

ELSMORE RESOURCES LIMITED ABN 35 145 701 033 AND CONTROLLED ENTITY

FINANCIAL REPORT

FOR THE HALF YEAR ENDED 31 DECEMBER 2015

ELSMORE RESOURCES LIMITED ABN 35 145 701 033 AND CONTROLLED ENTITY

Contents

Directors' Report	1
Directors' Declaration	3
Statement of Profit or Loss and Other Comprehensive Income	4
Statement of Financial Position	5
Statement of Changes in Equity	6
Statement of Cash Flows	7
Notes to the Financial Statements	8-14
Independent Auditor's Report	16-17
Auditor's Independence Declaration	18

ELSMORE RESOURCES LIMITED ABN 35 145 701 033 AND CONTROLLED ENTITY
Directors' Report

Your directors' present their report on Elsmore Resources Limited ('the Company') and its controlled entity (know collectively as 'the Group') for the half-year ended 31 December 2015.

Director

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

John Gaffney, Chairman (Non Executive Director)

Joseph Chung (Executive Director)

Richard Langley Steward Hill

The directors were in office for the entire period unless otherwise stated.

Company Secretary is John Gaffney.

Principal Activities

The Company is an Australian-based mineral explorer, focused on the exploration of tin and sapphires and consolidation of existing and new tenement applications.

Review of Operations

The Group's net loss after income tax for the half-year was \$515,298 (31 December 2014: loss of \$513,904).

No dividend will be declared in respect of this half-year.

After Balance Date Events

Details of events occurring after balance date are set out in Note 13.

Going Concern

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

The directors believe the Company will continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report after consideration of the following factors:

- the shareholders are willing to provide financial support to the Company when considered necessary;
- the ability to curtail administration and operational cash outflows as required;
- the directors will make contractual arrangements to commence mining operations;
- the Company is exploring its options to raise additional capital as required.

**ELSMORE RESOURCES LIMITED ABN 35 145 701 033 AND CONTROLLED ENTITY
Directors' Report**

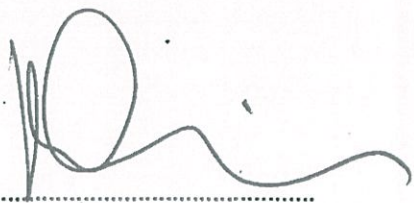
Auditor's Independence Declaration

The Directors have received the Auditor's Independence Declaration, a copy of which is included in this report.

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

Director:.....

Joseph Chung

Director:.....

Richard Hill

Dated: 30 May 2016

**ELSMORE RESOURCES LIMITED ABN 35 145 701 033 AND CONTROLLED ENTITY
Directors' Declaration**

In accordance with a resolution of the directors of Elsmore Resources Limited, the directors of the company declare that:

1. the financial statements and notes, as set out on page 4-15 are in accordance with the *Corporations Act 2001*, including:
 - (a) complying with Accounting Standard AASB 134: *Interim Financial Reporting*; and
 - (b) giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and of its performance for the half-year ended on that date.
2. in the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

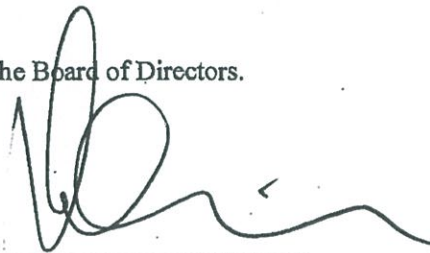
This declaration is made in accordance with a resolution of the Board of Directors.

Director:



Joseph Chung

Director:



Richard Hill

Dated: 30 May 2016

ELSMORE RESOURCES LIMITED ABN 35 145 701 033 AND CONTROLLED ENTITY
Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the half-year ended 31 December 2015

	Note	Consolidated 31.12.15 \$	Consolidated 31.12.14 \$
Revenue - other income	4	4,058	-
Administrative expenses	5	(375,916)	(436,408)
Occupancy expenses		(11,100)	(11,096)
Finance costs		(132,340)	(66,400)
Profit (loss) before income tax		(515,298)	(513,904)
Income tax (credit) attributable to operating profit (loss)		-	-
Loss after income tax		(515,298)	(513,904)
Other comprehensive income:			
Other comprehensive income for the year, net of tax		-	-
		-	-
Total comprehensive income for the year attributable to the owners of parent entity		(515,298)	(513,904)
Earning per share			
From continuing operations			
Basic earnings/(loss) cents per share		(0.0052)	(0.0052)
Diluted earnings/(loss) cents per share		(0.0052)	(0.0052)

ELSMORE RESOURCES LIMITED ABN 35 145 701 033 AND CONTROLLED ENTITY
Statement of Financial Position As At 31 December 2015

	Note	Consolidated 31.12.15 \$	Consolidated 30.06.15 \$
Current Assets			
Cash and cash equivalents	6	22,164	13,662
Trade and other receivables	7	<u>87,870</u>	<u>72,625</u>
Total Current Assets		<u>110,034</u>	<u>86,287</u>
Non-Current Assets			
Plant and equipment		758,387	782,404
Other assets	8	<u>937,458</u>	<u>936,058</u>
Total Non-Current Assets		<u>1,695,845</u>	<u>1,718,462</u>
Total Assets		<u>1,805,879</u>	<u>1,804,749</u>
Current Liabilities			
Trade and other payables	9	867,928	716,929
Financial liabilities	9	<u>1,569,554</u>	<u>1,204,125</u>
Total Current Liabilities		<u>2,437,482</u>	<u>1,921,054</u>
Non-Current Liabilities			
Deferred tax liabilities		<u>264,600</u>	<u>264,600</u>
Total Non-Current Liabilities		<u>264,600</u>	<u>264,600</u>
Total Liabilities		<u>2,702,082</u>	<u>2,185,654</u>
Net (Liabilities)		<u>(896,203)</u>	<u>(380,905)</u>
Equity			
Issued capital	10	5,945,868	5,945,868
Accumulated losses		<u>(6,842,071)</u>	<u>(6,326,773)</u>
Total Equity (Deficiency)		<u>(896,203)</u>	<u>(380,905)</u>

ELSMORE RESOURCES LIMITED ABN 35 145 701 033 AND CONTROLLED ENTITY
Consolidated Statement of Changes in Equity
For the half-year ended 31 December 2015

Consolidated	Ordinary Shares \$	Retained Earnings \$	Total \$
Balance at 1 July 2015	5,945,868	(6,326,773)	(380,905)
Loss for the period		(515,298)	(515,298)
Balance at 31 December 2015	5,945,868	(6,842,071)	(896,203)

Consolidated	Ordinary Shares \$	Retained Earnings \$	Total \$
Balance at 1 July 2014	5,945,868	(5,348,311)	597,557
Loss for the period		(513,904)	(513,904)
Balance at 31 December 2014	5,945,868	(5,862,215)	83,653

ELSMORE RESOURCES LIMITED ABN 35 145 701 033 AND CONTROLLED ENTITY
Consolidated Statement of Cash Flows
For the half-year ended 31 December 2015

	Note	Consolidated 31.12.15 \$	Consolidated 31.12.14 \$
Cash Flows From Operating Activities			
Interest received		381	-
Receipts – fuel credit		3,677	-
Finance costs		(977)	(604)
Payments to suppliers and employees		(344,874)	(332,012)
Net cash provided by (used in) operating activities		(341,793)	(332,616)
Cash Flows From Investing Activities			
Payments for property, plant and equipment		(16,507)	-
Funds deposited for rental/performance bonds		(1,400)	(2,525)
Net cash provided by (used in) investing activities		(17,907)	(2,525)
Cash Flows From Financing Activities			
Proceeds of borrowings		365,428	345,156
Net cash provided by (used in) financing activities		365,428	345,156
Net increase in cash and cash equivalents held		5,728	10,015
Cash and cash equivalents at the beginning of half-year		13,662	9,190
Cash and cash equivalents at the end of the half-year; net of overdraft		19,390	19,205

ELSMORE RESOURCES LIMITED ABN 35 145 701 033 AND CONTROLLED ENTITY
Notes to the Consolidated Financial Statements
For the half-year ended 31 December 2015

Note 1: Corporate Information

The financial report of Elsmore Resources Limited ("the Company") and its controlled entity ("the Group" or "consolidated entity") for the half-year ended 31 December 2015 was authorised for issue in accordance with a resolution of the directors on 10 March 2016.

The Company is a company limited by shares incorporated and domiciled in Australia whose shares are publicly traded on the Australian Stock Exchange.

The address of the registered office is Suite 141, 243 Pyrmont Street, Pyrmont NSW 2009.

Note 2: Basis Of Preparation

(a) Basis of preparation

This interim financial report for the half-year ended 31 December 2015 has been prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

The half year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report.

The half year financial report should be read in conjunction with the most recent annual financial report for the year ended 30 June 2015.

It is also recommended that the half year financial report be considered together with any public announcements made by Elsmore Resources Limited during the half year ended 31 December 2015 in accordance with the continuous disclosure obligations arising under the ASX Listing Rules.

The accounting policies and methods of computation are the same as those adopted in the most recent annual financial report.

ELSMORE RESOURCES LIMITED ABN 35 145 701 033 AND CONTROLLED ENTITY
Notes to the Consolidated Financial Statements
For the half-year ended 31 December 2015

(b) Going Concern

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

The Directors consider this to be appropriate for the following reasons:

- (i) the ability to vary the consolidated entity's cost structure and in turn the levels of cash outflow dependent on the timing of its exploration activities; and
- (ii) the ability to obtain funding through equity issues as required.

The Company is currently conducting a program at its Project using existing funds from previous equity capital raisings. The Directors recognise that the Company will need to raise additional finance at the appropriate time to fund planned discretionary exploration activities, most notably the mining lease. The Directors are currently assessing a range of options to meet this funding requirement.

The Directors recognise the above factors create uncertainty as to the Company's ability to continue as a going concern and whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report. However, by taking into account the points noted above, the Directors are confident the Company has adequate resources to continue in operational existence for the foreseeable future.

Should the Company not achieve the matters set out above, there is uncertainty whether the Company would continue as a going concern and therefore whether it would realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report. The financial report does not include adjustments relating to the recoverability or classification of the recorded assets amounts nor to the amounts or classification of liabilities that might be necessary should the Company not be able to continue as a going concern.

Note 3: Segment Information

The directors have considered the requirement of AASB 8 Operating Segments and the internal reports that are reviewed by the Board in allocating resources and have concluded that at this time there are no separately identifiable segments.

ELSMORE RESOURCES LIMITED ABN 35 145 701 033 AND CONTROLLED ENTITY**Notes to the Consolidated Financial Statements****For the half-year ended 31 December 2015**

	Consolidated 31.12.15	Consolidated 31.12.14
	\$	\$
Note 4: Revenue		
Other revenue – interest	381	-
– fuel credit	3,677	-
	<u>4,058</u>	<u>-</u>

Note 5: Loss

Profit (loss) from ordinary activities before
income tax has been determined after:

Charging as Expenses:

Bad debts (Note 7)	19,598	-
Depreciation of non-current assets	40,524	44,191
Legal fees	115,733	244,485
	<u>175,855</u>	<u>288,676</u>

	Consolidated 31.12.15	Consolidated 30.06.15
	\$	\$

Note 6: Cash and cash equivalents

Cash at bank	14,329	6,000
Cash on hand	7,835	7,662
	<u>22,164</u>	<u>13,662</u>

Note 7: Trade and other receivables

Other receivable	85,135	64,913
GST receivable	2,735	7,712
	<u>87,870</u>	<u>72,625</u>

Other receivables include \$80,000 (Note 13a) (31.12.14: \$40,000) security for costs in connection with a legal proceedings for the recovery of IPO proceeds.

During the period an amount of \$19,598 due from Mr Kerridge has been written off as bad debts.

ELSMORE RESOURCES LIMITED ABN 35 145 701 033 AND CONTROLLED ENTITY**Notes to the Consolidated Financial Statements****For the half-year ended 31 December 2015**

	Consolidated 31.12.15	Consolidated 30.06.15
	\$	\$
Note 8: Other Assets		
Performance bonds & licence application	73,925	72,525
Tenements acquired		
- third parties	445,752	445,752
- related parties	289,313	289,313
Other exploration assets	123,885	123,885
Formation cost	4,583	4,583
	<u>937,458</u>	<u>936,058</u>

Note 9: Trade & Other Payables**Current**

Unsecured liabilities:

Trade payable	751,654	603,429
Bank overdraft	2,774	-
Amount due to related parties	113,500	113,500
Amount due to director, Joseph Chung	1,569,554	1,204,125
	<u>2,437,482</u>	<u>1,921,054</u>

Joseph Chung undertook not to demand the Company for repayment of the amount injected for the Company's working capital requirement and has entered into a Deed of Variation with the Company after year ended 31 December 2015.

Conditions for repayment of the amount due to him are set out in Note 13e.

ELSMORE RESOURCES LIMITED ABN 35 145 701 033 AND CONTROLLED ENTITY
Notes to the Consolidated Financial Statements
For the half-year ended 31 December 2015

	Consolidated 31.12.15 \$	Consolidated 30.06.15 \$
Note 10: Issued Capital		
(a) Issued capital:		
Ordinary shares	5,945,868	5,945,868
(b) Movements in issued capital during the period were as follows		
	Number	\$
Issued and paid up capital: 31 December 2015	98,968,630	5,945,868
Ordinary shares		
Opening balance at 1 July 2015	98,968,630	5,945,868
Total shares on issue at 31 December 2015	98,968,630	5,945,868

Issued capital as at 31 December 2015 amounted to \$5,945,868(98,968,630 ordinary shares). There were no movements in the issued capital of the Company in the current half-year.

Note 11: Dividends

No dividends were paid or declared payable during or since the half-year.

ELSMORE RESOURCES LIMITED ABN 35 145 701 033 AND CONTROLLED ENTITY
Notes to the Consolidated Financial Statements
For the half-year ended 31 December 2015

Note 12: Fair value measurement

All financial instruments for which fair value is recognised or disclosed are categorised within the fair value hierarchy, described as follow, and based on the lowest level input that is significant to the fair value measurements as a whole:

Level 1 – Quoted market prices in an active market (that are unadjusted) for identical assets or liabilities.

Level 2 – Valuation techniques (for which the lowest level input that is significant to the fair value measurement is directly observable).

Level 3 – Valuation techniques (for which the lowest level input that is significant to the fair value measurement is unobservable).

The following table represents a comparison between the carrying amounts and fair values of assets and liabilities:

	Level	As at 31 December 2015		As at 30 June 2015	
		Carrying amount \$	Net Fair Value \$	Carrying amount \$	Net Fair Value \$
Assets					
Cash and cash equivalents	1	22,164	22,164	13,662	13,662
Trade and other receivables	1	87,870	87,870	72,625	72,625
Other assets	1	937,458	937,458	936,058	936,058
Liabilities					
Trade and other payables	1	2,437,482	2,437,482	1,921,054	1,921,054

The assets and liabilities of the Company are recognised in the consolidated statements of financial position in accordance with the accounting policies set out in Note 1 of the Annual Report.

The Company considers that the carrying amount of assets and liabilities recognised in the consolidated financial statements approximate to their fair value.

ELSMORE RESOURCES LIMITED ABN 35 145 701 033 AND CONTROLLED ENTITY
Notes to the Consolidated Financial Statements
For the half-year ended 31 December 2015

Note 13: Events after the End of the Interim Period

Other than as set out below and disclosed in the Company's 2015 Annual Return dated 30 September 2015, the directors are not aware of any significant events since the end of the reporting period.

a. IPO Litigation

Further to previous announcements, the Company advises that enforcement action in relation to the judgment for \$1,859,035.00 plus interest obtained on 12 May 2014 against Mr Ashley Howard, Periwinkle Investments Pty Ltd and HF Global Corporate Financial Solutions Pty Ltd is continuing, unfortunately with limited success to date.

It should be noted that Mr Howard was formally declared bankrupt on 11 September 2014 as a result of proceedings against him by a party unrelated to the Company. The Company is liaising with Mr Howard's bankruptcy Trustees to ensure that the judgment against Mr Howard is accounted for appropriately.

Investors will also recall from previous announcements that the proceedings by the Company against Mr Harry Fung are ongoing. The Company advises that the parties to this dispute attended a mediation on 28 July 2015 before a Registrar of the Supreme Court of New South Wales. Unfortunately, however, the Company's attempts to resolve this matter at mediation without the need to proceed to a hearing were unsuccessful.

Following the mediation, the matter was listed for a directions hearing on 17 August 2015 where the Court set this matter down for hearing on 2, 3, 4, 5 and 9 February 2016.

b. Issue of unauthorised shares by Mr Ashley Howard

As outlined in previous announcements, Mr Ashley Howard (the former Chairperson of the Company) purported to direct the Company's share registry to issue 19,385,230 additional fully paid shares in the Company between 21 January 2014 and 20 February 2014 without proper authorisation.

At the Company's Extraordinary General Meeting and Annual General Meeting held on 23 January 2015, shareholders approved the cancellation of those unauthorised shares by way of a selective capital reduction in accordance with Section 256B of the Corporations Act 2001 (Cth).

On 17 March 2015, the Company confirmed that 17,162,230 of the unauthorised shares had been cancelled, thereby reducing the Company's issued share capital to 98,968,630.

The Company is taking steps to cancel the remaining 2,223,000 unauthorised shares.

c. Claim against Elsmore Resources Ltd and Mr Joseph Chung by Mr Domenico Minniti

The proceedings against the Company which were commenced on 1 July 2014 in the Federal Court of Australia, styled 'Domenico Minniti v Elsmore Resources Limited & Tong Hong Chung' with proceedings number WAD191/2014 has, as announced on 22 October 2015, been dismissed.

ELSMORE RESOURCES LIMITED ABN 35 145 701 033 AND CONTROLLED ENTITY
Notes to the Consolidated Financial Statements
For the half-year ended 31 December 2015

In addition to the dismissal, the Federal Court of Australia has ordered Mr Minniti to pay the reasonable legal costs incurred by the Company and Mr Chung in defending these claims. The Company confirms that efforts to recover these costs from Mr Minniti will begin shortly.

d. Amendment to Asset Sale Agreement with Torian Resources Ltd

As announced on 19 August 2014, the Company agreed to vary the terms of the Asset Sale Agreement (“the Agreement”) between it and Torian Resources Ltd (“Torian”) for the sale of the Mining Leases (“MLs”) at Copeton, NSW and Emerald, QLD.

The parties agreed to vary the terms of the Agreement due to ongoing delays in the transfer of the MLs to the Company.

The variation will enable Torian to sell the MLs at Copeton, NSW to a third party, while the 1,428,760 shares issued to Torian on 13 January 2014 will be retained as consideration for the purchase by the Company of the MLs in Emerald, QLD.

e. Deed of Variation with Joseph Chung

The Company and its subsidiary, Auramatrix have entered into a Deed of Variation on 2 April 2015 with Joseph Chung in respect of amounts due to him (\$1,569,554 at balance date) in respect of working capital support and interest of 15% p.a. over the past 2 years. The Deed provides for

- (i) Subject to Clause (iii) below, the debt to be deferred for repayment until 30 days after the Company achieves re-quotations of its shares on ASX.
- (ii) An election by Mr Chung at any time to convert part or all of its debt to equity at a price equivalent to 80% of any fund raising carried out by the Company prior to re-quotations.
- (iii) Mr Chung has also agreed to provide funding for the payment of legal fees (approximately \$180,000 at balance date, included in Trade Creditors) to the Company’s Solicitors in relation to litigation costs already incurred as well as the payment of other creditors as agreed with the Company from time to time. This obligation will cease in the event the Company receives a substantial equity injection (new capital in excess of \$250,000).
- (iv) The Company has agreed to a floating Charge over its assets to secure the funding by Mr Chung.

Both matters recited in items (ii) and (iv) above are subject to shareholder approval and the Company is required to take all steps necessary to secure shareholder approval, or otherwise a waiver is sought from ASX without shareholder approval in accordance with ASX Listing Rules 10.1.

Level 6
350 Kent Street
SYDNEY NSW 2000

75 Lyons Road
DRUMMOYNE NSW 2047

K.S. Black & Co.

ABN 48 117 620 556

20 Grose Street
North Parramatta NSW 2151

PO Box 2210
North Parramatta NSW 1750

INDEPENDENT AUDITOR'S REVIEW REPORT

To the Members of Elsmore Resources Limited

Report on the Half-Year Financial Report

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

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the half-year 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 half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on *Review Engagements ASRE 2410 Review of a Financial Performed by Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporation Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of Elsmore Resources Limited, ASRE 2410 required that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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

Phone 02 8839 3000
Fax 02 8839 3055



Liability limited by a
scheme approved
under Professional
Standards Legislation


CHARTERED ACCOUNTANTS
AUSTRALIA • NEW ZEALAND

Conclusion

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

- a) giving a true and fair view of the entity's financial position as at 31 December 2015 and of its performance for the financial half-year ended on that date; and
- b) complying with Australian Accounting Standards *AASB 134 Interim Financial Reporting and Corporations Regulations 2001*

Emphasis of matter

Without amendment to our conclusion we emphasise the following matter.

Going Concern

The Directors opinion as detailed in Note 2 to the half-year financial report, indicates that the ability of the entity to continue as a going concern is dependent upon future equity issues and the ability to vary the consolidated entity's cost structure and in turn the levels of cash outflow dependent on the timing of its exploration activities. These conditions, along with other matters as set out in Note 2, indicate the existence of a material uncertainty that may cast significant doubt about the entity's ability to continue as a going concern and therefore, the entity may be unable to realise its assets and discharge its liabilities in the normal course of business.

Directors Loans

The financial liabilities of Elsmore Limited include an unsecured loan amount of \$1,569,554 plus interest that is due to Joseph Chung who is a director of Elsmore Resources Limited. A deed of variation between Joseph Chung and the company states the debt is due to be deferred for payment until 30 days after the company achieves re-quotations of its shares to the ASX.

On 23 May 2016 the company resolved to call a notice of extraordinary general meeting scheduled for 11 July 2016 to approve the following:

- a) The conversion of a directors loan from Joseph Chung of \$1,684,503 and \$275,000 of unpaid interest to ordinary capital of the company at \$0.016; and
- b) The conversion of outstanding director's fees due to Messrs Chung, Gaffney and Hill totalling \$368,364 to ordinary capital of the company at \$0.02.

Level 6
350 Kent Street
SYDNEY NSW 2000

75 Lyons Road
DRUMMOYNE NSW 2047

K.S. Black & Co.

ABN 48 117 620 556

20 Grose Street
North Parramatta NSW 2151

PO Box 2210
North Parramatta NSW 1750

We note that until such time that the shareholders have approved the above arrangement that the loans / directors fees remain unsecured liabilities of the company and are able to be called upon by the directors. It is unlikely in this event that the company would be able to continue as a going concern.

KS Black & Co
Chartered Accountants



Scott Bennison
Partner

Dated: 30/8/16

Phone 02 8839 3000
Fax 02 8839 3055



Liability limited by a
scheme approved
under Professional
Standards Legislation


CHARTERED ACCOUNTANTS
AUSTRALIA • NEW ZEALAND

Level 6
350 Kent Street
SYDNEY NSW 2000

75 Lyons Road
DRUMMOYNE NSW 2047

K.S. Black & Co.

ABN 48 117 620 556

20 Grose Street
North Parramatta NSW 2151

PO Box 2210
North Parramatta NSW 1750

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

I declare that, to the best of my knowledge and belief, during the half year ended 31 December 2015 there has been:

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

The entities is in respect of Elsmore Resources Limited and the entities it controlled during the period.

Name of Firm: KS Black & Co

Name of Partner: Scott Bennison

Dated in Sydney on this 30 day of May 2016



Scott Bennison
Partner

Phone 02 8839 3000
Fax 02 8839 3055



Liability limited by a
scheme approved
under Professional
Standards Legislation


CHARTERED ACCOUNTANTS
AUSTRALIA - NEW ZEALAND