CONVERGENT MINERALS LIMITED
(Subject to Deed of Company Arrangement)
A.B.N. 56 120 909 953
And Controlled Entities

HALF YEAR REPORT

31 DECEMBER 2015

CONTENTS

CORPORATE DIRECTORY

DIRECTORS

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

COMPANY SECRETARY
Hamlet Hacobian

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BANKERS
National Australia Bank

HOME STOCK EXCHANGE
Australian Securities Exchange, Sydney
ASX CODE: CVG

WEBSITE
www.convergentminerals.com

DIRECTORS' REPORT

The Directors of Convergent Minerals Limited and its controlled entities ("the Group") are pleased to present this report, together with the consolidated interim financial statements of the Group for the half year ended 31 December 2015 and the independent auditors' review report thereon.

DIRECTORS

The following persons held office as directors of Convergent Minerals ("Convergent" or "the Company") during the half year and until the date of this report:

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

OPERATING RESULTS

The consolidated loss of the Group for the half-year ended 31 December 2015 after providing for income tax was $903,216 (2014: $67,490 profit).

CORPORATE

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.

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)

DIRECTOR'S REPORT

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 plaints

On 2 October 2015, forfeiture applications and/or plaints 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.

DIRECTOR'S REPORT

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

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

DIRECTOR'S REPORT

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

DIRECTOR'S REPORT

- 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.

AUDITOR'S INDEPENDENCE DECLARATION

The Auditor's Independence Declaration under section 307C of the Corporations Act 2001 is attached for the half year ended 31 December 2015.

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

Director NIGEL R. HOWE
Date: 28 April 2016

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Auditor's Independence Declaration under Section 307C of the Corporations Act 2001 to the Directors of Convergent Minerals Limited (Subject to a Deed of Company Arrangement) and Controlled Entities

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

a. no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review; and

b. no contraventions of any applicable code of professional conduct in relation to the review.

BDJ Partners
Chartered Accountants

....
Gregory W Cliffe
Partner
22 April 2016

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE HALF YEAR ENDED 31 DECEMBER 2015

	31 Dec 2015 $	31 Dec 2014 $
Revenue from continuing operations	62,453	56,320
Debt Forgiven	3,124,494	-
Occupancy expenses	(17,375)	(22,050)
Compliance and regulatory expenses	(30,849)	(35,279)
Employee benefits expenses	(183,082)	(116,765)
Consultancy fees	-	(107,420)
Directors fees	-	(61,320)
Legal Expenses	(33,224)	(35,506)
Depreciation	-	(13,061)
Exploration expenditure written off	(3,337,370)	4,417
Administrators Fees	(272,100)	-
Finance costs	(163,991)	(125,000)
Other expenses	(52,172)	(49,651)
Profit (Loss) before income tax	**(903,216)**	**(505,315)**
Income tax benefit	-	572,805
Profit (Loss) for the period	**(903,216)**	**67,490**
Other comprehensive income		
Other comprehensive income for the period (net of tax)	-	-
Total comprehensive profit (loss) for the period	**(903,216)**	**67,490**
Earnings per share		
Basic and diluted profit (loss) per share (cents per share)	0.25	0.02

The above Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2015

	Note	31 Dec 2015 $	30 Jun 2015 $
CURRENT ASSETS			
Cash and cash equivalents	3	15,352	151,206
Trade and other receivables	4	-	19,730
Other current assets		-	6,370
Capitalised Exploration & Evaluation Expenditure		-	3,124,494
TOTAL CURRENT ASSETS		**15,352**	**3,301,800**
NON-CURRENT ASSETS			
TOTAL NON-CURRENT ASSETS		**-**	**-**
TOTAL ASSETS		**15,352**	**3,301,800**
CURRENT LIABILITIES			
Trade and other payables		414,611	88,059
Provisions		123,128	19,101
Loan		-	2,960,503
TOTAL CURRENT LIABILITIES		**537,739**	**3,067,663**
TOTAL LIABILITIES		**537,739**	**3,067,663**
NET ASSETS		**(522,387)**	**234,127**
EQUITY			
Issued capital	6	15,130,534	14,983,842
Accumulated losses		(15,652,921)	(14,749,705)
Equity attributable to equity holders of the parent		(522,387)	234,137
TOTAL EQUITY		**(522,387)**	**234,137**

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF YEAR ENDED 31 DECEMBER 2015

	Issued Capital $	Accumulated Losses $	Minority Interest $	Total $
Balance at 1 July 2015	**14,983,842**	**(14,749,705)**	**-**	**234,137**
Other comprehensive income	-	(903,216)		(903,216)
Transactions with owners, recorded directly in equity				
Contribution of equity	150,000	-	-	-
Transaction costs	(3,308)	-	-	-
Balance at 31 December 2015	**15,130,534**	**(15,652,921)**	**-**	**(522,387)**

	Issued Capital $	Accumulated Losses $	Minority Interest $	Total $
Balance at 1 July 2014	**14,983,842**	**(4,395,102)**	**-**	**10,588,740**
Other comprehensive income	-	(10,354,603)	-	(10,354,603)
Transactions with owners, recorded directly in equity				
Contribution of equity	-	-	-	-
Transaction costs	-	-	-	-
Balance at 30 June 2015	**14,983,842**	**(14,749,705)**	**-**	**234,137**

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 31 DECEMBER 2015

	31 December 2015 $	31 December 2014 $
CASH FLOWS FROM OPERATING ACTIVITIES		
Sales to customers	62,290	24,050
Payments to suppliers and employees	(172,385)	(402,448)
Payments for exploration and development expenditure	(175,921)	-
Interest received	162	22,309
R&D Tax Incentive Refund	-	324,205
Net cash used in operating activities	**(285,854)**	**(31,884)**
CASH FLOW FROM INVESTING ACTIVITIES		
Proceeds/Payments for plant and equipment	-	(1,018)
Payments for exploration and development expenditure	-	(1,138,039)
Payments for investments	-	(195,510)
Tenement security deposits	-	103,000
Net cash from/(used) in investing activities	**-**	**(1,231,567)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of securities less costs	150,000	-
Net cash from/(used) in financing activities	**150,000**	**-**
Net decrease in cash and cash equivalents	(135,854)	(1,263,451)
Cash and cash equivalents at 1 July	151,206	2,063,208
Cash and cash equivalents at 31 December	**15,352**	**799,757**

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2015

1. REPORTING ENTITY

Convergent Minerals Limited is a company limited by shares, incorporated and domiciled in Australia and listed on the Australian Securities Exchange. The consolidated interim financial report of the Company for the six months ended 31 December 2015 comprises the Group.

The consolidated financial statements of the Group as at and for the year ended 30 June 2015 are available upon request from the Company's registered office.

2. BASIS OF PREPARATION

a) Statement of compliance

The half year financial report is a general purpose financial report prepared in accordance with the requirements of the Corporations Act 2001 and AASB 134 Interim Financial Reporting. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 Interim Financial Reporting.

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2014 in accordance with the continuous disclosure requirements of the Corporations Act 2001. The half year financial report is presented in Australian Dollars.

These consolidated interim financial statements were approved by the Board of Directors on 28 April 2015.

b) Basis of preparation

The consolidated financial statements have been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the Group's 2014 annual financial report for the financial year ended 30 June 2015, except for the impact of the Standards and Interpretations described below. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

The Group 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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2015 (CONT)

2. BASIS OF PREPARATION (CONT)

Any significant impact on the accounting policies of the Group from the adoption of these Accounting Standards and Interpretations are disclosed in the relevant accounting policy. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Group.

The adoption of these amendments has not resulted in any changes to the Group's accounting policies, and has no effect on the amounts reported for the current or prior periods.

c) Going Concern

It is the intended that Convergent Minerals (named to be changed to East West Energy Limited) will be recapitalised through a number of financial transaction, 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 asset with positive cash flow. The cost to drill these shallow production wells is expected to be less than A$350,000 per well.

d) Impairment of exploration and evaluation assets

The ultimate recoupment of the value of exploration and evaluation assets, the Company's investment in subsidiaries, and loans to subsidiaries is dependent on the successful development and commercial exploitation, or alternatively, sale of the exploration and evaluation assets.

Impairment tests are carried out on a regular basis to identify whether the assets carrying values exceed their recoverable amounts. There is significant estimation and judgement in determining the inputs and assumptions used in determining the recoverable amounts.

The key areas of judgement and estimation include:

- Recent exploration and evaluation results and resource estimates;
- Environmental issues that may impact on the underlying tenements;
- Fundamental economic factors that have an impact on the operations and carrying values of assets and liabilities.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2015 (CONT)

2. BASIS OF PREPARATION (CONT)

e) Estimates

The preparation of the interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amount of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing these interim financial statements, significant judgment made by management in applying the Group’s accounting policies and key sources of estimation were the same as those that were applied to the consolidated financial statements as at and for the year ended 30 June 2015.

f) Business combinations

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

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.

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, or as is common practice for entities that have exploration assets to adjust the value of the exploration assets in a business combination such that no acquisition discount or goodwill is recognised. 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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2015 (CONT)

3. CASH AND CASH EQUIVALENTS

	31 December 2015 $	30 June 2015 $
Cash on hand	100	100
Cash at bank	15,252	151,106
	15,352	151,206

4. TRADE AND OTHER RECEIVABLES (CURRENT)

	31 December 2015 $	30 June 2015 $
GST Recoverable	-	19,730
	-	19,730

5. EXPLORATION AND EVALUATION EXPENDITURE

	31 December 2015 $	30 June 2015 $
Cost brought forward	3,124,494	10,627,054
Exploration and/or evaluation in the current period	212,876	1,626,843
Acquisition of tenements (i)	-	195,510
Impairment of tenement carrying cost (ii) (iv)	(3,337,370)	(9,324,913)
	-	3,124,494

(i) The Group acquired tenements from Southern Cross Goldfields.

(ii) The Group wrote down the value of the Esmeralda, Van Uden and Mt Holland Projects in the financial year ending 30 June 2015 to reflect the value of the creditors secured debt.

(iii) The recoverability of the Group's carrying value of the capitalised exploration 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.

(iv) As a result of the transaction on 19 October 2015, all tenements were agreed to be transferred to MH Gold and the value of the tenements were therefore written down to nil.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2015 (CONT)

6. ISSUED CAPITAL

	31 December 2015		30 June 2015	
	Number	$	Number	$
Balance at beginning of period	350,328,488	14,983,842	350,328,488	14,983,842
Shares issued for acquisitions	-	-	-	-
Shares issued for exercise of options	-	-	-	-
Shares issued for capital raisings	20,000,000	150,000	-	-
Less: capital raising costs	-	(3,308)	-	-
Balance at end of period	370,328,488	15,130,534	350,328,488	14,983,842

7. COMMITMENTS

All tenements were sold during the period to MH Gold and there are therefore no commitments regarding tenements.

8. CONTINGENT LIABILITIES AND ASSETS

Contingent assets/liabilities include:

- In addition to the $272,099 (excluding GST) accrued to 31 Dec 2015, a further $49,604 (excluding GST) which will total $321,704 (excluding GST) as approved is expected to be paid to the Administrators. This will be paid upon availability of funds.
- 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 that require disclosure.

10. SEGMENT REPORTING

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Board to make decisions about resources to be allocated to the segments and assess their performance.

	31 December 2015 $	31 December 2014 $
Revenue from external sources	62,453	629,125
Reportable segment profit/(loss)	(903,216)	67,490
Reportable segment assets	15,352	13,435,352
Reportable segment liabilities	537,739	2,779,122

11. DIVIDENDS PAID OR PROPOSED

There are no dividends paid or proposed for the half year on ordinary shares.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2015 (CONT)

12. EVENT SUBSEQUENT TO REPORTING DATE

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. The MRAPL DOCA was wholly effectuated on 3 February 2016.

13. FAIR VALUE MEASUREMENT

The carrying amounts of the Group's assets and liabilities are a reasonable approximation of their fair values. The only exception to this is the carrying amount of deferred exploration and evaluation expenditure which is estimated to be not in excess of its fair value.

DIRECTORS' DECLARATION

Convergent Minerals Limited
Directors' declaration

In the directors' opinion:

- the attached financial statements and notes thereto comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;

- the attached financial statements and notes thereto give a true and fair view of the Group's financial position as at 31 December 2015 and of its performance for the financial half-year ended on that date; and

- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

On behalf of the directors

RR Howe

Director

Date: 28 April 2016
Sydney

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Independent Auditor's Review Report

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

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Convergent Minerals Limited (Subject to a Deed of Company Arrangement) and controlled entities (the consolidated entity), which comprises the consolidated statement of financial position as at 31 December 2015, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' Responsibility for the Half-Year Financial Report

The directors of Convergent Minerals Limited (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 control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 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 Convergent Minerals Limited (Subject to a Deed of Company Arrangement) , ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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

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 Convergent Minerals Limited (Subject to a Deed of Company Arrangement) and controlled entities is not in accordance with the *Corporations Act 2001* including:

(a) 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; and

(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting and Corporations Regulations 2001*.

Going Concern

We draw attention to Note 2 (c) "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 conclusion is not qualified in respect of this matter.

BDJ Partners
Chartered Accountants

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Gregory W Cliffe
Partner

2 May 2016