

ANNUAL REPORT
2015



CONVERGENT
MINERALS LIMITED

ABN 56 120 909 953

CORPORATE DIRECTORY

DIRECTORS

Robert Reynolds (Non-Executive Chairman)
John Haggman (Non-Executive Director)
Roger Howe (Non-Executive Director)

COMPANY SECRETARY

Hamlet Hacobian

REGISTERED OFFICE

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SOLICITORS

Resources Legal

AUDITORS

BDJ Partners

BANKERS

National Australia Bank

WEBSITE

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CONVERGENT MINERALS LIMITED AND ITS CONTROLLED ENTITIES (Subject to a Deed of Company Arrangement)

**Annual Financial Report
for the Year Ended 30 June 2015**



REVIEW OF OPERATIONS

BLUE VEIN PREFEASIBILITY

In June 2014, Convergent announced the positive outcomes from the Prefeasibility Study ("PFS") on Blue Vein Gold Project. The PFS demonstrated a rapid payback and strong positive returns from the development of the Blue Vein underground mine and construction of a new carbon-in-pulp ("CIP") plant.

Key points from the PFS include:

- Average mined grade of 5.5g/t gold
- 300,000tpa CIP plant with 94% recovery
- Pre-production Capital Cost = A\$39 million
- Gold production from 2016 to 2018 = 43,000oz/year
- C1 (cash costs) = A\$722/oz
- All-in-cost (including all capex) = A\$1,188/oz
- Project free cash flow = A\$23 million at A\$1,400/oz gold price
- Future drilling is expected to increase Blue Vein mine life substantially

An important outcome of the PFS was recommended additional drilling to increase confidence in the current Mineral Resource categories by in-fill drilling. This drilling is expected to lead to a higher proportion of resources being in the Measured and Indicated categories. Extensional drilling was recommended to increase Mineral Resources by drilling outside the current resources along strike and at depth. This extensional drilling will likely extend the three-year mine life in the PFS.

During the 2015 financial year, Convergent continued to evaluate a number of opportunities to further reduce the upfront capital requirements of the project. These opportunities included the availability of second hand CIP plants within Australia, as well as having components of the CIP plant manufactured overseas.

Metallurgical tests completed subsequent to the Prefeasibility Study have determined that a grind size of 80% passing 75µm is optimum for leaching the gold from the anticipated Blue Vein ore. An increase in gold recovery to 95.6% (from 94%) was achieved with the addition of air and 100g/t lead nitrate over a 48 hour leach period. Further gravity test work continued to show that high percentages of free gold should be won from the gravity separation circuit.

REVIEW OF OPERATIONS

PERMITTING

Most permits necessary for gold production to commence at Blue Vein were submitted and approved during the financial year. These include:

- Flora Management Plan
- Land Clearing Permit
- Mine Closure Plan
- Mine Management Plan
- Mining Proposal

The following tests and surveys formed components of the permit submissions. All were successfully completed during the financial year.

- Site water characterisation
- Flora and Fauna surveys
- 3-stage leach optimisation
- Landform/landfill assessment
- Third round gravity tests
- Aerial topographic survey
- Initial Tailings Storage facility (TSF) assessment
- Grind optimisation studies
- Initial Department Mines and Petroleum (DMP) consultation
- Initial Department of Environment consultation
- Tailings geotechnical sample analysis
- Acid Mine Drainage (AMD) test work
- Second stage TSF assessment

A revised Mining Proposal was requested, submitted and subsequently approved. The revised Mining Proposal included the results from additional geotechnical drilling. In particular, unconfined and confined compressive strength test results were provided in the revised Mining Proposal, along with a revised mine design for a planned open cut mine at Blue Vein North based on this new information.

BLUE VEIN NORTH OPEN PIT

An additional open pit at Blue Vein North was the subject of a geotechnical drilling program in January 2015 to assist in the design of the mine. Geotechnical information was required to appropriately design the walls of the planned open cut, as well as determining the likely ground conditions in and around the site of the proposed decline portal. Three diamond drill holes were completed for a total of 214m drilled.

This geotechnical drilling identified a new zone of mineralisation in the eastern wall of the proposed pit. This zone returned 11m @ 1.43g/t Au, including 5m @ 2.05g/t Au at 36m below surface and well within open cut depths. The other two diamond holes, which were also drilled for ground stability studies returned no significant gold assays.

REVIEW OF OPERATIONS

Exile Deposit

During the year, Convergent identified a possible ore source which may extend the Mt Holland mine life. The Exile Deposit lies 650m east of the proposed plant site. Exile is approximately 150m west of and parallel to the Bounty Main mineralisation. No evidence of historic underground mining at Exile has been found.

More than 100 holes have been drilled through Exile and previous explorers have reported high-grade gold intersections. Only a small proportion of the Exile deposit is included in current Bounty Group resource estimates. Some examples of the high-grade intersections from previous drilling include:

- 3m @ 13.3g/t Au
- 3m @ 10.1g/t Au
- 3m @ 8.7g/t Au
- 3m @ 8.4g/t Au

Convergent cut and sampled the old drill core at positions where the Exile Deposit was predicted and excellent results were obtained, including:

- 3m @ 5.0g/t Au (from 116m) in hole MD090
- 1m @ 28.0g/t Au (from 142m) in hole MD082
- 2.6m @ 7.6g/t Au (from 490m) in hole MD080R

These assay results demonstrate that the Exile Deposit extends over an area of 1.5km long and to a depth of 700m below surface (see image below) and is limited only by a lack of drilling. These results indicate the open pit and underground potential for high-grade gold beneath the existing drilling.

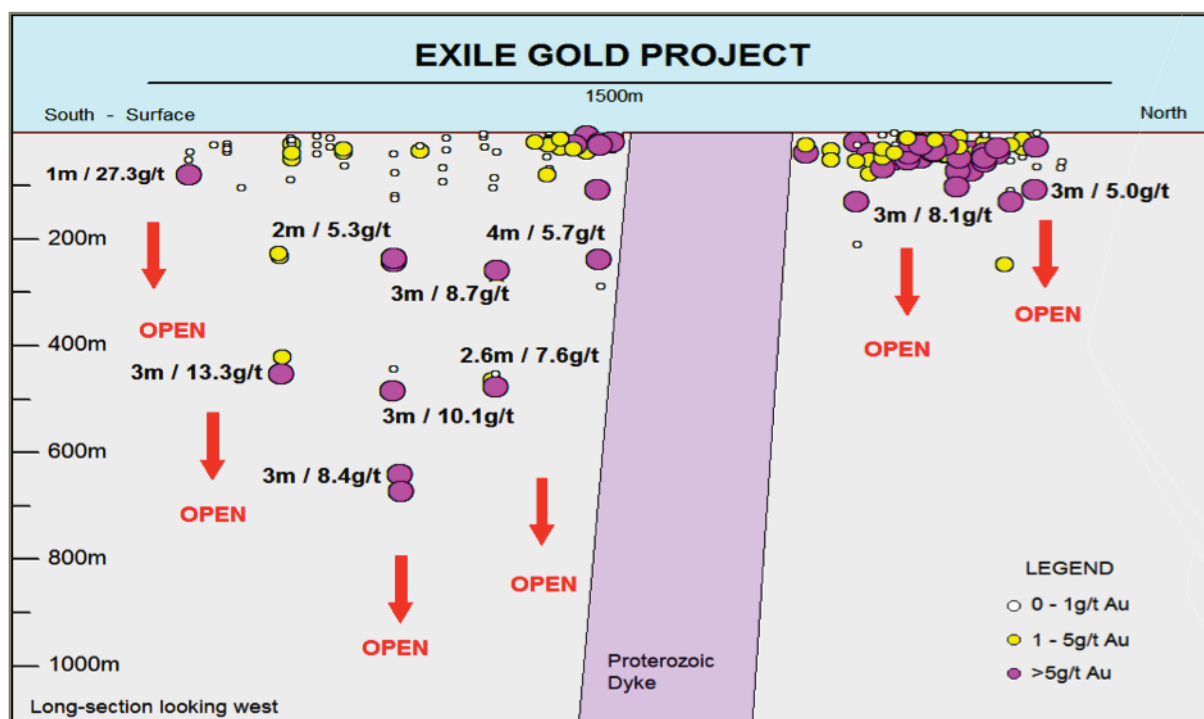


Figure 4 – A long section of the Exile Deposit showing all existing drilling

REVIEW OF OPERATIONS

Tenement Acquisitions

Tenements acquired during the financial year included six new applications (with three already granted) and completion of the purchase of the three tenements announced to the ASX on 28 May 2014. These additional tenements brought the Company's total ground holdings within the Mt Holland Goldfield to 358 square kilometres.

Convergent has more than 50km continuous strike of prospective Archaean greenstone belt under tenement.

One of the additions to the Company's tenement holding is E77/1773 which provides Convergent with an additional 5km of prospective ground immediately to the south of Blue Vein.

CASH AND FUNDING

During January 2015, Convergent received a \$572,805 Research and Development (R&D) Tax Incentive Refund for the financial year ending 30 June 2014.

A \$2.5million Bridging Loan Facility entered into in April 2014 enabled Convergent to maintain its strong momentum towards developing the Blue Vein Gold Project.

In parallel with the permitting and technical work to advance Blue Vein during the year, Convergent maintained discussions with a number of parties on proposed financing to fund the repayment of debt and to develop the Blue Vein deposit. A low capital cost development approach was aimed at establishing a near-term pathway to gold production to unlock the value of the Mt Holland Goldfield. In the latter part of the year, Convergent reached agreement to repay the Bridging Loan Facility of \$2,960,503 (including interest and fees) by 31 August 2015.

On 2 September 2015 Convergent requested voluntary suspension of its securities to conclude negotiations and documentation in relation to the repayment of the Bridging Finance Facility and on-going funding. These negotiations and documentation were expected to be finalised before the open of trading on 15 September 2015.

The Company concluded that these negotiations would not eventuate prior to 15 September and the Board decided to appoint Administrators on 14 September 2015 (see note 25 for more detail).

REVIEW OF OPERATIONS

TENEMENTS SCHEDULE

MT HOLLAND PROJECT (WA)

Mining Tenements	Percentage Interest
M77/1065	100%
M77/1066	100%
M77/1067	100%
M77/1068	100%
M77/1080	100%
M77/477	80%
M77/478	80%
M77/522	80%
M77/523	80%
E77/1361	80%
E77/1535	80%
E77/1463	80%
E77/1582	80%

E77/1772	100%
E77/1773	100%
E77/1775	100%
E77/1776	100%
E77/2011	100%
E77/2080	100%
E77/2097	100%
E77/2137	100%
E77/2162	100%
E77/2167	100%
P77/4082	100%
P77/4115	100%
P77/4220	100%

E77/2188	
E77/2111	(application)
E77/2188	(application)
E77/2244	(application)
E77/2305	(application)

ESMERALDA PROJECT (QLD)

Mining Tenements	Percentage Interest
EPM18050	100%

MT HOLLAND GENERAL PURPOSE & MISCELLANEOUS LICENCES (WA)

Mining Tenements	Percentage Interest
G77/37	100%
G77/38	100%
G77/45	100%
G77/47	100%
G77/48	100%
G77/49	100%
G77/50	100%
G77/68	100%
G77/70	100%
G77/71	100%
G77/72	100%

G77/73	100%
G77/109	100%
G77/110	100%
L77/59	100%
L77/85	100%
L77/96	100%
L77/107	100%
L77/176	100%
L77/193	100%
L77/194	100%
L77/198	100%

L77/199	100%
L77/200	100%
L77/205	100%
L77/206	100%
L77/207	100%
L77/208	100%
L77/271	(application)

CORPORATE GOVERNANCE

The Board of Directors of Convergent Minerals Limited ("Convergent Minerals" or "Company") is responsible for the corporate governance of the Company. The Company's corporate governance practices for the full year ended 30 June 2015 are set out below. These practices are generally in line with the ASX Corporate Governance Council's Principals and Recommendations (3rd edition, dated 2014) (**Recommendations**), with exceptions noted in italics, and are cross-referenced in the Appendix 4G lodged with the 2015 Annual Report.

1. THE BOARD

The Board guides and monitors the business and affairs of the Company on behalf of the shareholders by whom they are elected and to whom they are accountable. The Board Charter is available on the website.

To ensure that the Board is well equipped to discharge its responsibilities, it has established guidelines for the nomination and selection of directors and for the operation of the Board.

The composition of the Board is determined in accordance with the following principles and guidelines:

- the Board should comprise at least three directors, a majority of whom should be non-executive directors;
- the Board should comprise directors with an appropriate range of qualifications and expertise; and
- the Board shall meet at regular intervals and follow meeting guidelines set down to ensure all directors have all necessary information to participate in an informed discussion of all agenda items.

The membership of the Board, its activities, performance and composition is subject to periodic review. An induction process applies to new directors, and professional development opportunities are made available to all directors. The Company has in place written letters of appointment with its directors. All material information relating to a director is provided by the Company in support of a resolution for the election or re-election of a director. The Company Secretary is accountable to the Board through the Chairman.

The Board considers that its current structure is appropriate given its size and that the current directors provide the necessary diversity of technical, commercial and financial skills and experience which is appropriate for the Company's projects and business. The criteria for determining the identification and appointment of a suitable candidate for the Board shall include qualifications, experience and achievement, credibility within the Company's scope of activities, intellectual ability to contribute to the Board's duties and ability to undertake Board duties and responsibilities. All of the directors are considered to be independent. Robert Reynolds is a substantial shareholder of the Company, holding approximately 6.5% of the Company's shares; however the Board does not consider that this affects his independence, bearing in mind the relatively small size of his holding.

The Company does not comply with Recommendation 1.5, as the Company has not established a policy concerning gender diversity nor disclosed a policy or summary of that policy. The Company has not disclosed in its annual report the measurable objectives for achieving gender diversity. The Board considers that the current size and level of activities of the Company are not of a sufficient level to justify having a diversity policy.

The Company does not comply with Recommendation 2.1, as there is no separate nomination committee. The Board considers that the current size and level of activities of the Company are not of a sufficient level to justify having a nomination committee. The whole Board conducts the functions of the nomination committee, and is guided by the charter posted on the website.

CORPORATE GOVERNANCE

2. REMUNERATION

It is the Company's objective to provide maximum stakeholder benefit from the retention of a high quality Board and executive team by remunerating directors and key executives fairly and appropriately with reference to relevant employment market conditions. The expected outcomes of the remuneration structure are:

- Retention and motivation of key executives;
- Attraction of quality management to the Company; and
- Performance incentives which allow executives to share the rewards of the success of Convergent Minerals.

For details on the amount of remuneration and all monetary and non-monetary components for all directors, refer to the Directors' Report.

In relation to the payment of bonuses, options and other incentive payments, discretion is exercised by the Board, having regard to the overall performance of CVG and the performance of the individual during the period.

There is no scheme to provide retirement benefits, other than statutory superannuation, to directors.

The Company does not comply with Recommendation 8.1, as there is currently no separate remuneration committee. The Board considers that the current size and level of activities of the Company are not of a sufficient level to justify having a remuneration committee. The whole Board conducts the functions of the remuneration committee and is guided by the charter posted on the website.

3. AUDIT COMMITTEE

The Audit Committee's primary function is to assist the Board in fulfilling its responsibilities by reviewing the:

- Quality and integrity of financial reporting.
- Systems of internal control which management and the Board have established in order to safeguard the Group's financial and physical assets and facilitate compliance with relevant statutory and regulatory requirements.
- Processes for business risk identification, quantification and mitigation.
- Effectiveness and independence of the external audit process.
- Quality and relevance of financial and non-financial information provided to management and the Board on which decisions will be based.

The Audit Committee comprises Roger Howe (Chairman), Robert Reynolds, John Haggman and Hamlet Hacobian. Each member has the relevant financial and industry experience required to perform Audit Committee functions. Details of their qualifications and experience are set out in the Directors' Report. The Audit Committee acts as the Board's committee to oversee risk. The Audit Committee Charter is available on the website.

The Board has received assurance from the MD and CFO that the declaration for the financial report, provided in accordance with section 295A of the Corporations Act, is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.

CORPORATE GOVERNANCE

4. BOARD RESPONSIBILITIES

The Board is responsible for:

- a. driving the success of Convergent Minerals in a way that ensures that the interests of shareholders and key stakeholders are properly recognised and protected;
- b. setting the strategic direction of Convergent Minerals and monitoring the performance of the Chief Executive Officer ("CEO") and those senior executives who report to the CEO;
- c. ensuring that there are adequate resources available to meet Convergent Minerals' (and the Convergent Minerals Group's) business plans and strategic objectives;
- d. appointing and where appropriate removing the CEO and overseeing succession plans for the senior executives who report to the CEO;
- e. ratifying the appointment and where appropriate, the removal of the Chief Financial Officer (CFO) or equivalent and the Company Secretary;
- f. approving conditions of service and performance monitoring procedures to apply to all executive directors and those senior executives who report to the CEO;
- g. approving policies of a company-wide nature;
- h. approving and monitoring Convergent Minerals' financial reporting, major capital expenditure and capital management;
- i. approving and monitoring the progress of Convergent Minerals' business plans and strategic objectives;
- j. ensuring that adequate audit, risk management and compliance systems and procedures exist, and are being effectively utilised;
- k. ensuring that Convergent Minerals has appropriate corporate governance structures in place, including an ethical code of conduct; and
- l. ensuring that the Board has the appropriate blend of experience, skills and attributes to meet the changing needs of Convergent Minerals.

The Board has delegated responsibility for the day-to-day operations and administration of Convergent Minerals to the CEO.

5. MONITORING THE BOARD'S PERFORMANCE

The Board will, from time to time, evaluate its performance (including individual Board members) and the Board committees to determine whether they are functioning effectively by reference to their charters and current best practice. A performance review for directors and executives was conducted by the Board during the year in review.

6. RISK MANAGEMENT

To assist the risk management function of the Audit Committee, the Company has established a Risk Management Policy, which is available on the Company's website. The Risk Management Policy is reviewed annually and was reviewed in 2015. Management reports regularly to the Audit Committee and the Board on its management of material business risks. The Company does not comply with Recommendation 7.3, as it does not have an internal audit function, however follows the procedures set out in the Risk Management Policy to continually improve risk management.

CORPORATE GOVERNANCE

The Company has a material exposure to the market for securities in Australia and global precious metals markets, which is described more fully in the Risk Management Policy.

7. ADDITIONAL INFORMATION

- The Company has written policies and procedures on information disclosure that focus on continuous disclosure of any information concerning the Company and its controlled entities that a reasonable person would expect to have a material effect on the price of the Company's securities. The Company's Continuous Disclosure Policy is posted on the website. All information disclosed to ASX is immediately posted on the website and emailed to those parties who have supplied their email addresses. When analysts are briefed on aspects of the Company's operations, the material to be used in the presentation is released to ASX and posted on the website. The Auditor attends the AGM each year and is available to answer questions regarding the audit.
- The Company's Shareholder Communications Policy is posted on the website.
- The Company's Securities Trading Policy is available on the website. It binds directors, officers and employees of the Company and prohibits trading in the Company's securities by anyone in possession of price-sensitive information. They may only trade in the Company's securities after receiving written approval from the Chairman or the Board. Written approval will not be given for trading during closed periods, being the two weeks prior to, and 48 hours after, the release of the annual, half-year, and quarterly reports, unless there are exceptional circumstances.
- The Board has adopted a Code of Conduct, which is available on the website.
- Directors have the right, in connection with their duties and responsibilities as directors, to seek independent professional advice at the Company's expense. The Company will only meet that expense if they obtain the advice after obtaining the Chairman's prior written approval, which will not be unreasonably withheld.

Adopted by the Board as at 1 July 2014.

Robert Reynolds
Chairman

CORPORATE GOVERNANCE

Corporate Governance Recommendations (incl 2010 amendments)	Action taken and reasons if not adopted
<p>Principle 1: Lay solid foundation for management and oversight</p> <p>1.1 Companies should establish the functions reserved to the board and those delegated to senior executives and disclose those functions.</p> <p>1.2 Companies should disclose the process for evaluating the performance of senior executives.</p> <p>1.3 Companies should provide the information indicated in the Guide to reporting on Principle 1.</p>	Adopted
<p>Principle 2: Structure the board to add value</p> <p>2.1 A majority of the board should be independent.</p> <p>2.2 The chairperson should be an independent Director.</p> <p>2.3 The roles of chairperson and chief executive officer should not be exercised by the same individual.</p> <p>2.4 The board should establish a nomination committee.</p> <p>2.5 Companies should disclose the process for evaluating the performance of the board, its committees and individual directors.</p> <p>2.6 Companies should provide the information indicated in the Guide to reporting on Principle 2.</p>	Adopted except as follows:- 2.4 – see italics in section 1, above.
<p>Principle 3: Promote ethical and responsible decision-making</p> <p>3.1 Companies should establish a code of conduct and disclose the code or a summary of the code as to:</p> <ul style="list-style-type: none"> the practices necessary to maintain confidence in the company's integrity; the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders; and the responsibility and accountability of individuals for reporting or investigating reports of unethical practices. <p>3.2 Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the board to establish measurable objectives for achieving gender diversity and for the board to assess annually both the objectives and progress in achieving them.</p> <p>3.3 Companies should disclose in each annual report the measurable objectives for achieving gender diversity set by the board in accordance with the diversity policy and progress towards achieving them.</p> <p>3.4 Companies should disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the board.</p> <p>3.5 Companies should provide the information indicated in the Guide to reporting on Principle 3.</p>	<p>Adopted except as follows:- 3.2, 3.3, 3.4 and 3.5.</p> <p>The Board considers that the current size and level of activities of the Company are not of a sufficient level to justify having a diversity policy.</p>

CORPORATE GOVERNANCE

Corporate Governance Recommendations (incl 2010 amendments)	Action taken and reasons if not adopted
<p>Principle 4: Safeguard integrity in financial reporting</p> <p>4.1 The board should establish an audit committee.</p> <p>4.2 The audit committee should be structured so that it:</p> <ul style="list-style-type: none"> • consists only of non-executive directors; • consists of a majority of independent directors; • is chaired by an independent chair, who is not chair of the board; and • has at least three members. <p>4.3 The audit committee should have a formal charter.</p> <p>4.4 Companies should provide the information indicated in the Guide to reporting on Principle 4.</p>	Adopted
<p>Principle 5: Make timely and balanced disclosure</p> <p>5.1 Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies.</p> <p>5.2 Companies should provide the information indicated in the Guide to reporting on Principle 5.</p>	Adopted
<p>Principle 6: Respect the rights of shareholders</p> <p>6.1 Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy.</p> <p>6.2 Companies should provide the information indicated in the Guide to reporting on Principle 6.</p>	Adopted

CORPORATE GOVERNANCE

Corporate Governance Recommendations (incl 2010 amendments)	Action taken and reasons if not adopted
<p>Principle 7: Recognise and manage risk</p> <p>7.1 Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.</p> <p>7.2 The board should require management to design and implement the risk management and internal control system to manage the company's material business risks and report to it on whether those risks are being managed effectively. The board should disclose that management has reported to it as to the effectiveness of the company's management of its material business risks.</p> <p>7.3 The board should disclose whether it has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.</p> <p>7.4 Companies should provide the information indicated in the Guide to reporting on Principle 7.</p>	<p>Adopted</p>
<p>Principle 8: Remunerate fairly and responsibly</p> <p>8.1 The board should establish a remuneration committee.</p> <p>8.2 The remuneration committee should be structured so that it:</p> <ul style="list-style-type: none"> • consists of a majority of independent directors; • is chaired by an independent director; and • has at least three members. <p>8.3 Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.</p> <p>8.4 Companies should provide the information indicated in the Guide to reporting on Principle 8.</p>	<p>Adopted except as follows:</p> <p>8.1 and 8.2 - see italics in section 2, above.</p>

DIRECTORS' REPORT

Your directors present their report on the Company for the financial year ended 30 June 2015.

INFORMATION ABOUT THE DIRECTORS AND SENIOR MANAGEMENT

The names of directors in office at any time during or since the end of the year are:

Robert Reynolds	Non-executive Chairman
John Haggman	Non-executive Director
Roger Howe	Non-executive Director

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

CURRENT DIRECTORS AND KEY MANAGEMENT PERSONNEL

Mr Robert Reynolds

*Non-executive Chairman
CA, MAICD, MAIMM*

Mr Robert Reynolds has over 30 years' experience in the mining and exploration industry. Mr Reynolds has been involved with exploration, development and mining companies with operations in Australia, South America, New Guinea, Turkey, Africa, New Zealand, Vanuatu and Fiji. Those companies included Delta Gold Ltd, Hampton Gold Mining Areas PLC, Golden Plateau NL and Alkane Exploration NL.

Mr Reynolds was Chairman of Avoca Resources Limited from its early days until the merger with Anatolia Minerals Limited of Canada. Following the successful merger, he was appointed Chairman of the merged entity, Alacer Gold Corp. He resigned from Alacer in August 2011. Mr Reynolds was an executive director of Delta Gold from 1987 to 1996, having joined the company in 1984 where he was responsible for corporate planning, finance and administration. He was involved with the development of the Granny Smith Mine and Kanowna Belle Mine in Western Australia and the Hartley Platinum Mine in Zimbabwe.

Mr Reynolds is currently a director of Canadian-listed companies Exeter Resource Corporation and Rugby Mining Limited and Australian-listed companies Dacian Gold Limited.

The special responsibilities of the director include being a member of the audit committee.

DIRECTORS' REPORT

Mr John Haggman

Non-executive Director
BSc, MAIG

Mr John Haggman graduated with a Bachelor of Science in geology from Macquarie University, Sydney in 1986 and is a Member of the Australian Institute of Geoscientists. He has more than 25 years international experience as a senior geologist, country manager, exploration manager, vice-president exploration and director of companies involved in mineral exploration in Australia, South East Asia, New Zealand, PNG, South and Central America, India, China and USA. These companies include Cyprus Gold Australia, Arimco N.L, Climax Mining Ltd, King Eagle Resources Pty limited and MIL Resources Limited.

Mr Haggman has played key roles in the discovery and feasibility studies of Selwyn-Starra (Qld), Junction Reefs (NSW) and Dinkidi (Philippines) ore bodies.

The special responsibilities of the director include being a member of the audit committee.

Mr Roger Howe

Non-executive Director

Roger is a geologist with broad financial and technical capability. He has more than 30 years of experience in the mining industry and has been involved with numerous mine developments and gold operations in Australia, Africa, Europe, China and Turkey.

Following being an exploration geologist with BHP Minerals, his experience includes senior finance and investor relations roles with Chase AMP Bank, Delta Gold Limited, Gympie Gold Limited, EMED Mining Public Limited, Sino Gold Mining Limited and Alacer Gold Corp.

The special responsibilities of the director include being Chairman of the audit committee.

Mr Hamlet Hacobian

Company Secretary and Chief Financial Officer
BCom LLB (UNSW)

Mr Hamlet Hacobian provides Convergent Minerals with public company finance experience. Before joining the resources sector, Mr Hacobian worked with Goodman Group and Macquarie Bank. In recent years, Mr Hacobian has held financial roles with various ASX-listed resource companies simultaneously, including Artemis Resources, Apollo Minerals, and East Coast Minerals.

DIRECTORS' REPORT

Mr David Price

Chief Executive Officer
BSc, MAICD, MAIG, FAIMM

Mr Price is a qualified geologist with more than 23 years of experience in the Mining Industry. During his career, Mr Price has held key roles in public companies.

Mr Price has worked as an underground mine geologist at the Mt Martin Gold Mine in WA, an Open Pit Mine Superintendent at the Xanadu Gold Mine in WA and has been involved with a number of large resource definition drilling campaigns including Granny Smith Gold Mine in WA and the Osborne Copper/Gold Mine in QLD. Between 1997 and 1998, Mr Price led the multi-disciplinary Pre-Approval (Pre-Feasibility) Study for the 70,000 ounce-per-annum Sapes Gold Project in Northern Greece, which proposed both open cut and underground mining methods.

Mr Price has held senior positions including Managing Director of Millennium Mining (Fiji) Limited, Chief Executive Officer of Golden Tiger Mining Limited and Executive General Manager of Artemis Resources Limited.

PRINCIPAL ACTIVITIES

The principal activity of the company during the financial year was resources mineral exploration. There have been no significant changes in the nature of the company's principal activities during the financial year.

OPERATING RESULTS AND REVIEW OF OPERATIONS

The net loss of the Consolidated Group after providing for income tax amounted to \$10,354,603 (2014: \$800,114). A review of operations of the Consolidated Group is included on pages 4 to 10.

DIVIDENDS PAID OR RECOMMENDED

The directors do not recommend the payment of a dividend and no amount has been paid or declared by way of a dividend to the date of this report.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

There have been no significant changes to the state of affairs of Convergent Minerals Limited or its controlled entities during the period.

SIGNIFICANT AFTER BALANCE DATE EVENTS

(Refer to Note 25).

DIRECTORS' REPORT

FUTURE DEVELOPMENTS

Upon the successful recapitalisation of the Company, the Company intends to acquire an oil and gas production base that is cash flow positive, even in this low price environment. The forward growth strategy is to focused on acquiring additional production assets in North America and grow production through development drilling. This will be funded in the future by a combination of cash flow from production and debt funding.

ENVIRONMENTAL ISSUES

The Company operates within the resources sector and conducts its business activities with respect for the environment while continuing to meet the expectations of shareholders, customers, employees and suppliers. The Company's exploration activities are currently regulated by significant environmental regulation under laws of the Commonwealth and states and territories of Australia. The Company aims to ensure that the highest standard of environmental care is achieved, and that it complies with all relevant environmental legislation.

The directors are not aware of any particular or significant environmental issues, which have been raised in relation to the Company's operations during the period covered by this report.

MEETINGS OF DIRECTORS

During the financial period, 8 meetings of directors were held. Attendances by each director during the year were as follows:

Director	Directors Meetings		Audit Committee Meetings	
	Meetings Attended	Number Eligible to Attend	Meetings Attended	Number Eligible to Attend
Robert Reynolds	8	8	2	2
John Haggman	8	8	2	2
Roger Howe	8	8	2	2

DIRECTORS' REPORT

REMUNERATION REPORT – AUDITED

REMUNERATION POLICY

The remuneration policy of Convergent Minerals Limited has been designed to align director and executive objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific long-term incentives based on key performance areas affecting the company's financial results. The board of Convergent Minerals Limited believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best executives and directors to run and manage the company, as well as create alignment of interests between directors, executives and shareholders.

The board's policy for determining the nature and amount of remuneration for board members and senior executives of the company is as follows:

- In determining competitive remuneration rates, the Board may seek independent advice on local and international trends among comparative companies and industry generally. It examines terms and conditions for employee incentive schemes, benefit plans and share plans. Independent advice may be obtained to confirm that executive remuneration is in line with market practice and is reasonable in the context of Australian executive reward practices.
- The Company is a mineral exploration company, and therefore speculative in terms of performance. Consistent with attracting and retaining talented executives, directors and senior executives, such personnel are paid market rates associated with individuals in similar positions within the same industry. Options and performance incentives may be issued particularly as the Company moves from commercialisation to a producing entity and key performance indicators such as profit and production can be used as measurements for assessing executive performance. Given the early stage of the company's projects it is not meaningful to track executive compensation to financial results and shareholder wealth, nor is it possible to set meaningful specific objective performance criteria for directors as this stage.
- All executives receive a base salary (which is based on factors such as length of service and experience). The executives receive a superannuation guarantee contribution required by the government, which is currently 9.5% and do not receive any other retirement benefits.
- All remuneration paid to directors and officers is valued at the cost to the Company and expensed. Where appropriate, shares given to directors, executives and officers are valued as the difference between the market price of those shares and the amount paid by the director or executive. Options are valued using the Black-Scholes methodology.
- The Board policy is to remunerate non-executive directors with a base fee and, for special exertion, at market rates for time, commitment and responsibilities. The board as a whole, fulfilling the role of the remuneration committee determines payments to the non-executive directors and reviews their remuneration annually, based on market practice, duties and accountability. The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders at the Annual General Meeting. Fees for non-executive directors are not linked to the performance of the company. However, to align directors' interests with shareholder interests, the directors are encouraged to hold shares in the company.

DIRECTORS' REPORT

DIRECTORS' AND EXECUTIVE OFFICERS' REMUNERATION

(a) Details of Directors and Key Management Personnel

Current Directors

Robert Reynolds	Non-executive Chairman
John Haggman	Non-executive Director
Roger Howe	Non-executive Director

Company Secretary

Hamlet Hacobian	Company Secretary
-----------------	-------------------

Key Management Personnel

David Price	Chief Executive Officer
Hamlet Hacobian	Chief Financial Officer

Remuneration and other terms of employment for key management personnel are formalised in service agreements. Details of these agreements are as follows:

Name: David Price

Title: Chief Executive Officer

Agreement Commenced: 19 December 2011

Term of agreement: No set term

Details: Base salary of \$290,000 plus superannuation, to be reviewed annually by the Board of Directors. 3 month termination notice by either party.

Name: Hamlet Hacobian

Title: Chief Financial Officer

Agreement Commenced: 19 December 2011

Term of agreement: No set term

Details: Base salary of \$150,000 plus superannuation, to be reviewed annually by the Board of Directors. 1 month termination notice by Hamlet Hacobian and 2 month termination notice by the Company.

Directors' remuneration and other terms of employment are reviewed annually by the Board having regard to performance against goals set at the start of the year, relative comparative information and independent expert advice.

Except as detailed in Notes (a) – (d) to the Remuneration Report, no director has received or become entitled to receive, during or since the financial period, a benefit because of a contract made by the Company or a related body corporate with a director, a firm of which a director is a member or an entity in which a director has a substantial financial interest. This statement excludes a benefit included in the aggregate amount of emoluments received or due and receivable by directors and shown in Notes (a) – (d) to the Remuneration Report, prepared in accordance with the Corporations regulations, or the fixed salary of a full time employee of the Company.

DIRECTORS' REPORT

(b) Remuneration of Directors and Key Management Personnel

The Board of Directors, comprised of non-executive directors, is responsible for determining and reviewing compensation arrangements. The Board will assess the appropriateness of the nature and amount of emoluments of such officers on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality Board and executive team. Remuneration of Directors of the Company and consolidated entity is set out below.

The remuneration structure for the key management personnel is based on a number of factors, including length of service, particular experience of the individual concerned, and overall performance of the company. The contracts for service between the company and key management personnel are on a continuing basis, the terms of which are not expected to change in the immediate future.

The board determines the proportion of fixed and variable compensation for each key management personnel. Refer below.

DIRECTORS AND KEY MANAGEMENT PERSONNEL

	2015				2014			
	Base Salary and Fees	Super Contribution	Fair Value of Options Granted	Total	Base Salary and Fees	Super Contribution	Fair Value of Options Granted	Total
Robert Reynolds	36,000	3,420	-	39,420	48,000	4,440	-	52,440
Roger Howe	24,000	2,280	-	26,280	-	-	-	-
John Haggman ¹	26,280	-	-	26,280	34,960	-	-	34,960
Glenn Goodacre ²	-	-	-	-	34,960	-	-	34,960
David Price	248,500	21,457	-	269,957	237,000	21,456	-	258,456
Hamlet Hacobian	120,000	11,400	-	131,400	120,000	11,100	-	131,100
	454,780	38,557	-	493,337	474,920	36,996	-	511,916

1 Mr Haggman's director fees were paid to Goodmart Pty Ltd, a company of which Mr Haggman is a director and shareholder.

2 Mr Goodacre's director fees were paid to Goro Investments Pty Ltd, a company of which Mr Goodacre is a director and shareholder.

(c) Remuneration Options granted during the financial year ending 30 June 2015 and the financial year ending 30 June 2014

To ensure that the Company has appropriate mechanisms to continue to attract and retain the services of Directors and Employees of a high calibre, the Company has a policy of issuing performance shares to its employees.

DIRECTORS' REPORT

(d) Share and Option holdings

ORDINARY SHARES HELD BY DIRECTORS AND OFFICERS

Period from 1 July 2014 to 30 June 2015

	Ordinary Shares Fully Paid in the Company				
	Balance at 1 July 2014	Received as Remuneration	Options Exercised	Net Change Other	Balance at 30 June 2015
Robert Reynolds ¹	21,250,000	-	-	2,150,846	23,400,846
John Haggman ¹	9,685,742	-	-	1,007,776	10,693,518
Roger Howe ¹	-	-	-	500,000	500,000
David Price	500,000	-	-	-	500,000
Hamlet Hacobian	250,000	-	-	-	250,000

¹ Robert Reynolds, John Haggman and Roger Howe purchased shares on market.

Period from 1 July 2013 to 30 June 2014

	Ordinary Shares Fully Paid in the Company				
	Balance at 1 July 2013	Received as Remuneration	Options Exercised	Net Change Other	Balance at 30 June 2014
Robert Reynolds ¹	17,050,000	-	-	4,200,000	21,250,000
Roger Howe	-	-	-	-	-
John Haggman ¹	7,685,742	-	-	2,000,000	9,685,742
David Price ¹	35,000	-	-	465,000	500,000
Hamlet Hacobian ¹	-	-	-	250,000	250,000

¹ Robert Reynolds and John Haggman purchased shares relevant to their entitlement in the December 2013 Share Purchase Plan. Robert Reynolds, David Price and Hamlet Hacobian purchased on market an additional 3,200,000, and 465,000 and 250,000 respectively.

DIRECTORS' REPORT

OPTIONS HELD BY DIRECTORS AND OFFICERS

Period from 1 July 2014 to 30 June 2015

	Options in the Company					Balance at 30 June 2015
	Balance at 1 July 2014	Received as Remuneration	Options Exercised	Net Change Other	Options Expired	
David Price ¹	4,000,000	-	-	(4,000,000)	-	-
Hamlet Hacobian ¹	1,500,000	-	-	(1,500,000)	-	-

¹ On 19 March 2012 the Company issued 3,250,000 options to Management and other personnel. These options vested on 19 March 2013. The options have an exercise price of 7.5 cents (5 year term). The fair value of each option is 3.14 cents. On 19 March 2012 the Company issued a further 3,250,000 options to Management and other personnel. Half these options vested on 19 April 2014 and the balance will vest three years from the issue date. The options have an exercise price of 10 cents (5 year term). The fair value of each option is 2.85 cents. The fair value of these options was determined using the Black Scholes model as per Note 17. These options were cancelled during the financial year.

Period from 1 July 2013 to 30 June 2014

	Options in the Company					Balance at 30 June 2014
	Balance at 1 July 2013	Received as Remuneration	Options Exercised	Net Change Other	Options Expired	
David Price ¹	4,000,000	-	-	-	-	4,000,000
Hamlet Hacobian ¹	1,500,000	-	-	-	-	1,500,000

¹ On 19 March 2012 the Company issued 3,250,000 options to Management and other personnel. These options vested on 19 March 2013. The options have an exercise price of 7.5 cents (5 year term). The fair value of each option is 3.14 cents. On 19 March 2012 the Company issued a further 3,250,000 options to Management and other personnel. Half these options vested on 19 April 2014 and the balance will vest three years from the issue date. The options have an exercise price of 10 cents (5 year term). The fair value of each option is 2.85 cents. The fair value of these options was determined using the Black Scholes model as per Note 17.

SHARES ISSUED ON EXERCISE OF COMPENSATION OPTIONS

There were no options exercised during the year that were granted as compensation in prior periods.

This concludes the Remuneration Report which has been audited.

DIRECTORS' REPORT

INDEMNIFYING OFFICERS

In accordance with the constitution, except as may be prohibited by the *Corporations Act 2001*, every officer or agent of the Company shall be indemnified out of the property of the Company against any liability incurred by him or her in his or her capacity as officer or agent of the Company or any related corporation in respect of any act or omission whatsoever and howsoever occurring or in defending any proceedings, whether civil or criminal.

During the financial year the Company paid insurance premiums of \$21,095 in February 2015 in respect of directors' and officers' liability. The insurance premiums relate to:

- Costs and expenses incurred by the relevant officers in defending legal proceedings, whether civil or criminal and whatever their outcome;
- Other liabilities that may arise from their position, with the exception of conduct involving willful breach of duty or improper use of information to gain a personal advantage.

PROCEEDINGS ON BEHALF OF COMPANY

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

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

NON-AUDIT SERVICES

The board of directors is satisfied that the provision of non-audit services performed during the year is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The directors are satisfied that the services disclosed below did not compromise the external auditor's independence for the following reason:

- All non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- The nature of the services provided do not compromise the general principles relating to auditor independence with APES 110: Code of Ethics for Professional Accountants set by the Accounting Professional and Ethical Standards Board.

No amounts were amounts paid to the Company's auditors during the financial year ended 30 June 2015 for non-audit related services.

AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration for the year ended 30 June 2015 has been received and can be found on page 27 of the directors' report.

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



Robert Reynolds
Chairman

Date: 28 April 2016

partners

A J Dowell CA
M Galouzis CA
A N Fraser CA
G W Cliffe CA
B Kolevski CPA (Affiliate ICAA)

associate

M A Nakkan CA

consultant

C H Barnes FCA

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Auditor's Independence Declaration

To the directors of Convergent Minerals Limited (Subject to a Deed of Company Arrangement)

As engagement partner for the audit of Convergent Minerals Limited (Subject to a Deed of Company Arrangement) for the year ended 30 June 2015, I declare that, to the best of my knowledge and belief, there have been:

- i) no contraventions of the independence requirements of the *Corporations Act 2001* in relation to the audit; and
- ii) no contraventions of any applicable code of professional conduct in relation to the audit.

BDJ Partners
Chartered Accountants



.....
Gregory W Cliffe

Partner

22 April 2016

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2015

	Note	CONSOLIDATED	
		2015 \$	2014 \$
Revenue from continuing operations		-	-
Other income	5	72,362	27,350
Expenditure			
Occupancy expenses		(39,978)	(43,050)
Compliance and regulatory expenses		(53,305)	(56,009)
Employee benefits expenses		(233,529)	(227,046)
Consulting fees		(209,701)	(26,455)
Director fees		(91,980)	(122,360)
Legal expenses		(58,309)	(37,140)
Depreciation		(26,598)	(36,086)
Exploration expenditure written off		(9,330,495)	(176,404)
Finances costs		(648,003)	(188,678)
Other expenses		(307,872)	(238,441)
Loss before income tax		(10,927,408)	(1,124,319)
Income tax benefit	6	572,805	324,205
Loss for the period		(10,354,603)	(800,114)
Other comprehensive income			
Other comprehensive income net of tax		-	-
Total comprehensive loss for period		(10,354,603)	(800,114)
Total comprehensive loss			
Attributable to:			
Owners of the parent		(10,354,603)	(800,114)
Non-controlling interest		-	-
		(10,354,603)	(800,114)
Basic loss per share - cents per share	7	(2.96)	(0.25)
Diluted loss per share - cents per share		(2.96)	(0.25)

The accompanying notes form part of these financial statements.

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2015

		CONSOLIDATED	
	Note	2015 \$	2014 \$
Current Assets			
Cash and cash equivalents	8	151,206	2,063,208
Trade and other receivables	9	19,730	422,501
Other current assets	10	6,370	50,000
Capitalised exploration and evaluation expenditure	12	3,124,494	-
Total Current Assets		3,301,800	2,535,709
Non-Current Assets			
Property, plant and equipment	11	-	157,818
Capitalised exploration and evaluation expenditure	12	-	10,627,054
Other non-current assets	10	-	119,486
Total Non-Current Assets		-	10,904,538
Total Assets		3,301,800	13,440,067
Current Liabilities			
Trade and other payables	13	88,059	284,979
Short term provisions	14	19,101	24,681
Loan	15	2,960,503	2,541,667
Total Current Liabilities		3,067,663	2,851,327
Total Liabilities		3,067,663	2,851,327
Net Assets		234,137	10,588,740
Equity			
Issued capital	16	14,983,842	14,983,842
Accumulated losses		(14,749,705)	(4,395,102)
Equity attributable to equity holders of the parent		234,137	10,588,740
Non-controlling interest		-	-
Total Equity		234,137	10,588,740

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2015

	Issued Capital \$	Option Reserve \$	Accumulated Loss \$	Minority Interest \$	Total \$
Consolidated – 2015					
Balance at 1 July 2014	14,983,842	-	(4,395,102)	-	10,588,740
Comprehensive loss for the year	-	-	(10,354,603)	-	(10,354,603)
Transactions with owners on their equity as owners:					
Contribution of equity	-	-	-	-	-
Transaction costs	-	-	-	-	-
Expiry of options	-	-	-	-	-
Issue of options	-	-	-	-	-
Balance at 30 June 2015	14,983,842	-	(14,749,705)	-	234,137

Consolidated – 2014					
Balance at 1 July 2013	13,827,039	-	(3,595,078)	90	10,232,051
Comprehensive loss for the year	-	-	(800,024)	(90)	(800,114)
Transactions with owners on their equity as owners:					
Contribution of equity	1,198,000	-	-	-	1,198,000
Transaction costs	(41,197)	-	-	-	(41,197)
Balance at 30 June 2014	14,983,842	-	(4,395,102)	-	10,588,740

The accompanying notes form part of these financial statements.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2015

		CONSOLIDATED	
	Note	2015 \$	2014 \$
CASH FLOWS USED IN OPERATING ACTIVITIES			
Receipts from customers		51,535	-
Payments to suppliers and employees		(844,092)	(849,321)
Interest received		25,512	22,382
Finance costs		(229,167)	(147,011)
R&D Tax Refund		897,009	-
Net cash used in operating activities	18	(99,203)	(973,950)
CASH FLOW USED IN INVESTING ACTIVITIES			
Payments for exploration and evaluation		(1,769,271)	(1,675,469)
Payments for acquisition of tenements		(145,510)	-
Payments for plant and equipment		(1,018)	-
Proceeds from sale of plant and equipment		-	2,182
Proceeds from MRF Securities Refund		103,000	-
Net cash used in investing activities		(1,812,799)	(1,673,287)
CASH FLOWS PROVIDED BY FINANCING ACTIVITIES			
Proceeds from share issues		-	1,198,000
Proceeds from loan		-	2,500,000
Cost of issue of shares		-	(41,196)
Net cash from financing activities		-	3,656,804
Net increase/(decrease) in cash held		(1,912,002)	1,009,566
Cash and equivalents at the beginning of the year		2,063,208	1,053,642
Cash and equivalents at the end of the year	8	151,206	2,063,208

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: GENERAL INFORMATION

Convergent Minerals Limited is a public Company listed on the Australian Securities Exchange, incorporated in Australia and operating in Western Australia with a head office in Sydney. These consolidated financial statements and notes represent those of Convergent Minerals Limited and its controlled entities.

Convergent Minerals Limited registered office and its principal place of business is:
c/- Hayes Advisory Pty Limited
Level 16, 55 Clarence Street
Sydney NSW 2000

The Company's principal activities are mineral exploration and evaluation. The financial statements are presented in Australian dollars which is the Company's functional and presentation currency.

The financial statements for the Group were authorised for issue on 28 April 2016 by the Directors of the Company.

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES

a) New and Amended Accounting Policies Adopted by the Group

The consolidated entity has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The adaption of these accounting standards has not impacted the measurement or disclosure of any transaction for the group.

b) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Historical cost convention

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of available-for-sale financial assets, financial assets and liabilities at fair value through profit or loss, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

c) Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 28.

NOTES TO THE FINANCIAL STATEMENTS

d) Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all controlled entities of Convergent Minerals Limited ('company' or 'parent entity') as at 30 June 2015 and the results of all subsidiaries for the year then ended. Convergent Minerals Limited and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

Subsidiaries are all those entities over which the consolidated entity has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The effects of potential exercisable voting rights are considered when assessing whether control exists. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

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

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. Refer to the 'business combinations' accounting policy for further details. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Non-controlling interest in the results and equity of subsidiaries are shown separately in the statement of comprehensive income and statement of financial position of the consolidated entity. Losses incurred by the consolidated entity are attributed to the non-controlling interest in full, even if that results in a deficit balance.

Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

e) Revenue recognition

Revenue is recognised when it is probable that the economic benefit will flow to the consolidated entity and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable.

Interest

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

NOTES TO THE FINANCIAL STATEMENTS

f) Income tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset. Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entity/s which intend to settle simultaneously.

Convergent Mineral Limited (the 'head entity') and its wholly-owned Australian controlled entities continue to account for their own current and deferred tax amounts.

g) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. For the statement of cash flows presentation purposes, cash and cash equivalents also includes bank overdrafts, which are shown within borrowings in current liabilities on the statement of financial position.

h) Investments and other financial assets

Investments and other financial assets are measured at either amortised cost or fair value depending on their classification. Classification is determined based on the purpose of the acquisition and subsequent reclassification to other categories is restricted. The fair values of quoted investments are based on current bid prices. For unlisted investments, the consolidated entity establishes fair value by using valuation techniques. These include the use of recent arms length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models.

NOTES TO THE FINANCIAL STATEMENTS

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the consolidated entity has transferred substantially all the risks and rewards of ownership.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are either: i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit; or ii) designated as such upon initial recognition, where they are managed on a fair value basis or to eliminate or significantly reduce an accounting mis-match. Except for effective hedging instruments, derivatives are also categorised as fair value through profit or loss. Fair value movements are recognised in profit or loss.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets, principally equity securities, that are either designated as available-for-sale or not classified as any other category. After initial recognition, fair value movements are recognised directly in the available-for-sale reserve in equity. Cumulative gain or loss previously reported in the available-for-sale reserve is recognised in profit or loss when the asset is derecognised or impaired.

Impairment of financial assets

The consolidated entity assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired. Objective evidence includes significant financial difficulty of the issuer or obligor; a breach of contract such as default or delinquency in payments; the lender granting to a borrower concessions due to economic or legal reasons that the lender would not otherwise do; it becomes probable that the borrower will enter bankruptcy or other financial reorganisation; the disappearance of an active market for the financial asset; or observable data indicating that there is a measurable decrease in estimated future cash flows.

The amount of the impairment allowance for financial assets carried at cost is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the current market rate of return for similar financial assets.

Available-for-sale financial assets are considered impaired when there has been a significant or prolonged decline in value below initial cost. Subsequent increments in value are recognised directly in the available-for-sale reserve.

i) Property, plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a diminishing value basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

Buildings	6-15 years
Plant and equipment	4-10 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

NOTES TO THE FINANCIAL STATEMENTS

Leasehold improvements and plant and equipment under lease are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the consolidated entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss. Any revaluation surplus reserve relating to the item disposed of is transferred directly to retained profits.

j) Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

A distinction is made between finance leases, which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to ownership of leased assets, and operating leases, under which the lessor effectively retains substantially all such risks and benefits.

Finance leases are capitalised. A lease asset and liability are established at the fair value of the leased assets, or if lower, the present value of minimum lease payments. Lease payments are allocated between the principal component of the lease liability and the finance costs, so as to achieve a constant rate of interest on the remaining balance of the liability.

Leased assets acquired under a finance lease are depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the consolidated entity will obtain ownership at the end of the lease term.

Operating lease payments, net of any incentives received from the lessor, are charged to profit or loss on a straight-line basis over the term of the lease.

k) Exploration and evaluation assets

Exploration and evaluation expenditure in relation to separate areas of interest for which rights of tenure are current is carried forward as an asset in the statement of financial position where it is expected that the expenditure will be recovered through the successful development and exploitation of an area of interest, or by its sale; or exploration activities are continuing in an area and activities have not reached a stage which permits a reasonable estimate of the existence or otherwise of economically recoverable reserves. Where a project or an area of interest has been abandoned, the expenditure incurred thereon is written off in the year in which the decision is made.

l) Impairment of non-financial assets

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs to sell and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

NOTES TO THE FINANCIAL STATEMENTS

m) Trade and other payables

These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

n) Finance costs

Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred, including:

- interest on the bank overdraft
- interest on short-term and long-term borrowings
- interest on finance leases
- unwinding of the discount on provisions

o) Provisions

Provisions are recognised when the consolidated entity has a present (legal or constructive) obligation as a result of a past event, it is probable the consolidated entity will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

p) Employee benefits

Wages and salaries and annual leave

Liabilities for wages and salaries, including non-monetary benefits, and annual leave expected to be settled within 12 months of the reporting date are recognised in current liabilities in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

Long service leave

The liability for long service leave is recognised in current and non-current liabilities, depending on the unconditional right to defer settlement of the liability for at least 12 months after the reporting date. The liability is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Defined contribution superannuation expense

Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

Share-based payments

Equity-settled and cash-settled share-based compensation benefits are provided to employees. Equity-settled transactions are awards of shares or options over shares that are provided to employees in exchange for the rendering of services. Cash-settled transactions are awards of cash for the exchange of services, where the amount of cash is determined by reference to the share price.

NOTES TO THE FINANCIAL STATEMENTS

The cost of equity-settled transactions is measured at fair value on grant date. Fair value is independently determined using either the Binomial or Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the consolidated entity receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of cash-settled transactions is initially, and at each reporting date until vested, determined by applying either the Binomial or Black-Scholes option pricing model, taking into consideration the terms and conditions on which the award was granted. The cumulative charge to profit or loss until settlement of the liability is calculated as follows:

- during the vesting period, the liability at each reporting date is the fair value of the award at that date multiplied by the expired portion of the vesting period.
- from the end of the vesting period until settlement of the award, the liability is the full fair value of the liability at the reporting date.

All changes in the liability are recognised in profit or loss. The ultimate cost of cash-settled transactions is the cash paid to settle the liability.

Market conditions are taken into consideration in determining fair value. Therefore any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the consolidated entity or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the consolidated entity or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

q) Issued capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

r) Business combinations

The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

NOTES TO THE FINANCIAL STATEMENTS

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

On the acquisition of a business, the consolidated entity assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the consolidated entity's operating or accounting policies and other pertinent conditions in existence at the acquisition-date.

Where the business combination is achieved in stages, the consolidated entity remeasures its previously held equity interest in the acquiree at the acquisition-date fair value and the difference between the fair value and the previous carrying amount is recognised in profit or loss.

Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. Subsequent changes in the fair value of contingent consideration classified as an asset or liability is recognised in profit or loss. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition-date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

s) Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the owners of Convergent Minerals Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

NOTES TO THE FINANCIAL STATEMENTS

t) Goods and Services Tax ('GST') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

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 tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

u) New Accounting Standards for Application in Future Periods

Accounting Standards and Interpretations relevant to the group issued by the AASB that are not yet mandatorily applicable to the Group, together with an assessment of the potential impact of such pronouncements on the Group when adopted in future periods, are discussed below:

- AASB 9: *Financial Instruments* and associated Amending Standards (applicable for annual reporting periods commencing on or after 1 January 2017).

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 that may affect the Group on initial application 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. Should the entity elect to change its hedge policies in line with the new hedge accounting requirements of AASB 9, the application of such accounting would be largely prospective.

Although the directors anticipate that the adoption of AASB 9 may have an impact on the Group's financial instruments, including hedging activity, it is impracticable at this stage to provide a reasonable estimate of such impact.

- Interpretation 21: *Levies* (applicable for annual reporting periods commencing on or after 1 January 2014).

Interpretation 21 clarifies the circumstances under which a liability to pay a levy imposed by a government should be recognised, and whether that liability should be recognised in full at a specific date or progressively over a period of time. This Interpretation is not expected to significantly impact the Group's financial statements.

NOTES TO THE FINANCIAL STATEMENTS

AASB 2013-3: *Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets* (applicable for annual reporting periods commencing on or after 1 January 2014).

This Standard amends the disclosure requirements in AASB 136: *Impairment of Assets* pertaining to the use of fair value in impairment assessment and is not expected to significantly impact the Group's financial statements.

- AASB 2013-4: *Amendments to Australian Accounting Standards – Novation of Derivatives and Continuation of Hedge Accounting* (applicable for annual reporting periods commencing on or after 1 January 2014).
- AASB 2013-4 makes amendments to AASB 139: *Financial Instruments: Recognition and Measurement* to permit the continuation of hedge accounting in circumstances where a derivative, which has been designated as a hedging instrument, is novated from one counterparty to a central counterparty as a consequence of laws or regulations. This Standard is not expected to significantly impact the Group's financial statements.

v) Comparatives

Where appropriate the Company has adjusted comparatives to conform to changes in presentation for the current financial year.

NOTE 3: CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Going Concern

It is the intention that Convergent Minerals (named to be changed to East West Energy Limited) will be recapitalised through a number of financial transactions, including a fully underwritten General Offer, Share Purchase Plan and the Issue of Convertible Notes. The total proceeds from the raising will be approximately A\$23,000,000. East West Energy (EWE) intends to acquire a number oil and gas production assets in Canada for an expected acquisition cost of A\$5 million. One of these assets has been already bought by a holding Company in Canada, and will be acquired by EWE. This acquisition will bring immediate cash flow to the Company. In addition the Company will acquire at least one development project in the United States (currently under negotiation) for an acquisition cost of less than A\$5 million. While the production assets will require some working capital to increase production and efficiencies, the development project will require significant capital for development drilling to transition the asset into a production assets with positive cash flow. The cost to drill these shallow production wells is expected to be less than A\$350,000 per well.

NOTES TO THE FINANCIAL STATEMENTS

Share-based payment transactions

The consolidated entity measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using either the Binomial or Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

Impairment of capitalised exploration and evaluation expenditure

The future recoverability of capitalised exploration and evaluation expenditure is dependent on a number of factors, including whether the Consolidated Group decides to exploit the related lease itself or, if not, whether it successfully recovers the related exploration and evaluation asset through sale.

Factors that could impact the future recoverability include the level of reserves and resources, future technological changes, costs of drilling and production, production rates, future legal and political changes, (including obtaining the right to mine and changes to environmental restoration obligations) and changes to commodity prices.

As at 30 June 2015 the carrying value of capitalised exploration expenditure is \$3,124,494 (2014: \$10,627,054). Refer to note 12.

Deferred tax assets

The Consolidated Group expects to have carried forward tax losses which have not been recognised as deferred tax assets as it is not considered sufficiently probable at this point in time, that these losses will be recouped by means of future profits taxable in the relevant jurisdictions.

NOTE 4: OPERATING SEGMENTS

Identification of reportable operating segments

The consolidated entity is organised into one operating segment, being mining and exploration operations. This operating segment is based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources.

The CODM reviews EBITDA (earnings before interest, tax, depreciation and amortisation). The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the financial statements.

The information reported to the CODM is on a regular basis.

Types of products and services

The principal products and services of this operating segment are the mining and exploration operations in Australia.

Geographical information

The Consolidated Group operates in one geographical segment, being Australia and in one business segment as mentioned above, being the exploration for minerals.

NOTES TO THE FINANCIAL STATEMENTS

Revenue from external sources
Net loss before tax
Reportable segment assets
Reportable segment liabilities

CONSOLIDATED	
2015 \$	2014 \$
72,362	27,350
(10,354,603)	(800,114)
3,301,800	13,440,067
3,067,663	2,851,327

NOTE 5: OTHER INCOME

Interest income
Other
Total other income

CONSOLIDATED	
2015 \$	2014 \$
25,512	25,200
46,850	2,150
72,362	27,350

NOTE 6: INCOME TAX

(a) Tax expense
Current tax
Deferred tax

(b) The prima facie tax benefit
On loss from ordinary activities before tax is reconciled to the income tax as follows:
Prima facie tax benefit on loss at 30% (2014: 30%)

Add:
Tax effect of:

CONSOLIDATED	
2015 \$	2014 \$
-	-
-	-
-	-
-	-
(3,278,222)	(337,296)

NOTES TO THE FINANCIAL STATEMENTS

Other non-allowable items	20,604	14,104
Impairment of tenement carrying cost	2,799,148	52,921
Other deferred tax balances not recognised	983,077	836,353
	3,802,829	903,378
Less:		
Tax effect of:		
Exploration and evaluation expenditure	488,054	510,971
Capital raising costs	25,723	28,663
Provisions and accruals	10,830	26,448
R&D tax incentive	572,805	324,205
	1,097,412	890,287
Income tax (benefit)	(572,805)	(324,205)
The applicable average weight tax rates as follows:	0%	0%

NOTES TO THE FINANCIAL STATEMENTS

(c) Deferred tax balances that have not been recognised:

Deferred tax assets at 30%

Carry forward revenue loss

Capital raising costs

Provisions and accruals

	5,646,792	4,663,716
	26,600	52,323
	10,830	26,448
	5,684,222	4,742,487

The tax benefits of the above deferred tax assets will only be obtained if:

- (a) The Company derives future assessable income of a nature and of an amount sufficient to enable the benefits to be utilised
- (b) The Company continues to comply with the conditions for deductibility imposed by law; and
- (c) No change in income tax legislation adversely affect the Company in utilising the benefits.

CONSOLIDATED

Deferred tax liabilities:

at 30%

Capitalised exploration and evaluation expenditure

Accrued income

Revaluation of assets

2015 \$	2014 \$
937,348	3,188,116
-	-
-	-
937,348	3,188,116

The above deferred tax liabilities have not been recognised as they have given rise to the carry forward revenue losses for which the deferred tax asset has not been recognised.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 7: LOSS PER SHARE

		CONSOLIDATED	
		2015 \$	2014 \$
(a)	Loss used to calculate basic and dilutive LPS	(10,354,603)	(800,114)
(b)	weighted average number of ordinary shares on issue during the year used in the calculation of basic LPS	350,328,488	315,796,434
(c)	weighted average number of ordinary shares on issue during the year used in the calculation of diluted LPS	350,328,488	315,796,434
(d)	Basic loss per share - (Cents)	(2.96)	(0.25)
	Diluted loss per share - (Cents)	(2.96)	(0.25)
(i)	The company had on issue 6,500,000 options to management staff as at 30 June 2014. These options were not included in the calculation of diluted EPS because they are anti-dilutive for the current period.		

NOTE 8: CASH AND EQUIVALENTS

		CONSOLIDATED	
		2015 \$	2014 \$
	Cash on hand	100	100
	Cash at bank	151,106	2,063,108
		151,206	2,063,208
(i)	A floating charge over cash and cash equivalents has been provided for certain debts. Refer to Note 15 for further details.		

NOTE 9: TRADE AND OTHER RECEIVABLES (CURRENT)

		CONSOLIDATED	
		2015 \$	2014 \$
	GST recoverable	19,730	95,478
	R&D Tax Incentive Rebate	-	327,023
		19,730	422,501
(i)	Debtors are non-interest bearing and are normally settled on 30 day terms, all debtors owing at 30 June 2015 were settled in full by the date of this report.		

NOTES TO THE FINANCIAL STATEMENTS

NOTE 10: OTHER CURRENT ASSETS

CURRENT

Security deposits

CONSOLIDATED

2015 \$	2014 \$
6,370	50,000
6,370	50,000

NON CURRENT

Security deposits

Other Assets

CONSOLIDATED

2015 \$	2014 \$
-	118,400
-	1,086
-	119,486

NOTE 11: PLANT AND EQUIPMENT

CONSOLIDATED

Plant and equipment at cost

Less: accumulated depreciation

Less: write off

Motor vehicles at cost

Less: accumulated depreciation

Less: write off

Furniture and fittings at cost

Less: accumulated depreciation

Less: write off

Mine site development at cost

Less: accumulated depreciation

Less: write off

Total plant and equipment

2015 \$	2014 \$
180,731	179,713
(145,252)	(134,694)
(35,479)	-
-	45,019
102,951	102,951
(77,847)	(72,055)
(25,104)	-
-	30,896
19,952	19,952
(18,713)	(18,299)
(1,239)	-
-	1,653
175,013	175,013
(104,597)	(94,763)
(70,416)	-
-	80,250
-	157,818

NOTES TO THE FINANCIAL STATEMENTS

(a) Movements in carrying amounts

Movements in the carrying amounts for each class of plant and equipment between the beginning and the end of the period.

	CONSOLIDATED	
	2015 \$	2014 \$
<i>Plant and equipment</i>		
Carrying amount at 1 July	157,818	196,036
Acquisitions	1,018	-
Loss on disposal	-	(2,132)
Depreciation expense	(26,598)	(36,086)
Written off	(132,238)	-
Carrying amount at 30 June	-	157,818

NOTE 12: EXPLORATION AND EVALUATION EXPENDITURE

	CONSOLIDATED	
	2015 \$	2014 \$
CURRENT		
Cost brought forward	10,627,054	-
Exploration and/or evaluation phase in current period	1,626,843	-
Acquisition of tenements (ii)	195,510	-
Impairment of tenement carrying cost (iii)	(9,324,913)	-
	3,124,494	-

	CONSOLIDATED	
	2015 \$	2014 \$
NON CURRENT		
Cost brought forward	-	9,100,223
Exploration and/or evaluation phase in current period	-	1,703,236
Acquisition of tenements (ii)	-	-
Impairment of tenement carrying cost (iii)	-	(176,405)
	-	10,627,054

- (i) The recoverability of the Group's carrying value of the capitalized exploration and evaluation expenditure is subject to the successful development and exploitation of the exploration property. Alternatively recoverability could result from the sale of the tenement at an amount at least equal to the carrying amount.
- (ii) The Group acquired tenements from Southern Cross Gold.
- (iii) The Group wrote down the value of the Diamantina project and Mt Macquarie project in QLD in the financial year ending 30 June 2014 as a result of relinquishing its interest in the projects. The group wrote down the value of Blue Vein, Van Uden and Diamantina in the financial year ending 30 June 2015 to reflect the second creditors value of the debt which there is security over.
- (iv) The carrying amounts of all tenements have been pledged as security for certain debts. Refer to Note 15 for further details.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 13: TRADE AND OTHER PAYABLES

	CONSOLIDATED	
	2015 \$	2014 \$
Trade creditors	57,800	203,665
PAYG and payroll tax payable	13,259	17,834
Sundry payables and accrued expenses	17,000	63,480
	88,059	284,979

Terms and conditions relating to the above financial instruments.

- (i) Trade creditors are non-interest bearing and generally on 30 day terms.
- (ii) Other creditors are non-interest bearing and have no fixed repayment terms.

NOTE 14: PROVISIONS

	CONSOLIDATED	
	2015 \$	2014 \$
Employee entitlements	19,101	24,681
	19,101	24,681

NOTE 15: LOAN NOTE

	CONSOLIDATED	
	2015 \$	2014 \$
Loan note ⁽ⁱ⁾	2,960,503	2,541,667
	2,960,503	2,541,667

- (i) A senior secured note of \$2,960,563 due on 31 August 2015.

The loan note is secured by floating charges over the assets and uncalled capital of the parent entity, Montague Resources Australia Pty Limited and AFL Resources Limited.

All financial assets and non-financial assets of the group have been pledged as part of the total collateral for the benefit of the note holder.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 16: ISSUED CAPITAL

Fully paid shares carry one vote per share and carry right to dividends.

	JUNE 2015		JUNE 2014	
	No	\$	No	\$
Balance brought forward	350,328,488	14,983,842	270,461,824	13,827,039
Shares issued for acquisitions	-	-	-	-
Shares issued for capital raisings	-	-	79,866,664	1,198,000
Less: capital raisings costs	-	-	-	(41,197)
Balance at end of financial year	350,328,488	14,983,842	350,328,488	14,983,842

Management controls the capital of the Company in order to maintain a good debt to equity ratio, provide the shareholders with adequate returns and ensure that the company can fund its operations and continue as a going concern.

There are no externally imposed capital requirements.

Management effectively manages the Company's capital by assessing the company's financial risk and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels and share issues.

There have been no changes in the strategy adopted by management to control the capital of the Company since the prior year.

Fully paid ordinary shares have no par value. Ordinary shares participate in dividends and the proceeds on winding up of the company in proportion to the number of shares held.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 17: RESERVES

Options

At the date of this report, the unissued ordinary shares of Convergent Minerals Ltd under option are as follows:

Issue Date	Issue Price	Date of Expiry	Number of Options issued	\$	
19 December 2011	\$0.005	19 June 2013	25,000,000	\$125,000	Expired
19 March 2012	\$0.0314	19 March 2017	3,250,000	-	Cancelled
19 March 2012	\$0.0285	19 March 2017	3,250,000	-	Cancelled

25,000,000 options were issued during the financial year ended 30 June 2012 for the acquisition of AFL Resources Limited. The following inputs were applied in calculating the value of the options: share price on acquisition date of \$0.03, exercise price of \$0.06 (18 month term), risk free rate of 3.8%, implied volatility of 86%. These options expired on 19 June 2013.

On 19 March 2012 the Company issued 3,250,000 options to Management and other personnel. These options vested on 19 March 2012. The options have an exercise price of 7.5 cents (5 year term). The fair value of each option 3.14 cents.

On 19 March 2012 the Company issued a further 3,250,000 options to Management and other personnel. Half these options vested on 19 April 2014 and the balance will vest three years from the issue date. The options have an exercise price of 10 cents (5 year term). The fair value of each option is 2.85 cents.

The fair value of these options was determined using the Black Scholes model. The Company's share price at the date of issue was 5.3 cents. The risk free interest rate used in the model was 2.47% and the volatility percentage used in the model was 81%.

All issued options have been cancelled.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 18: CASH FLOW INFORMATION

Reconciliation of cash flows from operations with loss after tax.

	CONSOLIDATED	
	2015 \$	2014 \$
Loss after income tax	(10,354,603)	(800,114)
Non cash items		
Depreciation	26,598	36,086
Gains on sale of assets	-	-
Write off exploration assets	9,324,913	176,404
Other non cash items	142,428	13,850
Net interest accrual on loan note	418,836	-
Loss on disposal of plant and equipment	132,238	-
Changes in operating assets and liabilities		
Increase/(decrease) in trade and other receivables	402,771	(388,621)
Increase/(decrease) in other assets	10,116	(50,000)
Increase/(decrease) in other payables	(196,920)	38,952
Increase/(decrease) in provisions	(5,580)	(507)
	(99,203)	(973,950)

NOTE 19: INTEREST IN CONTROLLED ENTITIES

CONTROLLED ENTITY	COUNTRY OF INCORPORATION	CONTROLLING INTEREST	
		2015	2014
Montague Resources Australia Pty Ltd	Australia	100%	100%
AFL Resources Limited	Australia	100%	100%
NQ Metals Pty Ltd	Australia	100%	100%

Significant Restrictions

Other than the following, there are no significant restrictions over the Group's ability to access or use assets, and settle liabilities, of the Group:

The Group is the issuer of a note with a balance of \$2,960,503 as at 30 June 2015 (2014: \$2,500,000), which is secured over the assets held by Convergent Minerals Limited, Montague Resources Australia Pty Limited and AFL Resources Limited.

NOTES TO THE FINANCIAL STATEMENTS

The carrying amount of the assets included within the consolidated financial statements to which the secured note applies is detailed in Note 15.

NOTE 20: COMMITMENTS FOR EXPENDITURE

In order to maintain current rights of tenure to exploration tenements the Group is required to perform minimum exploration work to meet the minimum expenditure requirements specified by various State Governments. These obligations can be reduced by selective relinquishment of exploration tenure or renegotiation. Due to the nature of the Group's operations in exploring and evaluating areas of interest, exploration expenditure commitments beyond twelve months cannot be reliably determined. It is anticipated that expenditure commitments in subsequent years will be similar to that for the forthcoming twelve months. These obligations are not provided for in the financial report.

	2015 \$	2014 \$
Exploration and evaluation expenditure payable not later than 12 months	1,100,000	344,880
Commitment for lease of premises payable not later than 12 months	-	22,050
Commitment for lease of premises payable between 1 and 5 years	-	-

Actual exploration expenditure post 1 July 2015 was significantly less than the required annual commitments at 30 June 2015 due to the subsequent transfer of the tenements (see note 25 for subsequent events). Actual exploration expenditure up to the date the tenements were transferred was \$212,877.

NOTE 21: FINANCIAL RISK MANAGEMENT AND POLICIES

The Company's principal financial instruments comprise cash and short term deposits. The main purpose of the financial instruments is to earn the maximum amount of interest at a low risk to the economic entity. The Company also has other financial instruments such as trade debtors and creditors which arise directly from its operations. For the period under review, it has been the company's policy not to trade in financial instruments

The main risks arising from the Company's financial instruments are interest rate risk and credit risk. The board reviews and agrees policies for managing each of these risks and they are summarised below:

(a) *Interest Rate Risk*

The Company is exposed to movements in market interest rates on short term deposits. The policy is to monitor the interest rate yield curve out to 120 days to ensure a balance is maintained between the liquidity of cash assets and the interest rate return. The Company does not have short or long term debt, and therefore this risk is minimal.

(b) *Credit Risk*

Credit risk refers to the risk that a counter party will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted the policy of only dealing with credit worthy counterparties and obtaining sufficient collateral or other security where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company does not have any significant credit risk exposure to any single counterparty or any company of counterparties having similar characteristics. The carrying amount of financial assets recorded in the financial statements, net of any provisions for losses, represents the Company's maximum exposure to credit risk.

NOTES TO THE FINANCIAL STATEMENTS

(c) *Liquidity Risk*

The Company manages liquidity risk by monitoring forecast cash flows and ensuring the adequate unutilised borrowing facilities are maintained. The Company's policy is to ensure no more than 30% of borrowings should mature in any 12 month period.

NOTE 22: FINANCIAL INSTRUMENTS

(a) **Interest rate risk exposures**

The Company's exposure to interest rate risk, which is the risk that a financial instruments value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on those financial assets and financial liabilities in as follows:

CONSOLIDATED

	Average Effective Interest Rate	Floating Interest Rate	Non-Interest Bearing	Fixed Interest Maturing Less Than 1 Year	Total
30 June 2015	%	\$	\$	\$	\$
FINANCIAL ASSETS					
CURRENT					
Cash and cash equivalents	1.45	151,106	100	-	151,206
Trade and other receivables		-	19,730	-	19,730
Other Assets	-	-	-	6,371	6,371
		151,106	19,830	6,371	177,307
FINANCIAL LIABILITIES					
CURRENT					
Trade and other payables		-	88,059	-	88,059
		-	88,059	-	88,059

	Average Effective Interest Rate	Floating Interest Rate	Non-Interest Bearing	Fixed Interest Maturing Less Than 1 Year	Total
30 June 2014	%	\$	\$	\$	\$
FINANCIAL ASSETS					
CURRENT					
Cash and cash equivalents	2.25	2,063,108	100	-	2,063,208
Trade and other receivables		-	422,501	-	422,501
Other Assets	3.35	-	51,086	118,400	169,486
		2,063,108	473,687	118,400	2,655,195
FINANCIAL LIABILITIES					
CURRENT					
Trade and other payables		-	284,979	-	284,979
		-	284,979	-	284,979

NOTES TO THE FINANCIAL STATEMENTS

Trade and sundry payables are expected to be paid as follows:

	2015	2014
	\$	\$
Less than 6 months	88,059	284,979

(b) Credit risk exposures

The credit risk on financial assets of the company has been recognised on the statement of financial position and is generally the carrying amount net of any provisions for doubtful debts.

The company does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into.

(c) Net fair value of financial assets and liabilities

The carrying amount of cash and cash equivalents approximates fair value because of their short-term maturity.

(d) Sensitivity analysis

Interest Rate Risk, Foreign Currency Risk and Price Risk

The company has performed sensitivity analysis relating to its exposure to interest rate risk and price risk at balance date. This sensitivity analysis demonstrates the effect on the current year results and equity pre tax which could result from a change in these risks.

Interest Rate Sensitivity Analysis

At 30 June 2015, the effect on profit and equity as a result of changes in the interest rate, with all other variables remaining constant would be as follows:

	2015	2014
	\$	\$
Change in profit		
Increase in interest rate by 1% (100 basis points)	1,512	20,632
Decrease in interest rate by 1% (100 basis points)	(1,512)	(20,632)
Change in equity		
Increase in interest rate by 1% (100 basis points)	1,512	20,632
Decrease in interest rate by 1% (100 basis points)	(1,512)	(20,632)

NOTES TO THE FINANCIAL STATEMENTS

NOTE 23: KEY MANAGEMENT PERSONNEL

Mr Robert Reynolds	Non-executive Chairman
Mr John Haggman	Non-executive Director
Mr Roger Howe	Non-executive Director
Mr David Price	Chief Executive Officer
Mr Hamlet Hacobian	Chief Financial Officer Company Secretary

a) Compensation

	CONSOLIDATED	
	2015 \$	2014 \$
Short term employee benefits	454,780	474,920
Post-employee benefits	38,557	36,996
	493,337	511,916

Refer to Directors Report for more detailed disclosure

b) Equity Holdings

Fully paid ordinary shares of Convergent Minerals Limited

2015	Balance at beginning of year No	Received during the year No	Other changes during the year No	Balance at end of year No
Mr R Reynolds	21,250,000	-	2,150,846	23,400,846
Mr J Haggman	9,685,742	-	1,007,776	10,693,518
Mr R Howe	-	-	500,000	500,000
Mr D Price	500,000	-	-	500,000
Mr H Hacobian	250,000	-	-	250,000

NOTES TO THE FINANCIAL STATEMENTS

	Balance at beginning of year No	Received during the year No	Other changes during the year No	Balance at end of year No
2014				
Mr R Reynolds	17,050,000	-	4,200,000	21,250,000
Mr R Howe	-	-	-	-
Mr J Haggman	7,685,742	-	2,000,000	9,685,742
Mr D Price	35,000	-	465,000	500,000
Mr H Hacobian	-	-	250,000	250,000

Share options of Convergent Minerals Limited

	Balance at beginning of year No	Received during the year No	Other changes during the year No	Balance at end of year No
2015				
Mr R Reynolds	-	-	-	-
Mr R Howe	-	-	-	-
Mr J Haggman	-	-	-	-
Mr G Hart	-	-	-	-
Mr D Price	4,000,000	-	(4,000,000)	-
Mr H Hacobian	1,500,000	-	(1,500,000)	-

	Balance at beginning of year No	Received during the year No	Other changes during the year No	Balance at end of year No
2014				
Mr R Reynolds	-	-	-	-
Mr R Howe	-	-	-	-
Mr J Haggman	-	-	-	-
Mr G Goodacre	-	-	-	-
Mr D Price	4,000,000	-	-	4,000,000
Mr H Hacobian	1,500,000	-	-	1,500,000

Refer to Directors Report for more detailed disclosure

NOTES TO THE FINANCIAL STATEMENTS

NOTE 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.

Loans to key management personnel and their related parties

There were no loans outstanding at the reporting date to key management personnel and their related parties.

Transactions with related parties

John Haggman is a Non-executive Director of Convergent Minerals. Mr Haggman's director fees for the period from 1 June 2014 to 30 June 2015 were paid to Goodmart Pty Ltd, a company of which Mr Haggman is a director and shareholder.

Intercompany Loans

The balance of the loan as at 30 June 2015 from Convergent Minerals Limited to Montague Resources Australia Pty Ltd was \$3,124,494 (2014: \$9,605,554).

The balance of the loan as at 30 June 2015 from Convergent Minerals Limited to AFL Resources Ltd was \$0 (2014: \$340,000).

NOTE 25: EVENTS SUBSEQUENT TO BALANCE DATE

Events subsequent to the balance date as at 30 June 2015

1) **Placement**

Convergent placed 20,000,000 shares @ 0.75 cents to raise \$150,000 on 31 July 2015.

2) **Appointment of Administrators**

On 30 April, 2014, Convergent announced that it had executed a Bridging Finance Agreement and drawn down \$2.5 million under this facility. The Bridging Finance Agreement was put in place to allow Convergent to maintain its momentum of feasibility work at Blue Vein, whilst an anticipated larger Project Finance Facility was expected to provide the necessary capital to develop the Blue Vein Gold Project at the Company's Mt Holland Goldfield in Western Australia.

On 2 September 2015 Convergent requested voluntary suspension of its securities to conclude negotiations and documentation in relation to the repayment of the Bridging Finance Facility and on-going funding. These negotiations and documentation were expected to be finalised before the open of trading on 15 September 2015.

The Company concluded that these negotiations would not eventuate prior to 15 September and the Board decided to appoint Administrators on 14 September 2015.

Subsequent events post appointment of administrators (these events have been provided by the administrators as they have been in control of Convergent and its subsidiaries since 14 September 2015)

NOTES TO THE FINANCIAL STATEMENTS

3) **Appointment of Administrators**

On 14 September 2015, the board of Convergent appointed Alan Hayes and Christian Sprowles of Hayes Advisory as Joint and Several Administrators ('Administrators') of Convergent. On the same day the Administrators were also appointed as Joint and Several Administrators of Montague Resources Australia Pty Limited ('MRAPL'), AFL Resources Pty Ltd ('ARPL') and NQ Metals Pty Ltd ('NQPL') ('Subsidiaries') by resolutions of each of their respective boards.

4) **Forfeiture application and complaints**

On 2 October 2015, forfeiture applications and/or complaints were lodged with the Government of Western Australia, Department of Mines and Petroleum by Phoenix Rise Pty Limited and/or Mr Jeffrey Hull in respect of the 54 tenements held (solely or jointly) by Convergent, MRAPL or ARPL.

5) **Transfer of tenement interests and related assets**

On 19 October 2015 Convergent and the Subsidiaries ('Convergent Group') and their Administrators entered into a Deed of Restructure, a Deed of Transfer and a Deed of Release with MH Gold Pty Ltd ('MHG') and Capri Trading Pty Ltd as trustee for The Capri Family Trust ('Capri'), whereby, in summary:

1. The Convergent Group agreed to transfer all of its tenement interests and related assets to MH Gold Pty Ltd, a wholly owned subsidiary of Convergent;
2. MHG agreed to pay Convergent \$1,500,000;
3. MHG agreed to fund the liabilities to be incurred by the relevant Convergent Group company in preserving their tenements, whilst they remained their legal owners;
4. On a notice being given by Convergent to Capri or Capri to Convergent, all of Convergent's shares in MHG would be transferred to Capri and MHG would become liable to Capri instead of Convergent for the \$1,500,000 and Capri would release the Convergent Group from any obligations owed to it, including a secured indebtedness owed by all of the Convergent Group other than NQPL of \$3,124,494.

On 20 October 2015, Convergent gave the requisite notice to Capri, thereby causing the matters in item 4 above to occur.

6) **Creditors' resolutions concerning the future of Convergent and the Subsidiaries**

At reconvened meetings of creditors of Convergent Group held on 22 December 2015, creditors resolved that:

- Convergent execute a Deed of Company Arrangement ('DOCA') as proposed by Berry Capital Group (Australia) Pty Limited and BCP E&P No.1 LLC in accordance with the proposal outlined in the Administrators' report to creditors dated 15 December 2015 (and summarised below) and that the Administrators be appointed as Deed Administrators.
- MRAPL execute a DOCA as proposed by MHG in accordance with the proposal outlined in the Administrators' report to creditors dated 15 December 2015 (and summarised below) and that the Administrators be appointed as Deed Administrators.
- ARPL be wound up.
- NQPL be wound up.

Summaries of the main components of the proposed Convergent DOCA and MRAPL DOCA are provided below:

NOTES TO THE FINANCIAL STATEMENTS

6.1) Summary of main components of the proposed DOCA between Convergent, Berry Capital Group (Australia) Pty Ltd and BCG E&P No.1 LLC (Proponents)

1. **Proponents** – Berry Capital Group (Australia) Pty Ltd and BCG E&P No.1 LLC
2. **Consideration** - \$400,000, comprising \$300,000 cash and \$100,000 in shares.
3. **Timing of Consideration**

	(\$)
Within 5 business days of execution of DOCA	100,000
Within 5 days of shareholders' approval of a proposed recapitalisation	200,000
Shares to be issued on successful capital raising	100,000
Total	400,000

4. **Other**
 - a) The Administrators will be Administrators of the DOCA.
 - b) A Creditors' Trust is to be established for the purposes of receiving and distributing the funds available. The Administrators will be Trustees of the Trust.
 - c) A moratorium on all creditor claims against the company will exist during the term of the DOCA.
 - d) All creditor claims against Convergent as at the date of the Administrators' appointment are to be extinguished on successful completion of the DOCA.
 - e) Creditors with admitted claims will become beneficiaries of the Creditors' Trust on successful completion of the DOCA.
 - f) Deed property is to be transferred to a Creditors' Trust on successful completion of the DOCA.
 - g) Deed property is to comprise:
 - i) Payments to be made by the Proponents, being:
 - \$100,000 subject to execution of the DOCA
 - \$200,000 following completion of the DOCA
 - ii) All other property of the company, excluding tenement interests encumbered in favour of Capri Trading Pty Limited and/or M.H. Gold Pty Limited
 - h) Completion of the DOCA is subject to, amongst other things,:
 - i) The removal of all encumbrances over property of Convergent (including its mining tenements)
 - ii) The deregistration or transfer of all subsidiary companies of Convergent
 - iii) Shareholder approval for the proposed recapitalisation of Convergent

NOTES TO THE FINANCIAL STATEMENTS

- i) New shares in Convergent to a value of \$100,000, based on the issue price of the shares, will be issued to the Creditors' Trust, subject to the successful recapitalisation of Convergent.
- j) The Proponents will be primarily responsible for, and will meet the costs associated with, undertaking all steps necessary to facilitate the proposed recapitalisation of Convergent, including, for example, preparation of an explanatory memorandum, obtaining necessary consents from relevant authorities (including ASX and ASIC), preparing notice to shareholders of a general meeting, convening and holding the general meeting. Administrators to provide their reasonable assistance.
- k) The cut-off date for the completion of the DOCA is 1 October 2016, subject to the parties agreeing to extend the cut-off date.
- l) Payments to the DOCA fund are to be funded by way of a loan from BCG to Convergent and thereafter to be repayable on Convergent's successful recapitalisation.
- m) Distribution priorities from the Creditors' Trust are to reflect the distribution priorities provided for in the Corporations Act as if the company was in liquidation and as if the beneficiaries of the Trust were unsecured creditors with claims admitted by a liquidator, with the exception that the Trustees' remuneration and costs will be paid first.

6.2) Summary of main components of the proposed DOCA between MRAPL and MHG (Proponent)

1. **Proponent – MHG**
2. **Consideration - \$20,000, comprising \$10,000 payment to a Deed fund and \$10,000 to Convergent for the purchase of its shares in MRAPL**
3. **Timing of Consideration - On execution of the DOCA**
4. **Other**
 - A Creditors' Trust is to be established for the purposes of receiving and distributing the funds available. The Administrators will be Trustees of the Trust.
 - Net Deed funds available are to be transferred to the Creditors' Trust.
 - Admitted creditors to receive distribution as beneficiaries of the Trust.
 - Creditor claims against MRAPL to be extinguished on successful completion of the DOCA.
 - Shares held by Convergent in MRAPL (being 100% of shares issued) to be transferred to MHG.
 - R&D incentive payment, if received, to be paid to the Creditors' Trust and form part of funds available for distribution to beneficiaries (being the Admitted creditors).
 - Tenement interests, held in MRAPL's name, will not form part of the property available for distribution to beneficiaries.

NOTES TO THE FINANCIAL STATEMENTS

- Distribution priorities from the Trust fund are to reflect the distribution priorities provided for in the Corporations Act as if the company was in liquidation and as if the beneficiaries were unsecured creditors with claims admitted by a liquidator, with the exception that the Trustees' remuneration and costs will be paid first.

7) Deed administrators appointed for Convergent and MRAPL

The DOCA for Convergent and the DOCA for MRAPL were executed and commenced on 14 January 2016. The Administrators were appointed Deed Administrators under each DOCA.

8) Effectuation of MRAPL DOCA

The MRAPL DOCA was wholly effectuated on 3 February 2016.

9) Status of tenement transfers

All mining tenements held by Convergent Minerals and AFL Resources as at the date of the appointment of Administrators to the Convergent Group have been transferred to MH Gold. As a result, no mining tenements are held in the name of Convergent Minerals or AFL Resources. NQ Metals continues to hold a single tenement, being the Esmeralda Project in QLD (tenement EPM 18050).

NOTE 26: CONTINGENT ASSETS/LIABILITIES

Contingent assets/liabilities include:

- a bank guarantee of \$6,730 for the premises being rented. The Company does not expect to incur any material liability in respect of these guarantees. The landlord has advised that the rental bond amount has been applied against amounts due under the lease agreement post 30 June 2016.
- a potential R&D tax incentive refund of \$351,987 for the financial year ending 30 June 2015.

There are no other contingent assets or liabilities requiring disclosure.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 27: AUDITOR REMUNERATION

Amounts paid or due to BDJ Partners for:

- Audit and review of the financial reports

2015 \$	2014 \$
26,000	25,000
26,000	25,000

NOTE 28: PARENT ENTITY INFORMATION

Information for Convergent Minerals Limited

	2015 \$	2014 \$
Current assets	3,283,782	2,199,523
Total Assets	3,283,782	14,012,139
Current liabilities	3,067,663	2,851,327
Total liabilities	3,067,663	3,191,327
Issued capital	14,983,842	14,983,842
Option reserve	-	-
Accumulated loss	(14,767,723)	(4,163,030)
Total Shareholders equity	216,119	10,820,812
Net loss before income tax expense of parent entity	(10,604,692)	(865,307)
Total comprehensive loss of the parent	(10,604,692)	(865,307)

DIRECTORS' DECLARATION

DIRECTORS' DECLARATION

CONVERGENT MINERALS LIMITED AND ITS CONTROLLED ENTITIES

(Subject to a Deed of Company Arrangement)

ABN: 56 120 909 953

30 JUNE 2015

DECLARATION BY DIRECTORS

The directors of the company declare that:

1. The financial statements, comprising the statement of comprehensive income, statement of financial position, statement of cash flows, statement of changes in equity, accompanying notes and Remuneration disclosures in the Directors' Report, are in accordance with the *Corporations Act 2001* and:
 - a. comply with Accounting Standards and the *Corporations Regulations 2001*; and
 - b. give a true and fair view of the consolidated entity's financial position as at 30 June 2015 and of its performance for the year ended on that date.
2. The company has included in the notes to the financial statements an explicit and unreserved statement of compliance with International Financial Reporting Standards.
3. 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.
4. The directors have been given the declarations by the chief executive officer and chief financial officer required by section 295A.

This declaration is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the directors by:



Roger Howe
Director



John Haggman
Director

Sydney, 28 April 2016

partners

A J Dowell CA
M Galouzis CA
A N Fraser CA
G W Cliffe CA
B Kolevski CPA (Affiliate ICAA)

associate

M A Nakkan CA

consultant

C H Barnes FCA

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Independent Auditor's Report

To the members of Convergent Minerals Limited (Subject to a Deed of Company Arrangement)

Report on the Financial Report

We have audited the accompanying financial report of Convergent Minerals Limited (Subject to a Deed of Company Arrangement), which comprises the statements of financial position as at 30 June 2015, the statements of profit or loss and other comprehensive income, the statements of changes in equity and the statements 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 company and the consolidated entity.

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 gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In Note 2, 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*.

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 about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

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

Opinion

In our opinion:

- (a) the financial report of Convergent Minerals Limited (Subject to a Deed of Company Arrangement) is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the company's and the consolidated entity's financial position as at 30 June 2015 and of their performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- (b) the consolidated financial statements and notes also comply with *International Financial Reporting Standards* as disclosed in Note 2.

Going Concern

We draw attention to Note 3 "Going Concern" which describes the group's assessment of the going concern assumption. If the fundraising activities are unsuccessful, it would indicate a material uncertainty which may cast doubt about the consolidated entity's ability to continue as a going concern.

Our opinion is not qualified in respect of this matter

Report on the Remuneration Report

We have audited the Remuneration Report included the directors' report for the year ended 30 June 2015. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 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.

Opinion

In our opinion, the Remuneration Report of Convergent Minerals Limited (Subject to a Deed of Company Arrangement) for the year ended 30 June 2015 complies with section 300A of the *Corporations Act 2001*.

BDJ Partners
Chartered Accountants



.....
Gregory W Cliffe
Partner

2 May 2016

ADDITIONAL INFORMATION FOR LISTED COMPANIES

AS AT 15 APRIL 2016

The following additional information is required by the Australian Stock Exchange pursuant to Listing Rule 4.10.

a. Distribution of Shareholders

Number held	Number of share holders	Number of shares	% of number of shares
1 – 1,000	19	3,410	0.001%
1,001 - 5,000	20	69,309	0.019%
5,001 - 10,000	54	506,207	0.137%
10,001 - 100,000	224	9,948	2.686%
100,001+	259	359,800,970	97.158%
Total	576	370,328,488	100.00%

b. The number of shareholders who hold less than a marketable parcel is 246.

c. No substantial shareholders

d. Twenty largest holders of each class of quoted equity security

	No of Ordinary Shares	%
1. ROGO INVESTMENTS PTY LTD	24,250,000	6.55%
2. HHH GROUP PTY LTD	21,583,333	5.83%
3. NAVIGATOR AUSTRALIA LTD	18,687,428	5.05%
4. MAKO MINING	12,354,983	3.34%
5. TECHNICA PTY LTD	10,975,000	2.96%
6. BLUE LAKE RESOURCES PTY LIMITED	10,693,518	2.89%
7. RNAJ PTY LTD <RNAJ STAGG SUPER FUND A/C>	10,000,000	2.70%
8. BELLARINE GOLD PTY LTD	8,456,458	2.28%
9. INDIGO PACIFIC	9,016,667	2.43%
10. SKEGGS GOLDSTIEN PLANNERS PTY LIMITED	7,500,000	2.03%
11. DYLLIDE	7,300,000	1.97%
12. TABOULI HOLDINGS PTY LTD & FALAFEL INVESTMENTS PTY LTD	5,783,333	1.56%
13. MS SERENE LIM + MR NICHOLAS RUSSELL WARD <SERENE LIM SUPERFUND A/C>	5,550,000	1.50%
14. BEDAR HOLDINGS PTY LTD <ANDREW R PIERCE S/F A/C>	5,000,000	1.35%
15. BERENVY PTY LIMITED	4,665,648	1.26%
16. KEVIN BERKOWITZ	4,203,333	1.14%
17. FLORIN MINING INVESTMENT COMPANY LIMITED <TRADING A/C>	4,200,000	1.13%
18. DYERTIME INVESTMENTS PTY LTD	3,800,000	1.03%
19. MR MICHAEL FRANCIS BLAKE PELLY + MRS NOLA VERONICA PELLY <PELLY FAMILY SUPER FUND A/C>	3,682,332	0.99%
20. YARANDI INVESTMENTS PTY LTD <GRIFFITH FAMILY NO 2 A/C>	3,333,333	0.90%
	181,035,366	48.89%

ADDITIONAL INFORMATION FOR LISTED COMPANIES

AS AT 15 APRIL 2016

OTHER DETAILS

1 Address and telephone details of entity's registered and administrative office

The address and telephone details of the registered and administrative office in Australia are:

c/ - Hayes Advisory Pty Limited
Level 16, 55 Clarence Street
SYDNEY NSW 2000
Ph: (02) 8270 9300
Fax: (02) 9262 3693

2 Address and telephone details of the office at which the register of securities is kept

The address and telephone details of the registered and administrative office in Australia are:

Advanced Share Registry Limited
Suite 8H, 325 Pitt Street
SYDNEY NSW 2000
Ph: (02) 8096 3502
www.advancedshare.com.au

3 Stock exchange on which the Company's securities are quoted

The Company's listed equity securities are quoted on the Australian Securities Exchange.

4 Review of Operations

A review of operations is contained in the Review of Operations report.

5 On market buy-back

There is currently no on-market buy-back.

