored and evaluated.

Recommendation 1.1

A listed entity should disclose

- (a) the respective roles and responsibilities of its Board and management; and
- (b) those matters expressly reserved to the Board and those delegated to management.

Disclosure

The relationship between the Board and senior management is critical to the Group's long-term success. The Directors are responsible to the shareholders for the performance of the Group in both the short and the longer term and seek to balance sometimes competing objectives in the best interests of the Group as a whole. Their focus is to enhance the interests of shareholders and other key stakeholders and to ensure the Group is properly managed.

The Company has a Board Charter approved by Directors which sets out the specific responsibilities of the Board which are:-

- ❖ appointment of the Chief Executive Officer/Managing Director and other senior executives and the determination of their terms and conditions including remuneration and termination;
- ❖ driving the strategic direction of the Company, ensuring appropriate resources are available to meet objectives and monitoring management's performance;
- ❖ reviewing and ratifying systems of risk management and internal compliance and control, codes of conduct and legal compliance;
- ❖ approving and monitoring the progress of major capital expenditure, capital management and significant acquisitions and divestitures;
- ❖ approving and monitoring the budget and the adequacy and integrity of financial and other reporting;
- ❖ approving the annual, half yearly and quarterly accounts;
- ❖ approving significant changes to the organisational structure;
- ❖ approving the issue of any shares, options, equity instruments or other securities in the Company;
- ❖ ensuring a high standard of corporate governance practice and regulatory compliance and promoting ethical and responsible decision-making;
- ❖ monitoring progress in relation to the Company's diversity objectives and compliance with its diversity policy;
- ❖ recommending to shareholders the appointment of the external auditor as and when their appointment or re-appointment is required to be approved by them; and
- ❖ meeting with the external auditor, at their request, without management being present.

The Board has delegated to the Executive Chairman/Chief Executive Officer, and through that officer to other Senior Management, the authority and responsibility for managing the everyday affairs of the Company.

Recommendation 1.2

A listed entity should:

- (a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and

Corporate Governance Statement (continued)

- (b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.

Disclosure

Appropriate checks are undertaken prior to appointing a person as a Director and recommending that person for election. These include checks as to the person's character, experience, education, criminal record and bankruptcy history.

Candidates who the Board consider are suitable for appointment as Directors are appointed and stand for election at the next AGM, in accordance with the Constitution. The Company includes in the Notice of Meeting for the AGM all material information known to the Company which is relevant to a decision whether or not to elect or re-elect a Director. This information includes biographical information, details of other material directorships currently held by the candidate, any adverse information revealed by the checks performed, a statement as to whether in the Board's opinion the candidate will qualify as an independent director and a statement by the Board as to whether it supports the election or re-election of the candidate.

Recommendation 1.3

A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.

Disclosure

The Company has written agreements with each of the Directors and senior executives setting out the terms of their appointment.

Recommendation 1.4

The Company Secretary of a listed Company should be accountable directly to the Board, through the chair, on all matters to do with the proper functioning of the Board.

Disclosure

The Company Secretary is accountable directly to the Board through the chair, on all matters to do with the proper functioning of the Board.

The Company Secretary is responsible for facilitating good information flows within the Board and its committees and between senior executives and Directors, as well as the induction of new Directors and the ongoing professional development of all Directors. The Company Secretary is responsible for monitoring compliance with the Board's procedures and for advising the Board, through the chairman, on all governance matters. All Directors have access to the advice and services of the Company Secretary, whose appointment and removal is a matter for the Board.

Recommendation 1.5

A listed entity should:

- (a) have a diversity policy which includes requirements for the Board or a relevant committee of the Board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them;
- (b) disclose that policy or a summary of it; and
- (c) disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the Board or a relevant committee of the Board in accordance with the entity's diversity policy and its progress towards achieving them, and either:
 - (1) the respective proportions of men and women on the Board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or
 - (2) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.¹⁶

Disclosure and Departure

While the Company values diversity and recognises the benefits it can bring to the organisation's ability to achieve its goals, no decision has been made by the Board at this time to formulate a diversity policy.

Corporate Governance Statement (continued)

The Board has not yet established objectives in relation to gender diversity but is committed to a continuation of current employment practices where employees are selected on merit. The aim is to achieve greater gender diversity in director and senior executive positions as they become vacant and appropriately skilled candidates become available.

Recommendation 1.6

A listed entity should:

- (a) have and disclose a process for periodically evaluating the performance of the Board, its committees and individual Directors; and
- (b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process

Disclosure and Departure

The Board currently has no formal procedure for evaluation of its Board, committee and Directors. The Board considers that it is functioning effectively given its composition and a formal procedure is not required at this stage. While no formal performance evaluation was undertaken during the reporting period, the Chairman continually monitors the performance of the Board.

Selection and (Re) Appointment of Directors Candidates for the Board are considered and selected by reference to a number of factors, which include, but are not limited to, their relevant experience and achievements, compatibility with other Board members, credibility within the Company's scope of activities, and intellectual and physical ability to undertake board duties and responsibilities. Directors are initially appointed by the full Board, subject to election by shareholders at the following general meeting.

The Board recognises that Board renewal is critical to performance and the impact of Board tenure on succession planning. Each Director, other than the Executive Chairman, must not hold office (without re-election) past the third annual general meeting of the Company following the Director's appointment, or three years following that Director's last election or appointment (whichever is the longer). However, a Director appointed to fill a casual vacancy or as an addition to the Board must not hold office (without re-election) past the next annual general meeting of the Company. At each annual general meeting a minimum of one Director, or a third of the total number of Directors, must resign. A Director who retires at an annual general meeting is eligible for re-election at that meeting.

Recommendation 1.7

A listed entity should:

- (a) have and disclose a process for periodically evaluating the performance of its senior executives; and
- (b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.

Disclosure and Departure

The Company does not have a formal process for periodically evaluating the performance of its Senior Executives. However the Chief Executive Chairman monitors the performance of senior executives.

PRINCIPLE 2: STRUCTURE OF THE BOARD TO ADD VALUE

Recommendation 2.1

The Board of a listed entity should:

- (a) have a nomination committee which:
 - (1) has at least three members, a majority of whom are independent Directors; and
 - (2) is chaired by an independent director. and disclose
 - (3) the charter of the committee;
 - (4) the members of the committee; and
 - (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or

- (b) If it does not have a nomination committee, disclose that fact and the processes it employs to address Board succession issues and to ensure that the Board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.

Corporate Governance Statement (continued)

Disclosure and Departure

The Company does not have a Nomination Committee as the Directors believe that size of the Company and the Board does not warrant the formation of such committee. All Board nomination matters are considered by the whole Board.

The Board oversees the appointment and induction process for Directors and committee members, and the selection, appointment and succession planning process of the Company's executive management team. The appropriate skill mix, personal qualities, expertise and diversity are factors taken into account in each case. When a vacancy exists or there is a need for particular skills, the Board determines the selection criteria based on the required skills.

Recommendation 2.2

A listed entity should have and disclose a Board skills matrix setting out the mix of skills and diversity that the Board currently has or is looking to achieve in its membership.

Disclosure and Departure

The Company currently does not have a Board "skills matrix". Given the size and scope of the Company's operations, and its exploration and development stage, the Board considers that it is appropriately-structured, with a suitable mix of skills and expertise, relevant to the Company's current business. However, the Board is cognisant that, as the Company expands and develops its activities, the Board will be required to review and restructure its composition to meet the specific expertise and skill requirements to progress the Company to meet its objectives moving forward.

A profile of each Director containing their skills, experience, expertise and term of office is set out in the Directors' Report of this Annual Report.

Recommendation 2.3

A listed entity should disclose:

- (a) the names of the Directors considered by the Board to be independent Directors;
- (b) if a director has an interest, position, association or relationship of the type described in Box 2.3 but the Board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the Board is of that opinion; and
- (c) the length of service of each director.

Disclosure and Departure

As at 30 June 2015 the Board comprised 2 executive Directors including the Chairman and two non-executive directors, none of whom are independent as disclosed below.

Director	Reason for Non-Independent Classification
Wayne Mitchell	Engaged as Chief Executive Officer of the Company from 30/11/2010-present
David Smith	A substantial shareholder and a director of the Company from 18/8/2011-present
Wesley Harder	Employed as Exploration Manager and is an executive director of the Company from 30/11/2010
Michael Rhodes	Managing Director of the Company's Indonesian subsidiary PT Orpheus Indonesia from 1/10/2012-present

Corporate Governance Statement (continued)

Even though the members of the Board are not independent, the persons on the Board can and do make independent judgements in the best interests of the Company at all times

Statement concerning availability of independent professional advice

To assist Directors with independent judgement it is the Board's policy that if a Director considers it necessary to obtain independent professional advice to properly discharge the responsibility of their office as a Director then, provided the Director first obtains approval from the Chairman for incurring such an expense, the Company will pay the reasonable expenses associated with obtaining such advice.

The length of service of each Director is as follows:

Dates	Board Members	Independent/Non-Independent
30/11/2010-current	Wayne Mitchell	Non-Independent
18/8/2011-current	David Smith	Non-Independent
30/11/2010-current	Wesley Harder	Non-Independent
1/10/2012-current	Michael Rhodes	Non-Independent

As disclosed in 2.3 none of the Directors of the Company are independent.

The Board supports the appointment of Directors who bring a wide range of business and professional skills and experience to the Company. Directors are appointed in accordance with the constitution of Orpheus Energy Limited, and are appointed for a period of three years or until the third annual general meeting following his or her appointment (whichever is longer).

Recommendation 2.4

A majority of the Board of a listed entity should be independent Directors.

Disclosure and Departure

No members of the Board are Independent Directors.

Even though none of the Board are not independent, the Board considers that it acts in the best interests of the Company and its security holders.

Recommendation 2.5

The chair of the Board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.

Disclosure and Departure

The Executive Chairman of the Company, Mr Wayne Mitchell, is not an Independent Director and is the CEO. He contributes to a culture of openness and constructive challenge that allows for a diversity of views to be considered by the Board.

Recommendation 2.6

A listed entity should have a programme for inducting new Directors and provide appropriate professional development opportunities for Directors to develop and maintain the skills and knowledge needed to perform their role as Directors effectively.

Disclosure and Departure

An induction programme for new Directors of the Company is being considered but does not currently exist. Each Director of the Company has the right to seek independent professional advice at the expense of the Company, and the Company provides appropriate professional development opportunities for Directors to develop and maintain the skills and knowledge needed to perform their role as Directors effectively. Prior approval of the Chairman is required, but this will not be unreasonably withheld.

PRINCIPLE 3- ACT ETHICALLY AND RESPONSIBLY

A listed entity should act ethically and responsibly.

Recommendation 3.1

A listed entity should:

- (a) have a code of conduct for its Directors, senior executives and employees; and
- (b) disclose that code or a summary of it.

Corporate Governance Statement (continued)

Disclosure and Departure

The consolidated entity recognises the need for Directors and employees to observe the highest standards of behaviour and business ethics. All Directors and employees are required to act in accordance with the law and with the highest standard of propriety.

The Company does not yet have a formal Code of Conduct setting out its core values. However the Company requires that each director and officer of the Company must comply with all laws and regulations. This includes understanding the laws and regulations relevant to their work and complying with the legal requirements of the jurisdiction in which the Company operates.

Contractors and others employed by the Company should not engage in activities or hold or trade assets that involve, or could appear to involve, a conflict between their personal interests and the interests of the Company.

The practices of the Board are aimed at promoting ethical and responsible decision making. The Board strives for good corporate governance and industry best practice. It specifically requires Directors and employees to:

- avoid situations which may give rise to a conflict of interest;
- avoid situations where they may gain any benefit which competes with the Company's business;
- read and confirm that they understand the Company's policies;
- comply with laws and regulations;
- properly use the Company's assets for legitimate business purposes; and
- maintain confidentiality in both the Company's business and the information of its clients and shareholders.

Each director is required to disclose any interest which might create a potential conflict of interest with his or her duties as a director or which might affect their independence.

There must be no conflict, or perception of a conflict, between the interests of any Company director, officer or employee and the responsibility of that person to the stakeholders. All Directors, officers and employees may never improperly use their position for personal or private gain to themselves, a family member, or other associated person. Where a potential conflict exists, this should be disclosed to the Chairman prior to any dealings taking place.

PRINCIPLE 4 – SAFEGUARD INTEGRITY IN CORPORATE

A listed entity should have formal and rigorous processes that independently verify and safeguard the integrity of its corporate reporting.

Recommendation 4.1

The Board of a listed entity should:

- (a) have an audit committee, which:
- (1) has at least three members, all of whom are non-executive Directors and a majority of whom are independent Directors; and
 - (2) is chaired by an independent director, who is not the chair of the Board, and disclose:
 - (3) the charter of the committee;
 - (4) the relevant qualifications and experience of the members of the committee; and
 - (5) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or
- (b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the process for the appointment and removal of the external auditor and the rotation of the audit engagement partner.

Disclosure and Departure

The Company is not fully compliant with this principle. The audit and risk committee has a non-independent chairman Michael Rhodes, and two executive Directors, Wayne Mitchell and Wesley Harder. The Details of these Directors' qualifications and attendance at audit committee meetings are set out in the Directors' Report of the Annual Report under the heading "Directors' Meetings".

Members of the Committee have relevant qualification and experience in financial matters and have a good understanding of the industry in which the Company operates.

The Audit & Risk Committee plays a key role in assisting the Board with its responsibilities relating to accounting, internal control systems, reporting practices and risk management, and ensuring the independence of the Company auditor. The terms of reference for the committee incorporate policies and procedures to ensure an effective focus from an independent perspective.

Corporate Governance Statement (continued)

The Audit & Risk Committee oversees and appraises the quality of the audits conducted by the auditors and emphasises areas where the Committee believes special attention is required. The external auditors are Hall Chadwick. Hall Chadwick's appointment will be reviewed periodically in line with industry best practice. The Board believes in the ongoing assessment of our audit arrangements and will comply with any regulatory requirements to rotate the Company's external audit partner.

The Audit & Risk Committee also reviews the effectiveness of administrative, operating and accounting controls.

Recommendation 4.2

The Board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

Disclosure

Before it approves the Company's financial statements for a financial period, the Board receives from its Managing Director and CFO a declaration that, in their opinion, the financial records of the Company have been properly maintained and that the financial statements comply with appropriate accounting standards. The declaration also states that the financial records give a true and fair view of the financial position and performance of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control that is operating effectively.

Recommendation 4.3

A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.

Disclosure

The Company makes sure that its external auditor, Hall Chadwick, is invited to and attends its Annual General Meeting (AGM) each year and is available to answer questions that are relevant to the audit. At the Company's last AGM held on 30 November 2015, a Partner from Hall Chadwick Chartered Accountants attended and was available to answer questions.

PRINCIPLE 5: MAKE TIMELY AND BALANCED DISCLOSURE

A listed entity should make timely and balanced disclosure of all matters concerning it that a reasonable person would expect to have a material effect on the price or value of its securities.

Recommendation 5.1

A listed entity should:

- (a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and
- (b) disclose that policy or a summary of it.

Disclosure

The Company has established written policies designed to ensure compliance with ASX Listing Rule disclosure and accountability at a senior executive level for that compliance.

PRINCIPLE 6: RESPECT THE RIGHTS OF SHAREHOLDERS

A listed entity should respect the rights of its security holders by providing them with appropriate information and facilities to allow them to exercise those rights effectively.

Recommendation 6.1

A listed entity should provide information about itself and its governance to investors via its website.

Disclosure

The Company provides information about itself and its governance to investors via its website www.orpheusenergy.com.au. The names, photographs and brief biographical information for each of the Company's Directors and senior executives can be found under the Corporate Overview section of the website.

The Company has included on the "Investors" section of its website links to copies of its ASX announcements, Financial Reports, Research Reports, Analyst Briefings and Shareholder Information.

Procedures have also been established for reviewing whether any material price-sensitive information has been inadvertently disclosed, and if so, this information is also immediately released to the market.

Corporate Governance Statement (continued)

The 'Contacts' section of the Company's website also holds shareholder services such as the Share Registry's contact details. The Company's contact details can also be found on the website.

Recommendation 6.2

A listed entity should design and implement an investor relations programme to facilitate effective two-way communication with investors.

Disclosure

The Company does not have a formal investor relations programme. However the Company actively engages with security holders, meets with them upon request and responds to any enquiries. The Company also has ad hoc interaction with brokers, institutional investors, analysts and financial media.

Recommendation 6.3

A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.

Disclosure and Departure

The Company has no formal process in place to facilitate and encourage participation at meeting of security holders. Shareholders are however encouraged to participate at general meetings.

Recommendation 6.4

A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.

Disclosure

Security holders can email or otherwise contact the Company by visiting the 'Contacts' section of the website where they can also find the Share Registry's electronic and other contact details.

PRINCIPLE 7: RECOGNISE AND MANAGE RISK

A listed entity should establish a sound risk management framework and periodically review the effectiveness of that framework.

Recommendation 7.1

The Board of a listed entity should:

- (a) have a committee or committees to oversee risk, each of which:
 - (1) has at least three members, a majority of whom are independent Directors; and
 - (2) is chaired by an independent director, and disclose:
 - (3) the charter of the committee;
 - (4) the members of the committee; and
 - (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or
- (b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.

Disclosure and Departure

The Company has a combined audit and risk committee, the membership of which is not fully compliant with this principle. The audit and risk committee has a non-independent chairman, and two executive Directors. The members of the committee have the necessary technical knowledge and understanding of the industry in which the entity operates to be able to discharge the committee's mandate effectively.

The Details of these Directors' qualifications and attendance at audit committee meetings are set out in the Directors' Report of the Annual Report under the heading "Directors' Meetings".

The Board has disclosed the Charter of the Committee, which may be found on the Company's website under the section marked "About Us". A summary of the Company's Risk Management objectives can also be found in this section. The members of the Committee are Messrs Rhodes, Harder and Mitchell. The Committee held 2 meetings during the Reporting Year.

The table set out in the Directors' Report of this Annual Report under the heading "Directors' Meetings" shows the members' attendance at Committee meetings.

Corporate Governance Statement (continued)

Recommendation 7.2

The Board or a committee of the Board should:

- (a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and
- (b) disclose, in relation to each reporting period, whether such a review has taken place.

Disclosure

The Board, and the Audit and Risk Management Committee, review the Company's risk management framework at least annually to satisfy itself that it continues to be sound, and such a review was carried in the past financial year.

The Board has required management to implement and maintain risk management and internal control systems to manage the Company's material business risks. The Board also requires management to report to it confirming that those risks are being managed effectively.

Recommendation 7.3

A listed entity should disclose:

- (a) if it has an internal audit function, how the function is structured and what role it performs; or
- (b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.

Disclosure and Departure

The Company does not have an internal audit function disclose. The processes the Company employs for evaluating and continually improving the effectiveness of its risk management and internal control processes include the fact that individual Directors claims for expenses are approved by another Director.

It is proposed that a member of the Audit and Risk Management Committee periodically review the Company's controls and spot-checks that the necessary procedures have been followed.

Recommendation 7.4

A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.

Disclosure

The Company discloses its material exposure to economic, environmental and social sustainability risks, and how it manages those risks in ASX announcements and in its Annual Report.

PRINCIPLE 8: REMUNERATE FAIRLY AND RESPONSIBLY

A listed entity should pay director remuneration sufficient to attract and retain high quality Directors and design its executive remuneration to attract retain and motivate high quality senior executives and to align their interests with the creation of value for security holders.

Recommendation 8.1

The Board of a listed entity should:

- (a) have a remuneration committee which:
 - (1) has at least three members, a majority of whom are independent Directors; and
 - (2) is chaired by an independent director, and disclose:
 - (3) the charter of the committee;
 - (4) the members of the committee; and
 - (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or
- (b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for Directors and senior executives and ensuring that such remuneration is appropriate and not excessive.

Departure

The Company has not established a separate Remuneration Committee with the Board considering Board nomination matters. Given the current size and composition of the Company, the Board is unable to meet the requirement that a separate Remuneration Committee is established consisting of a majority of Independent Directors and chaired by an independent Chair.

Corporate Governance Statement (continued)

The Board believes that there would be no efficiencies gained by establishing a separate Remuneration Committee, and accordingly, the remuneration functions have been delegated to the Board. The Board deals with any conflicts of interest that may occur when acting in the capacity of the Remuneration Committee by ensuring that the Director with conflicting interests is not party to the relevant discussions.

The processes the Company employs for setting the level and composition of remuneration for Directors and senior executives, and ensuring that such remuneration is appropriate and not excessive are disclosed in the Remuneration Report in the Company's Annual Report.

Recommendation 8.2

A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive Directors and the remuneration of executive Directors and other senior executives.

Disclosure

Non-Executive Directors are remunerated at a fixed fee for time, commitment and responsibilities. Remuneration for Non-Executive Directors is not linked to individual performance. From time-to-time the Company may grant options to Non-Executive Directors. The grant of options is designed to recognise and reward efforts, as well as to provide Non-Executive Directors with additional incentive to continue those efforts for the benefit of the Company.

Remuneration and bonuses for Executive Directors and Senior Executives consist of a base salary, and may consist of performance incentives. Long-term performance incentives may include options granted at the discretion of the Board and subject to obtaining the relevant approvals. Executives are offered competitive base salaries at market rates, which are reviewed to ensure market competitiveness.

Recommendation 8.3

A listed entity which has an equity-based remuneration scheme should:

- (a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and
- (b) disclose that policy or a summary of it.

Disclosure

The Company has an equity-based remuneration scheme and has a policy that participants are not permitted to enter into transactions (whether through the use of derivatives or otherwise) that limit the economic risk of participating in the scheme.

There are no termination or retirement benefits for Non-Executive Directors (other than for superannuation).

The Company's Policy for the Trading in Company Securities, which is available on the Company's website under the section, marked "About Us." This policy includes a statement of the Company's policy on prohibited transactions and blackout periods re share transactions.

Directors' Report

The Directors of Orpheus Energy Limited present their report on the Company and its controlled entities for the financial year ended 30 June 2016.

Directors

The names of directors in office during or since the end of the financial year are:

Mr Wayne Mitchell, Executive Chairman, CEO and Managing Director

Mr David Smith, Non-Executive Director

Mr Wesley Harder, Executive Director & Exploration Manager

Mr Michael Rhodes, Non-executive Director

Mr Wayne Mitchell

Executive Chairman, CEO and Managing Director

Qualifications: AASA, AAIM

Experience: Mr Wayne Mitchell is a qualified accountant with over 30 years of extensive senior management experience in the natural resource sector; both in Australia and in Southeast Asia. In the early 1970's, Mr Mitchell and two partners were the initial promoters and developers of Thailand's major zinc deposit located at Mae Sot, Northern Thailand. This resource is now owned and operated by a Thai public company Padaeng Industry Company Ltd. Mr Mitchell specializes in the areas of financial planning, fund raising and project evaluation.

He is also a past Chairman of listed company Central Victorian Gold Mines N.L and a past director of Diversified Mineral Resources NL where he initiated and led the project team for the Burton Downs Coal project taken over by Portman Mining before being sold for more than \$200 million. Mr Mitchell was a co-founder and chairman of Coalworks, which was acquired by Whitehaven Coal.

Special responsibilities: Member of the Audit and Risk Committee

Interest in shares and options: 15,264,210 ordinary shares and nil options over ordinary shares

Other current Directorships: Nil

Mr David Smith

Non-Executive Director

Qualifications: B Econ, Dip Mgmt – Exec MBA

Experience: Mr Smith was previously an investment banker of 15 years' experience. Mr Smith was regularly ranked as one of the Top 10 Australian Investment Bankers in the annual East Coles Surveys, and raised more than \$4 billion for corporate clients, maintaining regular Top 15 positions in the various Australian Investment Banking League Tables.

With an extensive background in advising companies across all sectors, Mr Smith was also a founder and former Executive Director of ASX listed coal company Coalworks Limited, which was acquired by Whitehaven Coal for ~\$200m in June 2012.

Mr Smith is a Non-Executive Director of Raw Capital Partners Holdings Limited, a boutique international Asset Management business. He is also a founder and Director of a number of private companies in the property, recruitment and jewellery sectors with a focus on new technology and e-commerce.

Special responsibilities: Company Secretary

Interest in shares and options: 36,500,000 ordinary shares and nil options over ordinary shares

Other current Directorships: Nil

Directors' Report

Mr Wesley Harder

Executive Director and Exploration Manager

Qualifications: B Sc, Dip SIA, M Aus IMM

Experience: Mr Harder is a former coal analyst with Jackson Ltd, stockbrokers, and has also worked with a number of other stockbrokers, including Ord Minnett and Frank Renouf. He has also worked as a field exploration geologist for fifteen years in Australia and its near neighbours including Sumatra and Irian Jaya in Indonesia, mainland Papua New Guinea and New Britain Island, many parts of the Solomon Islands and Fiji.

In Australia he worked in New South Wales, Queensland, The Northern Territory and Tasmania. He has worked in tropical and arid environments searching for a range of mineral commodities including coal, gold, copper and uranium for companies including Newmont Mining Inc., Placer Prospecting Ltd, Pancontinental Mining Limited and Gujarat NRE Coking Coal Ltd. Mr Harder was a Founding Director & CEO of Zinico Resources NL and its successors for 5 years and Mr Harder was a founding shareholder of Coalworks.

Special responsibilities: Exploration Manager and Member of the Audit and Risk Committee.

Interest in shares and options: 6,452,823 ordinary shares and nil options over ordinary shares

Other current Directorships: Nil

Mr Michael Rhodes

Non-executive Director

Qualifications:

Experience: Mr Rhodes is a highly experienced drilling engineer having worked around the world including South East Asia and the Middle East. Mr Rhodes has lived and worked in Indonesia for over 20 years and previously established a successful infrastructure and logistics company in Balikpapan.

Special responsibilities: Chairman of the Audit and Risk Committee

Interest in shares and options: 4,277,833 ordinary shares

Other current Directorships: Nil

Company Secretary

Mr Wesley Harder B Sc, Dip SIA, M Aus IMM (Appointed 24 April 2015; Resigned 31 August 2015)

Mr David Smith B Econ, Dip Mgmt – Exec MBA (till 24 April 2015; and then re-appointed 31 August 2015)

Principal Activity

The principal activities of the Group were acquiring, exploring and developing coal infrastructure projects in Indonesia. However with the sale of Orpheus's Indonesian coal assets as disclosed in the 2014 Annual Report and the relinquishment of Australian exploration tenements, the Group is no longer involved in exploration and mining.

Orpheus is progressing with a process for the purposes of an acquisition subject to due diligence, Board approval, regulatory and shareholder approval.

As the nature of the Company's business will change if the acquisition is completed, the Company intends to consult with the ASX on the proposed takeover and its implementation.

Directors' Report

Dividends

No dividends have been declared in the 2016 financial year (2015: no dividend declared).

Summary of Activities

Information on the operations of the groups, its business strategies and prospects is set out in the summary of activities on pages 6 to 7 of the annual report.

Operating Results

The Group's net loss after tax (NLAT) was \$427,579 (2015:\$11,640,220). The loss for the year included an impairment of receivables of \$160,494 and impairment of investment in exploration licences of \$49,239.

Shares and Options

No shares were issued during the reporting year and at 30 June 2016 there were no unquoted and unexpired options

Significant changes in the state of affairs

Settlement Agreement with Nugroho Suksmanto

See the Summary of Activities.

Suspension from Official Quotation

On 10 June 2015 the ASX suspended trading in Orpheus securities in accordance with Listing Rule 17.3 and advised that the Company's securities will remain suspended until the Company is able to demonstrate compliance with Chapter 12 of the Listing Rules.

Compliance with Chapter 12 of the Listing Rules will require Orpheus to demonstrate to the ASX's satisfaction that the level of Orpheus's operations are sufficient to warrant the continued quotation of Orpheus's securities and its continued listing as required by Listing Rule 12.1.

Alternative asset acquisition strategy

See the Summary of Activities.

Matters subsequent to the end of the financial year

There are no matters subsequent to the end of the financial year.

Likely developments and review of operations

Comments on review of operations of the Group are included in the annual report under summary of activities on pages 6 to 7.

Further information on likely developments in the operations of the Group and the expected result of operations have not been included in the annual financial report because the Directors believe it would be likely to result in unreasonable prejudice to the Group.

Directors' Report

Environmental regulations

The Group is subject to environmental regulations in Australia and in foreign countries where it operates. To the best of the Directors' knowledge, all activities have been undertaken in compliance with these environmental regulations.

Directors' Meetings

The Company held 6 Directors' meetings during the year and 2 Audit and Risk Committee meetings. The attendances of the directors in office during the year at meetings of the Board and Committees were:

Director	Board of Directors		Audit and Risk Committee	
	Number Eligible to attend	Number Attended	Number Eligible to attend	Number Attended
Wayne Mitchell	6	6	2	2
David Smith	6	6	-	-
Wesley Harder	6	6	2	2
Michael Rhodes	6	6	2	2

Remuneration Report (Audited)

Directors are pleased to present Orpheus Energy Limited's 2016 remuneration report which sets out remuneration information for the Company's executive directors, non-executive directors and other key management personnel.

(a) Details of Directors and Key Management Personnel during the year ended 30 June 2016

Wayne Mitchell	Chairman, Chief Executive Officer and Managing Director
David Smith	Non-executive Director
	Company Secretary
Wesley Harder	Director, Exploration Manager
	Company Secretary
Michael Rhodes	Non-executive Director
Barry Neal	Chief Financial Officer

(b) Remuneration governance

The Company does not have a remuneration committee with remuneration decisions made by the Board on:-

- The over-arching executive remuneration framework
- Operation of the incentive plans which apply to the executive team including key performance indicators and performance hurdles
- Remuneration levels of executive directors and the key management personnel, and
- Non-executive director fees

The objective is to ensure that remuneration policies and structures are fair and competitive and aligned with the long-term interests of the Company.

(c) Executive remuneration policy and framework

In determining executive remuneration, the Board aims to ensure that remuneration practices are:

- competitive and reasonable enabling the company to attract and retain key talent
- aligned to the Company's strategic and business objectives and the creation of shareholder value
- acceptable to shareholders

The executive remuneration framework has three components

- base pay and benefits, including superannuation;
- short-term incentives (STI's) - cash bonuses; and
- long-term incentives (LTI's) through participation in the Orpheus Employee Option Plan.

The payment of STI's and LTI's is conditional on the achievement of set performance criteria.

(d) Long-term incentives (LTIs)

The establishment of the Orpheus Long Term Incentive Plan (LTI) was approved by shareholders at the 2013 annual general meeting (AGM). The Plan is designed to provide long-term incentives for employees including directors to deliver long-term shareholder returns. Under the Plan, participants are granted options which only vest if certain performance standards are met. Participation in the Plan is at the Board's discretion and no individual has a contractual right to participate in the Plan or to receive any guaranteed benefits.

Options granted under the Plan carry no dividend or voting rights.

When exercisable, each option is convertible into one ordinary share.

(e) Non-executive Director remuneration policy

Non-executive Directors receive director's fees plus superannuation contributions to a complying fund. Non-executive Directors may receive performance based pay incentives through participation in the Orpheus Employee Option Plan.

Fees are reviewed annually by the Board taking into account comparable roles and market data provided by the Board's independent remuneration advisor.

(f) Shareholder approved directors' fees pool

The maximum annual aggregate directors' fee pool limit is \$200,000 and was approved by shareholders at the 2010 annual general meeting held on 30 November 2010.

Remuneration Report (Audited)

The following Directors' fees were payable in the reporting year but not paid:

	2016 \$	2015 \$
Directors fees including superannuation contributions (SGL)	11,667	146,566

(g) Voting and comments made at the company's 2014 Annual General Meeting

Orpheus Energy Limited received more than 80% of 'yes' votes on its remuneration report for the 2015 financial year. The company did not receive any specific feedback at the AGM or throughout the year on its remuneration policies.

(h) Details of Remuneration

The following tables show details of Directors' remuneration accrued but not paid at year end by the Directors and the key management personnel of the Group for the current and previous financial years

2016	Short term employee benefits	Post Employment Benefit	Long Term	Share-based payments	Total		
Name	Directors Fees	Salary	Consulting Fees	Super-annuation	Long Service Leave	Options	
	\$	\$	\$	\$	\$	\$	\$
Directors *							
W. Mitchell	4,167	16,667	12,000	1,979	-	-	34,813
D. Smith	2,500	15,833	65,333	1,742	-	-	85,408
W. Harder	2,500	11,250	-	1,306	-	-	15,056
M. Rhodes	2,500	12,164	-	238	-	-	14,902
Other Key Management Personnel **							
B. Neal (CFO)	-	-	55,610	-	-	-	55,610
	11,667	55,914	132,943	5,265	-	-	205,789

* All Directors' fees, salary and consulting fees were accrued and not paid

** Amount paid \$20,800 with balance accrued

2015	Short term	employee benefits	Post Employment Benefit	Long Term	Share-based payments	Total	
Name	Directors Fees	Salary	Consulting Fees	Super-annuation	Long Service Leave	Options	
	\$	\$	\$	\$	\$	\$	
Directors							
W. Mitchell	43,850	200,000	-	23,750	-	89,945	357,545
D. Smith	30,000	161,949	-	18,235	-	46,587	256,751
W. Harder	30,000	135,000	-	15,675	-	34,293	214,968
M. Rhodes	30,000	126,744	-	2,850	-	-	159,594
Other Key Management Personnel							
B. Neal (CFO)	-	-	124,800	-	-	11,116	135,916
	133,850	623,693	124,800	60,510	-	181,921	1,124,794

At 30 June 2015 short-term employee benefits of \$740,952 (net of PAYG paid) included in the above table were unpaid.

(i) Service agreements

Remuneration and other terms of employment for the Chief Executive Officer, other Directors and key management personnel are formalised in service agreements. The service agreements specify the components of remuneration, benefits and notice periods. Other major provisions of the agreements relating to remuneration are set out below.

Name	Term of agreement	Based salary plus super (SGL)	Termination Benefit
Wayne Mitchell Chief Executive Officer	Ongoing commencing 28 Feb 2011 and suspended from August 2015. Agreed that ongoing a monthly consulting fee would be payable based on work performed.	Salary \$200,000 p.a. plus Directors fees of \$50,000 plus superannuation (SGL)	On 31 August 2015 the Director agreed to forgo termination benefits as per his contract

Remuneration Report (Audited)

Name	Term of agreement	Based salary plus super (SGL)	Termination Benefit
David Smith <i>Non-Executive Director</i>	Ongoing commencing 24 May 2015 and suspended from August 2015. Agreed that ongoing a monthly consulting fee would be payable based on work performed.	Salary \$190,000 p.a. plus Directors fees of \$30,000 plus superannuation (SGL)	On 31 August 2015 the Director agreed to forgo termination benefits as per his contract
Wesley Harder <i>Executive Director, Exploration Manager</i>	Ongoing commencing 28 Feb 2011 and suspended from August 2015	Salary \$135,000 p.a. plus Directors fees of \$30,000 plus superannuation (SGL)	On 31 August 2015 the Director agreed to forgo termination benefits as per his contract
Michael Rhodes <i>Non-executive Director</i>	Ongoing commencing 1 October 2012 and suspended from August 2015	Directors fees of \$30,000 plus superannuation (SGL)	On 31 August 2015 the Director agreed to forgo termination benefits as per his contract
Barry Neal <i>Chief Financial Officer</i>	Ongoing commencing 1 May 2015 and suspended from August 2015 with ongoing fee based on agreed work performed	Consultancy fee payable to a related entity \$124,800 p.a. plus GST(part-time)	On 31 August 2015 the CFO agreed to forgo termination benefits as per his contract

(j) Details of share-based payments

No options were issued in the reporting year and no shares have been issued as a result of the exercise of options granted as compensation to key management personnel during the years ended 30 June 2016 and 30 June 2015. Option expense charged against profit or loss in relation to KMP options is shown in tables (h) above.

Additional information on share based payments made to Directors and KMP's and cancelled in the previous financial year is disclosed in para (m) below.

(l) Equity instruments held by key management personnel

The tables below and on the following page show the number of:

- (i) Options over ordinary shares in the company
- (ii) Shares in the company

that were held during the previous financial year by key management personnel of the group, including their close family members and entities related to them.

There were no shares or options granted during the reporting period as compensation.

(m) Option holdings

2016 No options expired and no options were issued during the financial year

2015	Balance at start of the year	Held at date of appointment / resignation	Granted as compensation	Expired/ Cancelled*	Balance at end of the year	Vested and exerciseable	Not Vested and Not Exercisable
Directors							
Wayne Mitchell	7,854,910	-	-	(7,584,910)	-	-	-
David Smith	4,013,512	-	-	(4,013,512)	-	-	-
Wesley Harder	3,351,036	-	-	(3,351,036)	-	-	-
Other Key Management Personnel							
Barry Neal CFO	600,000	-	-	(600,000)	-	-	-
Total	15,819,458	-	-	(15,819,458)	-	-	-

* 6,000,000 options expired/unexercised and 9,819,458 options cancelled by agreement with holders

(n) Shareholdings

2016	Balance at start of year	Changes during the year	Balance held at end of the year
Directors			
Wayne Mitchell	15,264,210	-	15,264,210
David Smith	36,500,000	-	36,500,000
Wesley Harder	6,452,824	-	6,452,824
Michael Rhodes	4,277,833	-	4,277,833
Total	62,494,867	-	62,494,867

Remuneration Report (Audited)

(n) Shareholdings(continued)

2015	Balance at start of year	Held at date of appointment or resignation	Conversion of Directors' loans to equity	Rights Issue	Balance held at end of the year
Directors					
Wayne Mitchell	5,424,157		7,566,666	2,273,387	15,264,210
David Smith	22,524,015		7,566,666	6,409,319	36,500,000
Wesley Harder	1,701,243		1,433,334	3,318,247	6,452,824
Michael Rhodes	70,000		1,433,334	2,774,499	4,277,833
Total	29,719,415		18,000,000	14,775,451	62,494,867

(r) Loans from key management personnel

Directors have extended short term loans to the Company with interest payable at the rate charged by Westpac Banking Corporation on business overdrafts exceeding \$100,000 on less 0.5%. This has been calculated as 7.33%.

At 30 June 2016 Directors loans outstanding were \$681,327 which includes interest accrued of \$25,540.

Aggregates for key management personnel

	Balance at start of the year	Received during the year	Interest paid and payable for the year	Balance at end of the year	Number in group at the end of the year
2016	513,384	158,650	9,293	681,327	3

Aggregate amounts of the above transactions with key management personnel of the Group

	2016 \$	2015 \$
Amounts recognised as expenses		
Interest	9,293	30,925
Aggregate amounts payable to key management personnel of the Company at the end of the reporting period relating to the above types of transactions:		
Current liabilities	681,327	513,384

End of Remuneration Report (Audited)

Directors' Report

Auditor Independence

The directors received a declaration from the auditor of Orpheus Energy Limited which is appended to this report.

Non-Audit Services

There were no non-audit services provided by Hall Chadwick, the current auditor of the Company.

Indemnifying and Insurance of Directors and Officers

During or since the end of the previous financial year, the Company has given an indemnity or entered into an agreement to indemnify, or paid or agreed to pay insurance premiums as follows:

The Company has paid premiums to insure all of the Directors and key management personnel of the Company as named above, the Company Secretary, and all executive officers of the Company against any liability incurred as such by Directors, the Secretary or Executive Officers to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Proceedings on Behalf of the Company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to 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.

No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under section 237 of the Corporations Act 2001.

This report has been made in accordance with a resolution of directors.



Wayne Mitchell, Chairman
29 September 2016

Auditors Independence Declaration

HALL CHADWICK  (NSW)

Chartered Accountants and Business Advisers

**ORPHEUS ENERGY LIMITED
ABN 67 121 257 412
AND CONTROLLED ENTITIES**

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

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2016 there have been:

- (a) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit, and
- (b) no contraventions of any applicable code of professional conduct in relation to the audit.

Hall Chadwick

HALL CHADWICK
Level 40, 2 Park Street
SYDNEY NSW 2000

Graham Webb

Graham Webb
Partner
Dated: 29 September 2016

SYDNEY

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Independent Auditor's Report

HALL CHADWICK (NSW)

Chartered Accountants and Business Advisers

**ORPHEUS ENERGY LIMITED
ABN 67 121 257 412
AND CONTROLLED ENTITIES**

**INDEPENDENT AUDITOR'S REPORT TO
THE MEMBERS OF ORPHEUS ENERGY LIMITED**

Report on the Financial Report

We have audited the accompanying financial report of Orpheus Energy Limited, which comprises the consolidated statement of financial position as at 30 June 2016, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the 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 entities 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 of the 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 financial report that is free from material misstatement, whether due to fraud or error. In Note 1(a), the directors also state, in accordance with Accounting Standard AASB 101: Presentation of Financial Statements that the financial statements comply with International Financial Reporting Standards (IFRS).

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We 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 judgment, 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 entity'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 entity'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 Corporations Act 2001.

SYDNEY

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HALL CHADWICK  (NSW)

ORPHEUS ENERGY LIMITED
ABN 67 121 257 412
AND CONTROLLED ENTITIES

INDEPENDENT AUDITOR'S REPORT TO
THE MEMBERS OF ORPHEUS ENERGY LIMITED

Auditor's Opinion

In our opinion:

- a. the financial report of Orpheus Energy Limited is in accordance with the Corporations Act 2001, including:
 - i. giving a true and fair view of the consolidated entity's financial position as at 30 June 2016 and of its performance for the year ended on that date; and
 - ii. complying with Australian Accounting Standards and the Corporations Regulations 2001; and
- b. the financial report also complies with International Financial Reporting Standards as disclosed in Note 1(a).

Emphasis of Matter

Without modifying our opinion, we draw attention to Note 1(c) in the financial report which indicates that the company incurred a net loss of \$427,579 for the year ended 30 June 2016 and as of that date, the company's current liabilities exceeded its total assets by \$3,030,498. These conditions, along with other matters as set forth in Note 1(c), indicate the existence of a material uncertainty that may cast significant doubt about the company's ability to continue as a going concern and therefore, the company may be unable to realise its assets and discharge its liabilities in the normal course of business and at the amounts stated in the financial report.

Report on the Remuneration Report

We have audited the remuneration report included in pages 22 to 25 of the directors' report for the year ended 30 June 2016. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with s 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion the remuneration report of Orpheus Energy Limited for the year ended 30 June 2016 complies with s 300A of the Corporations Act 2001.



HALL CHADWICK
Level 40, 2 Park Street
SYDNEY NSW 2000



Graham Webb
Partner
Dated: 29 September 2016

Directors' Declaration

In accordance with a resolution of the Directors of Orpheus Energy Limited, the Directors of the Company declare that:

1. the financial statements and notes, as set out on pages 31-56
 - a) comply with Australian Accounting Standards, which as stated in accounting policy Note 1 to the financial statements, constitutes compliance with International Financial Reporting Standards (IFRS); and
 - b) give a true and fair view of the financial position as at 30 June 2016 and of the performance for the year ended on that date of the consolidated group;
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; and
3. the Directors have been given the declarations required by section 295A of the Corporations Act 2001 from the Chief Executive Officer and Chief Financial Officer.



Wayne Mitchell
Chairman
29 September 2016

Consolidated Statement of Profit or Loss and Other Comprehensive Income

FOR THE YEAR ENDED 30 JUNE 2016

		Consolidated	
	Note	2016 \$	2015 \$
Revenue			
Other revenue	4	444,550	946,056
Expenses			
Consultancy and professional fees		(174,988)	(246,477)
Employment and related costs		(146,043)	(1,057,496)
Insurance expenses		(16,771)	(35,349)
Legal expenses		(176,452)	(103,144)
Depreciation and amortisation expense		(14,476)	(32,354)
Marketing and promotion expenses		-	(8,316)
Finance costs		(10,320)	(262,939)
Lease rental expenses and occupation costs		(42,566)	(154,485)
Compliance costs		(41,143)	(56,397)
Travel and accommodation expenses		(17,500)	(30,877)
Share-based payments		-	(181,921)
Bad debts written off		-	(51,135)
Impairment of deposit paid for exploration licences		(49,239)	(1,296,749)
Provision for impairment of debtors		(160,494)	(7,208,716)
Loss on disposal of assets		(10,075)	(13,503)
Settlement discount		-	(1,813,971)
Other expenses		(12,062)	(32,447)
Loss before income tax		(427,579)	(11,640,220)
Income tax expense	6 (c)	-	-
Net loss for the year from continuing operations		(427,579)	(11,640,220)
Other comprehensive income			
<i>Items that may be reclassified to profit or loss:</i>			
Exchange differences on translation of foreign operations		(70,240)	418,731
Total other comprehensive income for the year		70,240)	418,731
Total comprehensive income for the year		(497,819)	(11,221,489)
Loss attributable to:			
Members of the parent entity		(427,559)	(11,639,942)
Non-controlling interests		(20)	(278)
		(497,579)	(11,640,220)
Total comprehensive income attributable to:			
Members of the parent entity		(497,589)	(11,220,167)
Non-controlling interests		(230)	(1,322)
		(497,819))	(11,221,489)
Earnings per share			
Basic and diluted (loss) per share (cents per share)	7	(0.23)	(6.98)

The accompanying notes form part of these financial statements.

Consolidated Statement of Financial Position

AS AT 30 JUNE 2016

		Consolidated	
	Note	2016	2015
		\$	\$
ASSETS			
Current Assets			
Cash and cash equivalents	9	3,733	5,610
Trade and other receivables	11	280,339	63,259
Total Current Assets		284,072	68,869
Non-Current Assets			
Property, plant and equipment	13	1,227	30,130
Security deposits	14	-	74,519
Total Non-Current Assets		1,227	104,649
TOTAL ASSETS		285,299	173,518
LIABILITIES			
Current Liabilities			
Trade and other payables	15	1,825,801	1,231,461
Employee provisions	16	9,856	172,073
Current tax liabilities	6(c)	798,813	789,279
Borrowings	17	681,327	513,384
Total Current Liabilities		3,315,797	2,706,197
TOTAL LIABILITIES		3,315,797	2,706,197
NET ASSETS		(3,030,498)	(2,532,679)
EQUITY			
Issued capital	18	31,478,839	31,478,839
Reserves	19	474,641	544,671
Accumulated losses		(34,977,824)	(34,550,265)
Parent entity interest		(3,024,344)	(2,526,755)
Non-controlling interests		(6,154)	(5,924)
TOTAL EQUITY		(3,030,498)	(2,532,679)

The accompanying notes form part of these financial statements.

Consolidated Statement of Changes in Equity

FOR THE YEAR ENDED 30 JUNE 2016

	Issued Capital Ordinary	Accumulated losses	Option Reserve	Foreign Currency Trans- lation Reserve	Non- controlling Interests	Total Equity
Note	\$	\$			\$	\$
Balance at 1 July 2014	30,695,699	(23,942,942)	850,698	124,896	(4,602)	7,723,749
Loss for the year	-	(11,639,942)	-	-	(278)	(11,640,220)
Other comprehensive income	-	-	-	419,775	(1,044)	418,731
Total comprehensive income for the year	-	(11,639,942)	-	419,775	(1,322)	(11,221,111)
Transactions with owners in their capacity as owners:						
Shares issued on conversion of Directors loans	540,000	-	-	-	-	540,000
Shares issued on rights issue	304,404	-	-	-	-	304,404
Transactions costs	(61,264)	-	-	-	-	(61,264)
Options expensed during the period	-	-	181,921	-	-	181,921
Options expired/cancelled/forfeited transferred to retained earnings	-	1,032,619	(1,032,619)	-	-	-
	783,140	1,032,619	(850,698)	-	-	965,061
Balance at 30 June 2015	31,478,839	(34,550,265)	-	544,671	(5,924)	(2,532,679)
Balance at 1 July 2015	31,478,839	(34,550,265)	-	544,671	(5,924)	(2,532,679)
Loss for the year	-	(427,559)	-	-	(20)	(427,579)
Other comprehensive income	-	-	-	(70,030)	(210)	(70,240)
Total comprehensive income for the year	-	(427,559)	-	(70,030)	(230)	(497,819)
Transactions with owners in their capacity as owners:	-	-	-	-	-	-
Balance at 30 June 2016	31,478,839	(34,977,824)	-	474,641	(6,154)	(3,030,498)

The accompanying notes form part of these financial statements.

Consolidated Statement of Cash Flows

FOR THE YEAR ENDED 30 JUNE 2016

Note	Consolidated	
	2016 \$	2015 \$
Cash flows from operating activities		
Receipts from customers	14,376	51,459
Payments to suppliers and employees	(252,237)	(1,261,515)
Interest paid	(2,017)	(1,929)
Interest received	480	2,131
Net cash flows (used in) operating activities	9(a) (239,398)	(1,209,854)
Cash flows from investing activities		
Proceeds from the sale of plant and equipment	4,545	-
Purchase of plant and equipment	(193)	-
Deposits recouped	74,519	10,000
Proceeds from sale of subsidiaries	-	297,839
Net cash flows (used in) investing activities	78,871	307,839
Cash flows from financing activities		
Proceeds from the issue of shares	-	243,140
Loan provided to a Director	-	(45,055)
Proceeds from borrowings – related parties	158,650	608,011
Repayment of borrowings – related party	-	(40,873)
Repayment of borrowings – unrelated party	-	(267,291)
Net cash flows from financing activities	158,650	497,932
Net (decrease) in cash and cash equivalents	(1,877)	(404,083)
Cash and cash equivalents at beginning of period	5,610	409,693
Cash and cash equivalents at end of period	9 3,733	5,610

The accompanying notes form part of these financial statements.

Notes to the Consolidated Financial Statements FOR THE YEAR ENDED 30 JUNE 2016

The financial report includes the financial statements and notes of Orpheus Energy Limited, a listed public company incorporated and domiciled in Australia.

The separate financial statements of the parent entity, Orpheus Energy Limited, have not been presented within this financial report as permitted by the Corporations Act 2001.

The financial statements were authorised for issue on 29 September 2016 by the directors of the company.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The financial statements are general purpose financial statements, which has been prepared in accordance with Australian Accounting Standards ('AASBs'), Australian Accounting Interpretations, other authoritative pronouncements, as issued by the Australian Accounting Standards Board ('AASB') and the *Corporations Act 2001*. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable financial information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards issued by the ISAB. Material accounting policies adopted in the preparation of this financial report are presented below. They have been consistently applied unless otherwise stated.

Except for cash flow information, the financial report has been prepared on an accruals basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

(b) Principles of consolidation

The consolidated financial statements comprise the assets, liabilities and results of entities controlled by Orpheus Energy Limited at the end of the reporting period.

Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the group.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of financial position respectively. The non-controlling interests in the net assets comprise their interests at the date of the original business combination and their shares of changes in equity since that date.

Where controlled entities have entered or left the Group during the year, the financial performance of those entities is included only for the period of the year that they were controlled. Details of subsidiaries are set out in Note 25.

Subsidiaries Bushveld Exploration (SA) Pty Ltd and Orpheus Energy (China) Co Limited are not consolidated because their combined influence on the Group's net assets, financial position and results of operations is not material. Their net sales are nil, they have no income and their net total equity amounts to 0.005% of total assets. These non-consolidated subsidiaries are measured at fair value or at cost when the fair value of unlisted equity instruments cannot be reliably measured and they are presented under the 'Financial assets, non-current' line item.

In preparing the consolidated financial statements all intragroup balances and transactions between entities in the consolidated group have been eliminated in full on consolidation.

Notes to the Consolidated Financial Statements FOR THE YEAR ENDED 30 JUNE 2016

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(c) Going concern basis

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

The net loss after income tax for the consolidated entity for the financial year ended 30 June 2016 was \$427,579 (2015: \$11,640,220). The Group also had minimal cash at balance date and negative net assets of \$3,030,498 at 30 June 2016 (FY2015:\$2,532,680).

The Directors nevertheless believe that it is appropriate to prepare the financial report on a going concern basis because:-

- (i) The Group is in a transition stage having sold its Indonesian exploration/mining assets for which it is yet to collect \$7.2 million. Under a revised and updated settlement agreement for this debt a pledge of security over a real estate company owned by the debtor has been obtained and Orpheus has instructed its lawyers to commence the lodgement of a formal Police report. Accordingly the Directors believe that the amount will be recoverable either by way of sale of the security or the result of police action as an alternative means of recovering the debt;
- (ii) Orpheus is in the process of undertaking due diligence in relation to the acquisition of Wavetronics which would include the issue of a prospectus to raise \$4 million under a Share Purchase Plan;
- (iii) In the meantime, Orpheus is receiving approaches regarding other potential backdoor listing opportunities, which are being considered by the Orpheus Board, for presentation to shareholders, when and if one of the opportunities sufficiently progresses;
- (iv) In the short term the Directors have agreed to support the Company by way of short term loans.

In the event that the consolidated entity is unable to collect monies owing to it and/or the reverse takeover does not proceed there is a significant uncertainty whether it will be able to continue as a going concern and therefore whether the Company and the consolidated entity can realise its assets and extinguish its liabilities at the amounts stated in the financial report.

(d) Business combinations

Business combinations occur where an acquirer obtains control over one or more businesses and results in the consolidation of its assets and liabilities.

A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control. The business combination will be accounted for from the date that control is attained, whereby the fair value of the identifiable assets acquired and liabilities (including contingent liabilities) assumed is recognised (subject to certain limited exceptions).

When measuring the consideration transferred in the business combination, any asset or liability resulting from a contingent consideration arrangement is also included. Subsequent to initial recognition, contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability is remeasured in each reporting period to fair value, recognising any change to fair value in profit or loss, unless the change in value can be identified as existing at acquisition date.

All transaction costs incurred in relation to business combinations are recognised as expenses in profit or loss when incurred.

The acquisition may result in the recognition of goodwill or a gain from a bargain purchase. Included in the measurement of consideration transferred is any asset or liability resulting from a contingent consideration arrangement.

(e) Income tax

The income tax for expense (income) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to profit or loss is the tax payable on taxable income. Current tax liabilities (assets) are measured at the amounts expected to be paid to (recovered from) the relevant taxation authorities.

Deferred income tax expense (income) is charged or credited outside profit or loss when the tax relates to items that are recognized outside profit or loss.

Notes to the Consolidated Financial Statements FOR THE YEAR ENDED 30 JUNE 2016

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Except for business combinations, no deferred income tax is recognized from the initial recognition of an asset or liability, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability. With respect to non-depreciable items of property, plant and equipment measured at fair value and items of investment property measured at fair value, the related deferred tax liability or deferred tax asset is measured on the basis that the carrying amount of the asset will be recovered entirely through sale.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a 'legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where: (a) a legally enforceable right of set-off exists; and (b) the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

Orpheus Energy Limited and its fully owned Australian subsidiary Orpheus Energy Group Pty Limited have implemented the tax consolidation legislation. As a consequence, these entities are taxed as a single entity and the deferred tax assets and liabilities of these entities are set off in the consolidated financial statements.

(f) Fair value of assets and liabilities

The Group measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard.

Fair value is the price the Group would receive to sell an asset or would have to pay to transfer a liability in an orderly (ie unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset or liability (ie the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (ie the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

The fair value of liabilities and the entity's own equity instruments (excluding those related to share-based payment arrangements) may be valued, where there is no observable market price in relation to the transfer of such financial instrument, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted and, where significant, are detailed in the respective note to the financial statements.

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE 2016

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(g) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits available on demand with banks, other short-term highly liquid investments with original maturities of twelve months or less, and bank overdrafts. Bank overdrafts are reported within borrowings in current liabilities on the statement of financial position. For the purpose of the Cash Flow Statement, cash and cash equivalents consist of cash and cash equivalents as defined above.

(h) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Interest revenue is received from bank balances held by the company. Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

All revenue is stated net of the amount of goods and services tax or VAT.

(i) Trade and other receivables

Trade receivables and other receivables, both of which generally have 30 day terms, are non-interest bearing and are recognised and carried at original invoice amount less an allowance for any uncollectible amounts. These receivables are classified as current assets.

An allowance for doubtful debts is made when there is objective evidence that the Company will not be able to collect the debts. Bad debts are written off when identified.

(j) Trade and other payables

Trade payables and other payables represent the liabilities for goods and services received by the entity that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

(k) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from or payable to the ATO is included with other receivables or payables in the statement of financial position

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows included in receipts from customers or payments to suppliers

(l) Property, plant and equipment

Property, plant and equipment are measured on the cost basis and therefore carried at cost less accumulated depreciation and any accumulated impairment. In the event the carrying amount of property, plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised either in profit or loss or as a revaluation decrease if the impairment losses relate to a revalued asset. A formal assessment of recoverable amount is made when impairment indicators are present (refer to Note 1(p) for details of impairment).

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are recognised as expenses in profit or loss during the financial period in which they are incurred.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are recognised in profit or loss in the period in which they arise. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

Notes to the Consolidated Financial Statements FOR THE YEAR ENDED 30 JUNE 2016

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Depreciation

The depreciable amount of all fixed assets is depreciated on a straight line basis over the assets useful life from the time the asset is ready for use.

The depreciation rates used for each class of depreciable asset are:

Class of fixed asset	Depreciation Rate per annum
Plant and Equipment	10% - 33%
Motor Vehicles	25 %
Computer Equipment	25% - 33%
Furniture and Equipment	10% - 33%
Leasehold improvements	Straight line over the balance of the lease term

The assets' residual values and useful life are reviewed and adjusted if appropriate, at the end of each reporting period. An assets recoverable amount is written down to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

(m) Impairment of assets

At the end of each reporting period, the Group assesses whether there is any indication that an asset may be impaired. The assessment will include the consideration of external and internal sources of information including dividends received from subsidiaries, associates or jointly controlled entities deemed to be out of pre-acquisition profits. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying amount.

Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Standard (eg in accordance with the revaluation model in AASB 116: Property, Plant and Equipment). Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

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.

Impairment testing is performed annually for goodwill, intangible assets with indefinite lives and intangible assets not yet available for use.

(n) Borrowings

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.

Borrowing costs other than those incurred for the construction of any qualifying asset are expensed.

(o) Employee benefits – short-term obligations

Liabilities for wages and salaries, including non-monetary benefits and personal leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled.

The liability for accumulating personal leave is recognised in the provision for leave. All other short-term employee benefit obligations are presented as payables

(p) Equity-settled compensation

The Group operates an employee share and option plan. Share-based payments to employees are measured at the fair value of the instruments issued and amortised over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amount is recorded to the option reserve. The fair value of options is determined using the Black-Scholes pricing model. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognised for services received as consideration for the equity instruments granted is based on the number of equity instruments that eventually vest.

Notes to the Consolidated Financial Statements FOR THE YEAR ENDED 30 JUNE 2016

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(q) Exploration, evaluation and development expenditure

Exploration, evaluation and development expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

Any changes in the estimates for the costs are accounted on a prospective basis. In determining the costs of site restoration, there is uncertainty regarding the nature and extent of the restoration due to community expectations and future legislation. Accordingly the costs have been determined on the basis that the restoration will be completed within one year of abandoning the site.

(r) Leases

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are recognised as expenses in the periods in which they are incurred.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the lease term.

(s) Provisions

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured

Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

(t) Foreign currency transactions and balances

Functional and presentation currency

The functional currency of each of the Group's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars, which is the parent entity's functional currency.

Transactions and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in profit or loss, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognised directly in other comprehensive income to the extent that the underlying gain or loss is recognised in other comprehensive income; otherwise the exchange difference is recognised in profit or loss

Group companies

The financial results and position of foreign operations, Whose functional currency is different from the Group's presentation currency, are translated as follows:

- assets and liabilities are translated at exchange rates prevailing at the end of the reporting period;
- income and expenses are translated at average exchange rates for the period; and retained earnings are translated at the exchange rates prevailing at the date of the transaction.

Notes to the Consolidated Financial Statements FOR THE YEAR ENDED 30 JUNE 2016

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Exchange differences arising on translation of foreign operations with functional currencies other than Australian dollars are recognised in other comprehensive income and included in the foreign currency translation reserve in the statement of financial position. The cumulative amount of these differences is reclassified into profit or loss in the period in which the operation is disposed of.

(u) Financial instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the company commits itself to either the purchase or sale of the asset (ie trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified “at fair value through profit or loss”, in which case transaction costs are expensed to profit or loss immediately.

Classification and subsequent measurement

Amortised cost is the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the *effective interest method*.

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models

The *effective interest method* is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense item in profit or loss.

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

Loans and receivables are included in current assets, where they are expected to mature within 12 months after the end of the reporting period.

(ii) Financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial liability is derecognised.

Impairment

At the end of each reporting period, the Group assesses whether there is objective evidence that a financial asset has been impaired. A financial asset (or a group of financial assets) is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events (a “loss event”) having occurred, which has an impact on the estimated future cash flows of the financial asset(s).

Derecognition

Financial assets are derecognised when the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised when the related obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

Notes to the Consolidated Financial Statements FOR THE YEAR ENDED 30 JUNE 2016

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(v) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2016 reporting periods and have not been early adopted by the Group. The Group's assessment of the impact of these new standards when adopted in future periods are discussed below:

(i) AASB 9: Financial Instruments and associated Amending Standards (applicable for annual reporting periods commencing on or after 1 January 2018).

The Standard will be applicable retrospectively (subject to the comment on hedge accounting below) and includes revised requirements for the classification and measurement of financial instruments, revised recognition and derecognition requirements for financial instruments and simplified requirements for hedge accounting.

The key changes made to the Standard include certain simplifications to the classification of financial assets, simplifications to the accounting of embedded derivatives, and the irrevocable election to recognise gains and losses on investments in equity instruments that are not held for trading in other comprehensive income.

AASB 9 also introduces a new model for hedge accounting that will allow greater flexibility in the ability to hedge risk, particularly with respect to hedges of non-financial items. The Group does not hedge and the new standard will have no impact.

(ii) AASB 15: Revenue from Contracts with Customers (applicable to annual reporting periods commencing on or after 1 January 2018).

When effective, this Standard will replace the current accounting requirements applicable to revenue with a single, principles-based model. Except for a limited number of exceptions, including leases, the new revenue model in AASB 15 will apply to all contracts with customers as well as non-monetary exchanges between entities in the same line of business to facilitate sales to customers and potential customers.

The directors anticipate that the adoption of AASB 15 will have no impact on the Group's financial statements.

(iii) AASB 16: Leases (applicable to annual reporting periods commencing on or after 1 January 2019).

When effective, this Standard will replace the current accounting requirements under AASB 117, with the new standard requiring all leases with two exceptions to be included on the statement of financial position.

The directors anticipate that the adoption of AASB 16 will have minimum impact on the Group's financial statements.

(iv) AASB 2014-3: Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations (applicable to annual reporting periods beginning on or after 1 January 2016)

This Standard amends AASB 11: Joint Arrangements to require the acquirer of an interest (both initial and additional) in a joint operation in which the activity constitutes a business, as defined in AASB 3: Business Combinations, to apply all of the principles on business combinations accounting in AASB 3 and other Australian Accounting Standards except for those principles that conflict with the guidance in AASB 11; and disclose the information required by AASB 3 and other Australian Accounting Standards for business combinations.

The application of AASB 2014-3 will result in a change in accounting policies for the above described transactions, which were previously accounted for as acquisitions of assets rather than applying the acquisition method per AASB 3.

The transitional provisions require that the Standard should be applied prospectively to acquisitions of interests in joint operations occurring on or after 1 January 2016. As at 30 June 2016, management is not aware of the existence of any such arrangements that would impact the financial statements of the entity going forward and as such is not capable of providing a reasonable estimate at this stage of the impact on initial application of AASB 2014-3.

The directors anticipate that the adoption of AASB 11 will not affect the Group's financial statements.

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE 2016

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

- (v) **AASB 2014-10: Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (applicable to annual reporting periods beginning on or after 1 January 2018, as deferred by AASB 2015-10: Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128).**

This Standard amends AASB 10: Consolidated Financial Statements with regards to a parent losing control over a subsidiary that is not a “business” as defined in AASB 3 to an associate or joint venture, and requires that:

- a gain or loss (including any amounts in other comprehensive income (OCI)) be recognised only to the extent of the unrelated investor’s interest in that associate or joint venture;
- the remaining gain or loss be eliminated against the carrying amount of the investment in that associate or joint venture; and
- any gain or loss from remeasuring the remaining investment in the former subsidiary at fair value also be recognised only to the extent of the unrelated investor’s interest in the associate or joint venture. The remaining gain or loss should be eliminated against the carrying amount of the remaining investment.

The application of AASB 2014-10 will result in a change in accounting policies for transactions of loss of control over subsidiaries (involving an associate or joint venture) that are businesses per AASB 3 for which gains or losses were previously recognised only to the extent of the unrelated investor’s interest.

The transitional provisions require that the Standard should be applied prospectively to sales or contributions of subsidiaries to associates or joint ventures occurring on or after 1 January 2018.

Although the directors anticipate that the adoption of AASB 2014-10 may have an impact on the Group’s financial statements, it is impracticable at this stage to provide a reasonable estimate of such impact.

The directors anticipate that the adoption of AASB 11 will not affect the Group’s financial statements.

(w) **Significant accounting judgements, estimates and assumptions**

In applying the Company’s accounting policies, management continually evaluates judgements, estimates and assumptions based on historical experience and other factors, including expectations of future events that may have an impact on the Company. All judgments, estimates and assumptions made are believed to be reasonable based on the most current set of circumstances available to management. Actual results may differ from the judgments, estimates and assumptions. The more significant judgments, estimates and assumptions made by management in the preparation of these financial statements are outlined below:

(i) **Impairment of loans to, and investment in, subsidiaries**

Where a subsidiary entity incurs a loss, the parent entity assesses the recoverability of any loans due from, or investments in, any subsidiary. Where required, the parent entity will then record an impairment loss against the value of its loans to, or investment in, the subsidiary.

(ii) **Useful lives of assets**

The estimation of the useful lives of assets has been based on historical experience and management judgement. In addition, the condition of assets is assessed annually and considered in the context of remaining useful life, and adjustments to useful life are made where necessary.

(iii) **Key judgements – impairment of other receivables**

The directors have reviewed outstanding debtors as at 30 June 2016 and have formed the opinion that not all debtors outstanding are collectible and have therefore decided that a provision for impairment of other receivables should be made. These debts include \$7,171,243 owing from the sale of Indonesian assets which are past due for which the amount of \$6,890,068 was provisioned in June 2015 and a further \$281,175 provisioned in June 201 arising from a foreign exchange translation.

Notes to the Consolidated Financial Statements FOR THE YEAR ENDED 30 JUNE 2016

2. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group holds the following financial instruments by category:

	Consolidated	
	2016	2015
	\$	\$
Financial assets		
Cash and cash equivalents	3,733	5,610
Trade and other receivables	280,339	63,259
Security deposits	-	74,519
	284,071	143,388
Financial liabilities		
Trade and other payables	1,825,801	1,231,462
Short term loans	681,327	513,384
	2,507,128	1,744,846

The Company monitors its exposure to key financial risks, principally market risk (including currency risk), interest risk, credit risk and liquidity risk, with the objective of achieving the company's financial targets whilst protecting future financial security.

The main risks arising from the company's financial instruments are liquidity risk, interest rate risk and credit risk. The Company uses different methods to measure and manage different types of risks to which it is exposed. These include monitoring levels of exposure to interest rates and assessments of market forecasts for interest rates. Liquidity risk is monitored through the development of future rolling cash flow forecasts and regular internal reporting. Credit risks are managed by credit limits and retention of the title over the investments sold.

The Board reviews and agrees policies for managing each of these risks as summarised below. Primary responsibility for identification and control of financial risks rests with the Board. It reviews and agrees policies for managing each of the risks, including the use of derivatives, hedging cover of interest rate exposure, credit allowances, and future cash flow forecast projections.

(a) Market Risk

Foreign exchange risk

Exchange Risk arises whereby currency exchange rates may affect the assets and liabilities and the consolidation of companies within the group.

The company reports in Australian Dollars, however the operating currency of the Indonesian subsidiaries is the Indonesian Rupiah (IDR) and the operating currency for the Singapore subsidiary is US\$. Exchange risk is minimised by funding the Indonesian operations from Indonesian generated funds. Analysis is undertaken by the company to assist in managing and reducing risks where practical arising from potential movements in foreign exchange rates.

At 30 June 2016 if exchange rates had increased/decreased by 500 basis points from the year end rates with all other variables held constant, the profit increase/decrease would be immaterial.

(b) Interest Risk

The Group's borrowings during 2016 were at fixed rates for Australian loans in A\$ based on the Westpac interest rate less 0.5%. The Australian variable rate loans are not therefore subject to interest rate risk.

Group sensitivity

At 30 June 2016 if interest rates had increased/decreased by 50 basis points from the year end rates with all other variables held constant, the result would not be material.

Based on movements in interest rates the company regularly reviews the deployment of funds and the exposure to interest rate risk in conjunction with currency and exchange rate risk in order to manage these risks in line with corporate objectives.

(c) Credit Risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from other third parties, investments, banks and financial institutions.

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE 2016

2. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Investments, banks and financial institutions

The Group limits its exposure to credit risk by only limiting transactions with high credit quality financial institutions that have an external credit rating.

Trade and other receivables

With regard to receivables due from the sale of assets credit risk exposure has been minimised by obtaining a pledge over assets of the debtor

(d) Liquidity Risk

The table below reflects all contractually fixed pay-offs and receivables for settlement from recognised financial assets and liabilities, including derivative financial instruments as of 30 June 2016. The amounts disclosed are undiscounted cash flows anticipated to eventuate in the next fiscal year. Cash flows for financial assets and liabilities without fixed amount or timing are based on the conditions existing at 30 June 2016.

	Total	< 6 Mths	6-12 Mths	1-5 Yrs
	\$	\$	\$	\$
2016				
Financial assets				
Cash and cash deposits	3,733	3,733	-	-
Trade and other receivables	280,339	280,339	-	-
	284,072	284,071	-	-
Financial liabilities				
Trade and other payables	1,825,801	1,825,801	-	-
Current tax liabilities	798,813	798,813	-	-
Short term loans	681,327	681,327	-	-
	3,305,941	3,305,941	-	-
Net maturity	(3,021,869)	(3,021,869)	-	-
	Total	< 6 Mths	6-12 Mths	1-5 Yrs
	\$	\$	\$	\$
2015				
Financial assets				
Cash and cash deposits	5,610	5,610	-	-
Trade and other receivables	63,259	63,259	-	-
	68,869	68,869	-	-
Financial liabilities				
Trade and other payables	1,231,462	1,231,462	-	-
Current tax liabilities	789,279	789,279	-	-
Short term loans	513,384	513,384	-	-
	2,534,125	2,534,125	-	-
Net maturity	(2,465,256)	(2,465,256)	-	-

The contractual maturities of the company's financial assets and liabilities set out in the table are equivalent to the maturity analysis of financial assets and liability based on management's expectation.

The risk implied from the values in the table reflects a balanced view of cash inflows and outflows.

(e) Fair value

The methods for estimating fair value are outlined in the relevant notes to the financial statements, and unless specifically stated, carrying value approximates fair value for all financial instruments.

3. SEGMENT REPORTING

The principal geographical areas of operation of the Consolidated Entity are as follows:

Australia
Indonesia

Operating segments are identified on the basis of internal reports that are regularly reviewed by the executive team in order to allocate resources to the segment and assess its performance.

Notes to the Consolidated Financial Statements FOR THE YEAR ENDED 30 JUNE 2016

3. SEGMENT REPORTING (continued)

Segment Revenues and Results

The following is an analysis of the Group's revenue and results by reportable operating segment for the periods under review.

	Australia \$	Indonesia \$	Total \$		Australia \$	Indonesia \$	Total \$
	Financial year ended 30 June 2016				Financial year ended 30 June 2015		
Revenue:							
Total segment sales revenue	25,578	-	25,578		40,909	-	40,909
Inter-segment revenue	-	-	-		-	-	-
Total Revenue from external customers	25,578	-	25,578		40,909	-	40,909
Segment result					(10,343,491)	(1,296,729)	(11,640,220)
Net Loss	(379,289)	(48,289)	(427,578)		(10,343,491)	(1,296,729)	(11,640,220)
Depreciation and amortisation	4,069	10,407	14,476		18,588	13,766	32,354
Bad debts written off	-	-	-		-	51,135	51,135
Provision for impairment of debtors	160,494	-	160,494		7,208,718	-	7,208,718
Share-based payments	-	-	-		181,921	-	181,921
Settlement discount	-	-	-		-	1,813,971	1,813,971
Impairment of investment in exploration licences	49,239	-	49,239		-	1,296,749	1,296,749
	Australia \$	Indonesia \$	Total \$		Australia \$	Indonesia \$	Total \$
	As at 30 June 2016				As at 30 June 2015		
Assets:							
Segment assets	21,682,324	5,431	21,687,755		21,467,837	16,065	21,483,902
Inter segment eliminations	(21,402,456)	-	(21,402,456)		(21,310,384)	-	(21,310,384)
	279,868	5,431	285,299		157,453	16,065	173,518
Liabilities:							
Segment liabilities	19,934,199	4,619,013	24,553,212		19,266,860	4,345,167	23,612,027
Inter segment eliminations	(17,897,776)	(3,339,640)	(21,237,416)		(17,738,561)	(3,167,269)	(21,905,830)
Total Liabilities	2,036,423	1,279,373	3,315,796		1,528,299	1,177,898	2,706,197

4. REVENUE

Revenue and other income

	Consolidated	
	2016 \$	2015 \$
Interest received	7,784	4,431
Other revenue	25,578	40,909
Unrealised foreign currency translation gains	245,762	890,166
Reversal of employee provisions	165,425	10,550
	444,550	946,056

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE 2016

5. EXPENSES

	Consolidated	
	2016	2015
Note	\$	\$
Finance costs – interest owing to related parties	10,320	27,659
Finance costs – interest paid to other persons	-	235,280
Bad debts written off	-	51,135
Rental expense on operating leases	42,566	154,485
Impairment of deposits paid for exploration licences	49,239	1,296,749
Settlement discount	-	1,813,971
Provision for impairment of debtors	160,494	7,208,716
Depreciation and amortisation	14,476	32,354
Loss on disposal of fixed assets	10,075	-

6. INCOME TAX

	Consolidated	
	2016	2015
	\$	\$
(a) Income tax expense		
Current tax	-	-
Income tax expense attributable to:		
Loss from continuing operations	-	-
Aggregate income tax expense	-	-
(b) Numerical reconciliation of income tax expense to prima facie tax payable		
Loss from continuing operations before income tax expense	(427,579)	(11,640,220)
Tax at the Australian tax rate of 30% (2015: 30%)	(128,273)	(3,492,065)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Non-deductible items	52,914	27,233
Share-based payments	-	54,576
Non-deductible settlement discount on disposal of investment	-	275,246
Non-deductible impairment	73,737	2,629,902
Indonesian tax on gain on disposal of tenements and shares		
Difference in overseas tax rates	(8,341)	123,279
Deferred tax assets not recognised	9,963	381,830
Income tax expense	-	-
The amount of deductible temporary differences and unused tax losses for which no deferred tax assets have been brought to account are as follows:		
– Tax losses	6,068,743	6,356,378
– Temporary differences	(299,186)	(184,706)
	5,769,557	6,171,672

- (c) Income tax owing is payable to foreign tax regimes on the sale of Indonesian coal assets amounting to \$798,813 (2015:\$789,279).

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE 2016

7. EARNINGS/(LOSS) PER SHARE

	Consolidated	
	2016 Cents per Share	2015 Cents per Share
(a) Basic and diluted earnings per share		
From continuing operations attributable to the ordinary equity holders of the company	(0.23)	(6.98)
Total basic earnings per share attributable to the ordinary equity holders of the company	(0.23)	(6.98)
(b) Reconciliation of earnings used in calculating earnings per share		
Loss attributable to the ordinary equity holders of the company used in calculating basic and diluted earnings per share		
From continuing operations	(427,579)	(11,640,219)
(c) Weighted average number of shares		

	Consolidated	
	2015 No	2014 No
Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS	183,476,469	166,708,883
Weighted average number of options outstanding	-	-
Weighted average number of ordinary shares outstanding during the year used in calculating diluted EPS	183,476,469	166,708,883

8. AUDITOR'S REMUNERATION

During the year the following fees were paid or payable for services provided by the auditor of the parent entity, its related practices and non-related audit firms:

	Consolidated	
	2016 \$	2015 \$
(a) Hall Chadwick Australia		
Auditing or reviewing the financial reports	33,078	44,671
Total remuneration of Hall Chadwick Australia	33,078	44,671
(b) Component auditors		
Auditing or reviewing the financial statements	-	26,443
Tax compliance services	-	19,600
Total remuneration of component auditors	-	46,043
Total auditor's remuneration	33,078	90,714

9. CASH AND CASH EQUIVALENTS

Cash at bank and in hand	3,733	5,610
Reconciliation of cash		
<i>Cash at the end of the financial year as shown in the cashflow statement is reconciled to cash at the end of the financial year as follows:</i>		
Cash at bank and in hand	3,733	5,610

Interest rate exposure

The Group and the parent entity's exposure to interest rate risk is disclosed in Note 2

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE 2016

10. RECONCILIATION OF LOSS AFTER INCOME TAX TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	Consolidated	
	2016	2015
	\$	\$
(a) Reconciliation of Cash Flow from Operations with Loss after Income Tax		
Net loss	(427,579)	(11,640,220)
Non cash flows in loss:		
Expenses		
Bad debts written off	-	51,135
Provision for impairment of sundry debtors	160,494	7,208,716
Depreciation and amortisation expense	14,476	32,354
Impairment of deposits paid for exploration licenses	49,239	1,296,749
Accrued interest	-	60,471
Settlement discount	-	1,813,971
Share-based payments expenses	-	181,921
Loss on disposal of fixed assets	10,075	13,503
Net exchange differences	(283,388)	(1,442,691)
<i>Changes in assets and liabilities net of the effects of acquisitions of subsidiaries</i>		
(Increase)/decrease in trade and other receivables	(217,079)	299,050
(Decrease)/increase in trade and other payables	607,047	793,186
(Decrease)/Increase in employee provisions	(162,217)	79,448
Increase in tax liabilities	9,534	42,553
Decrease in security deposits and other financial assets	-	-
Net cash (used in) operating activities	(239,398)	(1,209,854)

11. TRADE AND OTHER RECEIVABLES

	Consolidated	
	2016	2015
	\$	\$
CURRENT		
Other receivables – owing on sale of subsidiaries	(a) 7,171,243	6,890,068
Provision for impairment of receivables - owing on sale of subsidiaries	(b) (7,171,243)	(6,890,068)
Other receivables	820,996	579,523
Provision for impairment of receivables other receivables	(611,063)	(579,523)
Prepayments	15,747	15,904
Director's loan	54,659	47,355
	280,339	63,259
(a) Deferred payment owing on sale of subsidiaries PT Alam Duta Kalimantan (ADK) and PT Citra Bara Prima (CBP); and sale of tenements B34 and Papua	2016	2015
	\$	\$
Opening balance	6,890,068	8,361,147
Sale Price	-	-
Cash received	-	(336,887)
Assignment of Baraindo loan to debtor Nugroho Suksmanto (i)	-	(784,899)
Settlement discount (ii)	-	(1,813,971)
Foreign exchange gain	281,175	1,464,678
Closing balance	7,171,243	6,890,068

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE 2016

11. TRADE AND OTHER RECEIVABLES (continued)

- (b) The Board has resolved to make a provision for impairment of the amounts owing on the sale of subsidiaries as payment has not been received in accordance with the settlement agreement. Nugroho Suksmanto is still to pay any of the outstanding funds owed to Orpheus and he remains in breach of the Settlement Agreement. According to the Agreement, as at 30 June 2016, 1DR 55.8 billion Rupiah, plus interest of IDR 4.655 billion Rupiah (total 60.455 billion Rupiah or -AUD\$6M) remains due.

As previously advised, as part of the Agreement, Orpheus has been provided with additional security in the form of a pledge over shares in a real estate company, PT Abadi Guna Papan ("AGP"), in which Nugroho Suksmanto has a controlling interest.

Given Suksmanto's continuing breach of the Agreement, Orpheus, as the pledgee under the Shares Pledge Agreements is entitled to sell the pledged shares, on behalf of the pledgors based on powers of attorney to sell shares and consents to transfer issued by the pledgors, to recover the outstanding funds owed to Orpheus. Over the last three months, Orpheus has continued to directly, and through its lawyers, conduct discussions with potential acquirers of the AGP shares.

Additionally, Suksmanto continues to confirm that he is in advanced negotiations to sell a number of his other properties (separate to the properties owned by AGP), and if any of these sales eventuate, Orpheus will be paid a large portion of the outstanding amount owed.

Notwithstanding this activity Orpheus has now instructed its lawyers to commence the lodgement of a formal Police Report. As part of this complex process, involving extensive documentation and multiple formal letters being sent, Suksmanto has already been interviewed by Police. The Company awaits further updates from its lawyers.

12. DEPOSITS PAID

	Consolidated	
	2016	2015
	\$	\$
Deposit for acquisition of interests in :		
Papua concessions	1,296,749	1,061,150
Foreign exchange translation	47,156	235,599
Less Provision for Impairment	(1,343,905)	(1,296,749)
	-	-

The company previously advanced deposits toward the acquisition of four concessions in Papua while due diligence and site assessments were to be undertaken. Two of these concessions were sold back to MCI in the previous reporting period on 8 April 2014. In view of the difficulty of valuing these concessions on which little or no exploration work has been carried out the Directors believe it prudent to impair the remaining deposits.

13. PROPERTY, PLANT AND EQUIPMENT

	Motor Vehicles \$	Furniture & Equipment \$	Computer Equip-ment \$	Plant and Equip-ment \$	Leasehold Improve-ments \$	Total \$
30 June 2015						
Opening net book value	12,735	23,763	12,659	21,227	1,406	71,790
Additions/(Disposals)	-	-	-	(13,503)	960	(12,543)
Exchange differences	1,207	33	(2,728)	4,724	-	3,226
Depreciation and amortisation	(7,921)	(6,671)	(5,985)	(10,022)	(1,754)	(32,353)
Balance at 30 June 2015	6,021	17,125	3,946	2,426	612	30,130
At 30 June 2015						
Cost or fair value	32,110	37,914	51,545	27,482	11,686	160,737
Accumulated depreciation	(26,089)	(20,789)	(47,599)	(25,056)	(11,074)	(130,606)
Net book balance	6,021	17,125	3,946	2,426	612	30,130

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE 2016

13. PROPERTY, PLANT AND EQUIPMENT (continued)

	Motor Vehicles \$	Furniture & Equipment \$	Computer Equip-ment \$	Plant and Equip-ment \$	Leasehold Improve- ments \$	Total \$
30 June 2016						
Opening net book value	6,021	17,125	3,946	2,426	612	30,130
Additions/(Disposals)	-	(15,232)	193	-	-	(15,039)
Exchange differences	251	9	251	101	-	612
Depreciation and amortisation	(6,272)	(1,902)	(3,305)	(2,385)	(612)	(14,476)
Balance at 30 June 2016	-	-	1,085	142	-	1,227
At 30 June 2016						
Cost or fair value	33,857	858	46,007	28,204	612	109,538
Accumulated depreciation	(33,857)	(858)	(44,922)	(28,062)	(612)	(108,311)
Net book balance	-	-	1,085	142	-	1,227

14. SECURITY DEPOSITS

Security deposits to:

Sydney Head Office lease

Consolidated	
2016	2015
\$	\$
-	74,519
-	74,519

15. TRADE AND OTHER PAYABLES

CURRENT

Trade payables	450,353	272,890
Amount owing to Directors	1,043,995	818,404
Accrued expenses	331,443	141,166
	<u>1,825,801</u>	<u>1,231,460</u>

16. EMPLOYEE PROVISIONS

Balance at beginning of financial year	172,073	92,625
Provision current year	3,208	79,448
Provision reversed	(165,425)	-
Balance at end of financial year	<u>9,856</u>	<u>172,073</u>

17. BORROWINGS

CURRENT

Loans from related parties – unsecured *	681,327	513,384
	<u>681,327</u>	<u>513,384</u>

* Directors extended short term loans to the Company with interest payable at the rate charged by Westpac Banking Corporation on business overdrafts exceeding \$100,000 less 0.5%. This has been calculated as 7.33%.

At 30 June 2016 Directors loans outstanding were \$681,327 which includes interest accrued of \$25,540

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE 2016

18. ISSUED CAPITAL

(a) Share capital		2016 Shares	2015 Shares	2015 \$	2015 \$
Ordinary shares fully paid			6	31,478,839	31,478,839
(b) Movements in ordinary share capital		No of shares	Issue Price	\$	
1 July '12	Balance	132,075,191	-	28,332,145	
	Issued upon conversion of convertible notes	18,181,080	\$0.13	2,363,554	
30 June '14	Balance	150,256,271		30,695,699	
7 Nov '14	Issued on conversion of directors' loans to equity	18,000,000	\$0.03	540,000	
4 Feb '15	Issued as per rights issue	12,946,811	\$0.02	258,936	
4 Feb '15	Issued to underwriters of rights issue	2,273,387	\$0.02	45,468	
	Less share issue costs			(61,264)	
30 June '15 & '16	Balance	183,476,469	-	31,478,839	

(c) Options

There were no unexpired options at the beginning of the reporting period and no options were issued during the reporting period. Information relating to options issued, exercised and lapsed during the previous financial year is set out in Note 20.

(d) Capital management

The Group and the parent entity's objective when managing capital are to safeguard their ability to continue as a going concern, so that they can continue to provide returns to shareholders and benefits to other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may issue new shares or sell assets to reduce debt.

The Group and the parent entity continually monitor capital on the basis of budgeted expenditure.

The Group had no long-term debt at balance date and depends on capital raising and short term loans to fund capital and operating expenditure.

19. RESERVES

		Consolidated	
		2016 \$	2015 \$
(a) Other Reserves			
Foreign currency translation reserve		474,641	544,671
		474,641	544,676
(b) Movements			
<i>Share-based payments reserve</i>			
Balance at beginning of financial year		-	850,698
Transfer to accumulated losses		-	(1,032,619)
Share-based payments		-	181,621
Balance at end of financial year		-	-
<i>Foreign exchange translation reserve</i>			
Balance at beginning of financial year		544,671	124,896
Currency translation differences arising during the year		(70,030)	419,775
Balance at end of financial year		474,641	544,671

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE 2016

19. RESERVES (continued)

(c) Nature and purpose of reserves

(i) *Foreign exchange translation reserve*

The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations where their functional currency is different to the presentation currency of the reporting entity.

(ii) *Share-based payments reserve*

The share-based payments reserve represents the value of options and shares issued to employees and shareholders. This reserve will be reversed against share capital when the options are converted into shares by the employee.

20. SHARE-BASED PAYMENTS

(a) Set out below are summaries of options granted and unexercised

2016	There were not unexpired options at the beginning of the reporting period and no option were issued during the reporting period
------	---

Grant Date	Expiry Date	Exercise Price	Balance at start of the year Number	Granted during the year Number	Exercised during the year Number	Lapsed/forfeited/cancelled during the year Number	Balance at end of the year Number	Vested and exercisable at end of the year Number
2015								
30 Nov'10	30 Sep'14	\$0.20	12,750,000	-	-	(12,750,000)	-	-
08 Aug'11	04 Aug'14	\$0.25	1,000,000	-	-	(1,000,000)	-	-
17 Aug'11	30 Sep'14	\$0.20	1,175,000	-	-	(1,175,000)	-	-
01 Jul'13	30 Jun'17	\$0.06	10,089,458	-	-	(10,089,458)	-	-
			25,014,458	-	-	-	-	-
<i>Weighted average exercise price</i>			\$0.13	-	-	\$0.13	-	-

Options granted carry no dividend or voting rights.

When exercisable, each option is convertible into one ordinary share.

The establishment of the Orpheus Long Term Incentive Plan (LTI) was approved by shareholders at the 2013 annual general meeting (AGM). The Plan is designed to provide long-term incentives for employees including directors to deliver long-term shareholder returns. Under the Plan, participants are granted options which only vest if certain performance standards are met. Participation in the Plan is at the Board's discretion and no individual has a contractual right to participate in the Plan or to receive any guaranteed benefits.

No options were issued under the plan in the reporting period.

Total expense arising from share-based payment transactions recognised during the previous reporting period as part of employee benefit expenses was as follows:

	Consolidated	
	2016	2015
	\$	\$
Options expensed	-	181,921

21. COMMITMENTS

(a) Lease commitments

Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:

- Within one year	-	11,560
	-	11,560

Notes to the Consolidated Financial Statements FOR THE YEAR ENDED 30 JUNE 2016

22. CONTINGENT LIABILITIES

The Group had no known contingencies at 30 June 2016 and 30 June 2015.

23. AFTER BALANCE DATE EVENTS

There are no after balance date events.

24. RELATED PARTY TRANSACTIONS

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

(a) Parent entity

The parent entity within the Group is Orpheus Energy Limited.

(b) Subsidiaries

Interests in subsidiaries are set out in Note 25.

(d) Key management personnel

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity, are considered key management personnel.

Disclosures in relation to key management personnel are set out in the Remuneration Report and in Note 25.

(e) Loans from/to related parties

Short term loans have been extended to the Company by Directors. The total amount of loans outstanding at 30 June 2016 including accrued interest was \$681,327. Details of these loans are disclosed in Note 17 and in the Remuneration Report.

A short term loan has also been extended to a Director at an interest rate of 14.39%. The total amount this loan outstanding at 30 June 2016 including accrued interest was \$54,659

25. CONTROLLED ENTITIES

The following are subsidiaries of the group, are controlled entities and have been consolidated at 30 June 2016.

(a) Controlled entities consolidated

Entity Name	Country of incorporation	Equity interest*	
		2016	2015
Orpheus Energy Group Pty Ltd	Australia	100%	100%
Orpheus Energy (Ashford) Pty Ltd as trustee for Ashford Unit Trust	Australia	100%	100%
Orpheus Energy (Hodgson Vale) Pty Ltd as trustee for Hodgson Vale Unit Trust	Australia	100%	100%
Orpheus Energy (Wingen) Pty Ltd as trustee for Wingen Unit Trust	Australia	100%	100%
Orpheus Energy (Hong Kong) Limited	Hong Kong	50%	50%
PT Orpheus Energy	Indonesia	100%	100%
Orpheus Energy (China) Co Limited (i)	China	100%	100%
Orpheus Energy Singapore Pte Limited	Singapore	100%	100%
Bushveld Exploration (SA) (Pty) Ltd (i)	South Africa	100%	100%

* Percentage of voting power is in proportion to ownership

(i) Controlled entities are not consolidated because the total assets of these companies as of 30 June 2016 and 30 June 2015 are not material.

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE 2016

25. KEY MANAGEMENT PERSONNEL DISCLOSURES

(a) Key Management Personnel compensation

	2016 \$	2015 \$
Short-term employee benefits	200,524	882,343
Post-employment benefits	5,265	60,510
Share-based payments	-	181,921
	<u>205,789</u>	<u>1,124,774</u>

Detailed remuneration disclosures are provided in the Remuneration Report.

(b) Equity instrument disclosures relating to Key Management Personnel compensation

Details of Key Management Personnel option and share holdings are disclosed in the Remuneration Report.

(c) Other KMP transactions

Directors have extended short term loans to the Company with interest payable at the rate charged by Westpac Banking Corporation on business overdrafts exceeding \$100,000 less 0.5%. This has been calculated as 7.33%.

At 30 June 2016 Directors loans outstanding were \$681,327 including interest accrued of \$25,540.

A short term loan has also been extended to a Director at an interest rate of 14.39%. The total amount this loan outstanding at 30 June 2016 including accrued interest was \$54,659

26. PARENT ENTITY INFORMATION

(a) Summary financial information

	Parent entity	
	2016 \$	2015 \$
Statement of profit or loss and other comprehensive income		
Loss for the year	(403,866)	(1,460,470)
Other comprehensive income	-	-
Total comprehensive loss for the year	<u>(403,866)</u>	<u>(1,460,470)</u>
Statement of financial position of the parent entity at year end		
Current assets	136,808	62,795
Non-current assets	14,923,365	15,001,746
Total assets	<u>15,060,173</u>	<u>15,064,541</u>
Current liabilities	1,924,324	1,524,827
Non-current liabilities	940,428	940,428
Total liabilities	<u>2,864,752</u>	<u>2,465,254</u>
Issued capital	31,478,839	31,478,839
Accumulated losses	(19,293,418)	(18,879,553)
Total equity	<u>12,195,421</u>	<u>12,599,287</u>

(b) Guarantees entered into by the parent entity

The parent entity has not entered into any guarantees at the 30 June 2016 and 30 June 2015.

(c) Contingent liabilities of the parent entity

The parent entity did not have any contingent liabilities as at 30 June 2016 and 30 June 2015.

(d) Contractual commitments for the acquisition of property, plant or equipment

As at the 30 June 2016, the parent entity has made no contractual commitments for the acquisition of plant or equipment.

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE 2016

27. CORPORATE INFORMATION

Registered office and principal places of business

Suite 9, Level 3
3 Spring Street
Sydney NSW 2000
Australia

T +61 2 8281 8200

Menara Anugrah Lt. 27
Kantor Taman E.3.3. Lot 8-6-8.7
Kawasan Mega Kuningan
Jakarta 12950
Indonesia

T +62 21 579 48860

T +62 21 579 48861

ASX Additional Information

Additional information required by the Australian Securities Exchange and not shown elsewhere in this report is as follows. The information is current as at 13 September 2015.

(a) Distribution of equity securities

183,476,469 fully paid ordinary shares are held by 825 individual shareholders.
All issued ordinary shares carry one vote per share and carry the rights to dividends.

The numbers of shareholders, by size of holding, in each class are:

Holdings Ranges	Holders	Total Units	%
1-1,000	64	17,941	0.01
1,001-5,000	20	72,407	0.04
5,001-10,000	99	864,788	0.47
10,001-100,000	493	15,517,463	8.46
100,001-99,999,999,999	147	166,003,870	91.02
Totals	823	183,476,469	100.000
Holding less than a marketable parcel	581		

(b) Substantial shareholders

Name	Number	Percentage
BOARDWALK RESOURCES PTY LTD	12,820,972	6.99
MR WAYNE DOUGLAS MITCHELL	15,264,210	8.32
DAVID EDWARD SMITH	11,050,000	6.02

(c) Twenty largest holders of quoted equity securities

Ordinary shareholders		Fully Paid
	Number	Percentage
1. BOARDWALK RESOURCES PTY LTD	12,820,972	6.99
2. MR WAYNE MITCHELL	10,105,893	5.51
3. OCTOPI ENTERPRISES PTY LTD	8,950,000	4.88
4. DAGIDOCH PTY LTD <THE SMITH FAMILY S/FUND A/C>	8,905,334	4.85
5. MRS GILLIAN SMITH	7,574,666	4.13
6. HAWTHORN GROVE INVESTMENTS PTY LTD	5,487,119	2.99
7. MR DAVID EDWARD SMITH	5,444,320	2.97
8. CARMANT PTY LTD <CARMANT SUPER FUND A/C>	5,237,557	2.85
9. MS SALEE CHUTINTON	5,000,000	2.73
10. MR WAYNE DOUGLAS MITCHELL	4,656,075	2.54
11. MR WESLEY HARDER	4,640,178	2.53
12. MR DAVID EDWARD SMITH	4,555,680	2.48
13. MR MICHAEL PATRICK RHODES + MRS TREESYE HENDRIYANI RHODES	4,277,833	2.33
14. DR HENRY MARTIN STENNING	4,000,000	2.18
15. CITICORP NOMINEES PTY LIMITED	3,447,855	1.88
16. ISMENE PTY LTD	3,284,024	1.79
17. B ARTHUR PTY LTD <BARRY ARTHUR SUPER FUND A/C>	2,980,000	1.62
18. AUSTRALIAN FEATHER MILLS PTY LTD	2,600,000	1.42
19. NORMAN INVESTMENT PARTNERS PTY LTD <THE NORMAN INVESTMENT A/C>	2,539,286	1.38
20. MS SALEE CHUTINTON	2,500,000	1.36
Totals: Top 20 holders of ORDINARY FULLY PAID SHARES (TOTAL)	109,006,792	59.41
Total Remaining Holders Balance	74,469,677	40.59

ASX Additional Information

UNQUOTED SECURITIES

There are no unquoted securities at 30 June 2016.

OTHER INFORMATION

On 10 June 2015 the ASX suspended trading in Orpheus securities in accordance with Listing Rule 17.3 and advised that the Company's securities will remain suspended until the Company is able to demonstrate compliance with Chapter Listing Rules.

There is no current on-market buyback of the Company's securities.