Kairiki Energy Limited

ABN 34 002 527 906

ANNUAL REPORT 2016

Corporate Directory

Directors
Campbell Welch
Scott Brown
Robert Downey

Company Secretary
Wayne Kernaghan

Registered and Principal Office
Level 3
32 Walker Street
North Sydney NSW 2060

Telephone: (02) 9955 4008
Facsimile: (02) 9954 6408

Website: www.kairikienergy.com

Share Registry
Computershare Investor Services Pty Ltd
Level 11
172 St Georges Terrace
Perth WA 6000

Investor enquiries:
Telephone: 1300 557 010
(08) 9323 2000
Facsimile: (08) 9323 2033

Auditor
Rothsay Chartered Accountants
Level 1, Lincoln House
4 Ventnor Avenue
West Perth WA 6005

Securities Exchange Listing
ASX Limited
ASX Code: KIK

Corporate Summary

The Company's securities were suspended from trading on 27 May 2016 due to the inability of the Company to find a suitable investment opportunity within the six month timeframe set by the ASX to re-comply with Listing Rule 12.1.

The Company is continuing to investigate a number of opportunities. To be reinstated on the ASX, the Company will be required to re-comply with the admission requirements set out in Chapters 1 and 2 of the ASX Listing Rules. Depending on the nature and scale of the proposed transaction, this may require shareholder approval.

IMC ceased to be the parent entity of the Company on 4 March 2016, when it disposed of its entire shareholding in the Company.

Disposal of Interest in SC 54A and SC 54B

On 8 June 2015 the Company entered into Share Purchase Agreement with IMC Oil & Gas Investments Ltd ("IMC") for the disposal of its entire interest in the share capital of its subsidiary Yilgarn Petroleum Philippines Pty Ltd ("Yilgarn"). Yilgarn was the holder of the Company's interest in Service Contract 54A and 54B in the Philippines, which was the Company's main undertaking. Shareholder approval was granted on 19 August 2015 and the transaction was completed on 27 November 2015.

A gain on disposal of $1,167,837 was recognised, largely relating to the reclassification from equity of cumulative exchange differences relating to the net assets of Yilgarn. Refer to Note 14 of the attached financial statements for further details.

Financing Activities

The IMC drawdown facility was drawn down by $296,000 during the year and repaid with the proceeds from the disposal of Yilgarn.

A placement of 35,000,000 shares at $0.0035 in May 2016 raised $122,500.

Directors' Report

Your Directors present their report on Kairiki Energy Limited ("Kairiki" or "the Company") and its controlled entities ("the Group") for the year ended 30 June 2016.

DIRECTORS

The names of the Directors of the Company in office during the financial year and up to the date of this report were as follows. Directors were in office for the entire year unless specified otherwise.

Campbell Welch	– appointed 23 March 2016
Scott Brown	– appointed 6 May 2016
Robert Downey	
Stephen Harrison	– resigned 15 June 2016
Peter Cockcroft	– resigned 12 May 2016
Venkata R Jata	– appointed 23 March 2016, resigned 31 March 2016
Joseph Lacson	– resigned 23 March 2016

INFORMATION ON CURRENT DIRECTORS

Campbell Welch – Appointed 23 March 2016
B.Com
Non-Executive Chairman

Mr Welch has over 15 years of experience in accounting and financial markets, both in Australia and the UK. He is currently a senior advisor at Novus Capital Ltd, a boutique corporate advisory and share dealing firm headquartered in Sydney, Australia. His prior work experience includes appointments at AMP, Challenger Ltd, Royal London Asset Management and Colonial First State. He holds a Bachelor of Commerce from the University of Sydney and is a candidate in the CFA Institute program.

During the past three years, Mr Welch has held no other listed company directorships.

Scott Brown – Appointed 6 May 2016
B. Bus, M. Com
Non-Executive Director

Mr Brown has extensive experience in finance and the management of public companies including guiding numerous companies through the listing process. He has held a variety of roles in public companies including Mosaic Oil NL, Objective Corporation Limited, Turnbull & Partners Limited, Allegiance Mining NL, FTR Holding Limited and Garratt's Limited. He also worked at accounting firms EY and KPMG. He is a member of the Institute of Chartered Accountants in Australia and the Petroleum Exploration Society of Australia (PESA). Currently he is the managing director of Real Energy Corporation Ltd (RLE) and chairman of IOT Group Limited (IOT).

During the past three years Mr Brown has held the following other listed company directorships:
- Real Energy Corporation Ltd (2 October 2009 to present)
- IOT Group Limited (1 April 2010 to present)

Robert Downey
B.Ed, LL.B (Hons)
Non-Executive Director

Mr Downey is a qualified solicitor who has practised mainly in the areas of international resources law, corporate law and initial public offerings as well as mergers and acquisitions. He has extensive experience as an adviser, founder and director of various ASX, TSX and AIM companies. Mr Downey is currently a principal of Dominion Legal, a boutique law firm in Perth.

During the past three years Mr Downey has held the following other listed company directorships:
- Mount Ridley Mines Limited (8 September 2014 to present)
- Minrex Resources NL (8 September 2014 to present)
- Azonto Petroleum Limited (15 September 2015 to present)

INFORMATION ON FORMER DIRECTORS

Stephen Harrison – Resigned on 15 June 2016
B.Ec, CPA
Non-Executive Director

Stephen Harrison is an accountant by background who has extensive experience in equity raisings for resource and oil and gas companies. He has held various directorships in funds management, including Sanford C Bernstein and Co and Investec. Mr Harrison has held a number of directorships in listed public companies in Australia and overseas. He was previously a director of Blue Energy Ltd and is currently a non-executive director of Exoma Energy Limited.

During the past three years Mr Harrison held the following other listed company directorships:

- Exoma Energy Limited (26 October 2009 to present)

Peter Cockcroft – Resigned on 12 May 2016
BA (Geology & Geophysics), FRGS (Life), FAARM, Cert Bus Admin (EBS), GAICD
Non-Executive Director

Peter Cockcroft has over 35 years of experience in the international oil and gas industry. He is a member of a number of industry associations including the Institute of Directors (UK), American Association of Petroleum Geologists, Society of Petroleum Engineers (SPE), Association of International Petroleum Negotiators, International Association of Energy Economists. He is currently Chairman of the Society of Petroleum Engineers (Singapore chapter). He is a Life Fellow of the Royal Geographical Society and a Life Member of the South East Asia Petroleum Exploration Society (SEAPEX). He was a previous Distinguished Lecturer for the SPE on Risk, and was elected to the Stanford Who's Who Registry for 2011-12.

His knowledge of the Philippines is considerable, having been President of Fletcher Challenge Philippines Pty Ltd and having led Premier Oil into the Philippines in 2004.

During the past three years Mr Cockcroft held the following other listed company directorships:

- NuEnergy Gas Limited (12 April 2011 to 21 August 2014)

Venkata R Jata – Appointed on 23 March 2016 and resigned on 31 March 2016
M.Com, CPA
Non-Executive Director

Mr Jata has over 19 years of progressive experience in accountancy, management, business advisory and corporate governance. Mr Jata has managed a large variety of clients in the areas of business management and corporate sales and acquisitions. He holds a Master of Commerce from the University of Sydney and is a member of CPA Australia.

During the past three years, Mr Jata held no other listed company directorships.

Joseph Lacson – Resigned on 23 March 2016
BSC, MBA
Non-Executive Chairman

Joseph Lacson was formerly the Group Chief Financial Officer of the IMC Group, a leading privately-owned conglomerate with a diverse group of business interests worldwide, and IMC's appointed nominee to the Board. IMC Group's key business interests include Industrial (shipping, logistics, industrial supply chain), Lifestyle/Real Estate, and Investments. Previously Mr Lacson was Chief Investment Officer of Frontier Investments and Development Partners and his previous leadership roles include CFO and Commercial Director positions at both publicly-listed and privately-held enterprises. He has over 20 years of experience in finance, strategy, and business development roles and has lived and worked in the United States, Europe, and Asia. He has an MBA with Highest Distinction from the Harvard Business School where he was a Baker Scholar.

During the past three years, Mr Lacson held no other listed company directorships.

COMPANY SECRETARY

Wayne John Kernaghan – Appointed 14 June 2016
BBus, ACA, FAICD, ACIS

Mr Kernaghan is a member of the Institute of Chartered Accountants in Australia with a number of years' experience in various areas of the mining industry. He is also a Fellow of the Australian Institute of Company Directors.

Neville Bassett – Resigned 14 June 2016

Mr Bassett is a chartered accountant with over 30 years of experience. He has been involved with a diverse range of Australian public listed companies in directorial, company secretarial and financial roles.

DIRECTORS' INTERESTS IN SHARES AND OPTIONS
The relevant interest of each Director in the shares and options of the Company at the date of this report is as follows:

Campbell Welch
- 4,970,000 ordinary fully paid shares

MEETINGS OF THE COMPANY'S DIRECTORS
The number of meetings of the Company's Directors held during the year ended 30 June 2016, and the number of meetings attended by each Director were:

	Number Attended	Maximum Possible
Campbell Welch	4	4
Scott Brown	2	2
Robert Downey	7	7
Stephen Harrison	5	7
Peter Cockcroft	3	6
Venkata R Jata	1	1
Joseph Lacson	3	4

NATURE OF OPERATIONS AND PRINCIPAL ACTIVITIES
The principal activity of the Company during the financial year was the evaluation of new business ventures.

OPERATING AND FINANCIAL REVIEW

Operating Activities
A review of the operations of the Group is contained in the Operations Review.

Summary of Comprehensive Income
The Group's consolidated profit after tax for the financial year was $884,562 (2015: loss of $2,205,887).

The profit for the year ended 30 June 2016 resulted principally from a gain on disposal of the Company's former subsidiary Yilgarn Petroleum Philippines Pty Ltd of $1,156,603 and foreign exchange gains of $43,112, partially offset by:

- General administration expenses of $303,371 (2015: $301,028); and

- Cash interest expenses of $12,110 (2015: $47,012).

The loss for the year ended 30 June 2015 included impairment of SC 54 deferred exploration and evaluation expenditure of $1,914,350.

Earnings per Share
The basic and diluted loss per share from continuing operations was 0.11 cents (2015: loss of 0.11 cents).

Financing Activities
The IMC drawdown facility was drawn down by $296,000 during the year and repaid with the proceeds from the disposal of Yilgarn Petroleum Philippines Pty Ltd.

A placement of 35,000,000 shares in May 2016 raised $122,500.

Summary of Financial Position
At 30 June 2016 the Group's cash reserves were $107,805 (2015: $17,631). The increase in cash was primarily due to:

- proceeds from the disposal of Yilgarn Petroleum Philippines Pty Ltd of $758,858 (2015: nil)
- proceeds from the issue of shares of $122,500 (2015: nil)

partially offset by

- net repayment of borrowings of $488,000 (2015: proceeds of borrowings of $148,000)
- net cash used in operating activities of $303,154 (2015: $224,133).

Dividends
No dividend was paid or declared by the Company in the period since the end of the previous financial year and up to the date of this report.

CHANGES IN THE STATE OF AFFAIRS
The Company's ultimate parent entity, IMC Oil & Gas Investments Ltd, disposed of its entire shareholding in the Company on 4 March 2016.

SIGNIFICANT EVENTS AFTER THE END OF THE REPORTING PERIOD
No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

FUTURE DEVELOPMENTS
Kairiki intends to continue reviewing new business opportunities in an effort to recapitalise and reinvigorate the asset portfolio of the Group.

REMUNERATION REPORT (AUDITED)

This report outlines the remuneration arrangements for Directors and Executives of Kairiki Energy Limited. The information provided in the remuneration report includes remuneration disclosures that are audited as required by section 308(3C) of the Corporations Act 2001.

For the purposes of this report Key Management Personnel of the Group are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the group, directly or indirectly, including any director (whether executive or otherwise) of the parent company.

For the purposes of this report the term "Executive" includes those key management personnel who are not Directors of the parent company.

Remuneration Committee

The full Board carries out the role and responsibilities of the Remuneration Committee and is responsible for determining and reviewing the compensation arrangements for the Directors themselves, the Managing Director and any Executives.

Executive remuneration is reviewed annually having regard to individual and business performance, relevant comparative remuneration and internal and independent external advice.

A. Remuneration policy

Directors' fees were suspended until further notice from 1 April 2016.

The board policy is to remunerate Directors at market rates for time, commitment and responsibilities. The board determines payments to the Directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. The maximum aggregate amount of Directors' fees that can be paid is subject to approval by shareholders in general meeting, from time to time. The Company's aim is to remunerate at a level that will attract and retain high-calibre Directors and employees.

Fees for Non-Executive Directors are not linked to the performance of the consolidated entity. However, to align Directors' interests with shareholders' interests, the Directors are encouraged to hold shares in the Company.

All remuneration paid to directors is valued at the cost to the Company and expensed.

The Board believes that it has implemented suitable practices and procedures that are appropriate for an organisation of this size and maturity.

The Company did not pay any performance-based component of remuneration during the year.

B. Remuneration structure

In accordance with best practice corporate governance, the structure of Non-Executive Director compensation is separate and distinct.

Non-Executive Director Compensation

Objective

The Board seeks to set aggregate compensation at a level that provides the Company with the ability to attract and retain Directors of the highest calibre, whilst incurring a cost that is acceptable to shareholders.

Structure

The Constitution and the ASX Listing Rules specify that the aggregate compensation of Non-Executive Directors shall be determined from time to time by a general meeting. An amount not exceeding the amount determined is then divided between the Directors as agreed. The latest determination was at the Annual General Meeting held in October 1996 when shareholders approved an aggregate compensation of $150,000 per year.

The amount of aggregate compensation sought to be approved by shareholders and the manner in which it is apportioned amongst Directors is reviewed annually. The Board may consider advice from external consultants as well as the fees paid to Non-Executive Directors of comparable companies when undertaking the annual review process. Non-Executive Directors' remuneration may include an incentive portion consisting of options, as considered appropriate by the Board, which may be subject to shareholder approval in accordance with ASX listing rules. The Board is of the view that options are a cost effective benefit for small companies such as Kairiki that seek to conserve cash reserves. They also provide an incentive that ultimately benefits both shareholders and the option holder, as option holders will only benefit if the market value of the underlying shares exceeds the option strike price. Ultimately, shareholders will make that determination.

Separate from their duties as Directors, the Non-Executive Directors may undertake work for the Company directly related to the evaluation and implementation of various business opportunities, for which they receive a daily rate. These payments are made pursuant to consultancy arrangements entered into by the Non-Executive Directors with the Company and are not taken into account when determining their aggregate remuneration levels.

Executive Compensation

Objective

The entity aims to reward Executives with a level and mix of compensation commensurate with their position and responsibilities within the entity so as to:

- reward Executives for company and individual performance against targets set by appropriate benchmarks;
- align the interests of Executives with those of shareholders;
- link rewards with the strategic goals and performance of the Company; and
- ensure total compensation is competitive by market standards.

Structure

In determining the level and make-up of Executive remuneration, the Board negotiates a remuneration to reflect the market salary for a position and individual of comparable responsibility and experience. Due to the limited size of the Company and of its operations and financial affairs, the use of a separate remuneration committee is not considered appropriate. Remuneration is regularly compared with the external market by participation in industry salary surveys and during recruitment activities generally. If required, the Board may engage an external consultant to provide independent advice in the form of a written report detailing market levels of remuneration for comparable Executive roles.

The Company's only Executive during the years ended 30 June 2016 and 30 June 2015 was the Company Secretary, who received fixed remuneration.

Fixed Remuneration

The level of fixed remuneration is set so as to provide a base level of remuneration which is both appropriate to the position and is competitive in the market. Fixed remuneration is reviewed annually by the Board having regard to the Company and individual performance, relevant comparable remuneration in the oil and gas industry and external advice.

The fixed remuneration is a base salary or monthly consulting fee.

C. Service agreements

There are no formal service agreements with the Non-Executive Chairman or Non-Executive Directors. On appointment to the Board, all Directors receive a letter of appointment that summarises Board policies and terms, which mirror those set out within the Corporations Act 2001 relevant to the office of Director.

D. Company performance

In determining Key Management Personnel remuneration, the Board takes note of the following measures of company performance in respect of the current and previous four financial years.

	2016	2015	2014	2013	2012
Profit / (loss) after tax (A$'000)	885 (i)	(2,206)	(4,467)	(13,662)	(3,160)
Closing share price (A$)	0.008 (ii)	0.003	0.008	0.05 (iii)	0.10 (iii)

(i) The profit for the year ended 30 June 2016 resulted principally from a gain on disposal of the Company's former subsidiary Yilgarn Petroleum Philippines Pty Ltd.

(ii) The Company's shares were suspended from official quotation on 27 May 2016. The last traded price was $0.008.

(iii) The closing share prices for 2012 and 2013 have been adjusted for the share consolidation on 28 November 2013.

E. Details of remuneration for year

Details of Key Management Personnel are set out below.

Directors

Campbell Welch	Non-Executive Chairman
Scott Brown	Non-Executive Director
Robert Downey	Non-Executive Director
Stephen Harrison	Non-Executive Director (resigned 15 June 2016)
Peter Cockcroft	Non-Executive Director (resigned 12 May 2016)
Venkata R Jata	Non-Executive Director (appointed 23 March 2016, resigned 31 March 2016)
Joseph Lacson	Non-Executive Director (resigned 23 March 2016)

Executives

Neville Bassett	Company Secretary (resigned 14 June 2016)

Remuneration

The remuneration of each Director and named executive officer of the Company, including their related entities, during the year was as follows:

		Short Term Benefits		Post Employment	Share-based Payments	Termination payments		
	Year	Salary and consulting fees $	Director fees $	Superannuation $	Options $	$	Total $	Remuneration consisting of options %
Directors								
C Welch	**2016**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Appointed 23/3/2016	2015	-	-	-	-	-	-	-
S Brown	**2016**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Appointed 6/5/2016	2015	-	-	-	-	-	-	-
R Downey	**2016**	**40,000**	**30,000**	**-**	**-**	**-**	**70,000**	**-**
	2015	-	33,000	-	-	-	33,000	-
S Harrison	**2016**	**20,000**	**(10,000)**	**-**	**-**	**-**	**10,000**	**-**
Resigned 15/6/2016	2015	-	33,000	-	-	-	33,000	-
P Cockcroft	**2016**	**-**	**(10,000)**	**-**	**-**	-	**(10,000)**	-
Resigned 12/5/2016	2015	-	33,000	-	-	-	33,000	-
V Jata	**2016**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Appointed 23/3/2016, resigned 31/3/2016	2015	-	-	-	-	-	-	-
J Lacson	**2016**	**-**	**(15,000)**	**-**	**-**	**-**	**(15,000)**	**-**
Resigned 23/3/2016	2015	-	15,000	-	-	-	15,000	-
Executives								
N Bassett	**2016**	**50,000**	-	**-**	**-**	**-**	**50,000**	**-**
	2015	55,000	-	-	-	-	55,000	-

The following amounts of key management personnel remuneration (excluding GST) remained unpaid as at 30 June 2016:

	$
R Downey	100,000
S Harrison	20,000
N Bassett	50,000

Directors' fees were suspended until further notice from 1 April 2016.

No performance-related payments were made during the year.

F. Compensation Options Issued to Key Management Personnel

No options were granted as equity compensation benefits to Key Management Personnel during the year ended 30 June 2016.

G. Shares Issued to Key Management Personnel on Exercise of Compensation Options

No key management personnel exercised options during the years ended 30 June 2016.

H. Option holdings of Key Management Personnel

No key management personnel held options during the year ended 30 June 2016.

I. Share holdings of Key Management Personnel

	Balance at 30 June 2015	Change due to appointment / (resignation)	Net change other	Balance at 30 June 2016
2016				
Directors				
C Welch	-	2,470,000	2,500,000	4,970,000
P Cockcroft	3,000	(3,000)	-	-
Executives				
N Bassett	12,000	(12,000)	-	-
	15,000	2,455,000	2,500,000	4,970,000

J. Other transactions and balances with Key Management Personnel

A legal firm of which director Robert Downey is a principal provided services totalling $38,232 during the year.

This concludes the Remuneration Report.

SHARES UNDER OPTION

There are no unissued ordinary shares of the Company under option at the date of this report.

ENVIRONMENTAL REGULATIONS

The Group's environmental obligations are regulated under both State and Federal law. All environmental performance obligations are monitored by the Board and subjected from time to time to Government agency audits and site inspections. The Company has a policy of at least complying with, but in most cases exceeding, its statutory environmental performance obligations. No environmental breaches have occurred or have been notified by any Government agencies during the year ended 30 June 2016 or subsequent to year end.

CORPORATE GOVERNANCE

In recognising the need for the highest standards of corporate behaviour and accountability, the Directors of Kairiki Energy Limited support and have adhered to the principles of corporate governance and have established a set of policies and manuals for the purpose of managing corporate governance. The Company's detailed corporate governance policy statement is contained in the section headed 'Corporate Governance Statement' of the annual report.

INSURANCE OF OFFICERS

The Company does not hold insurance covering Directors and Officers of the Company against any liability arising from a claim brought by a third party against its Directors and Officers, or against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in their capacity as a Director or Officer of the Company, other than conduct involving a wilful breach of duty in relation to the Company.

NON-AUDIT SERVICES

No non-audit services were provided by the Company's auditors.

AUDITOR INDEPENDENCE

The following is a copy of a letter received from the Company's auditors:

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

For and on behalf of the Board.

Campbell Welch
Chairman
29 September 2016

ROTHSAY

Level 1, Lincoln House, 4 Ventnor Avenue, West Perth WA 6005
P.O. Box 8716, Perth Business Centre WA 6849
Phone 9486 7094 www.rothsayresources.com.au

The Directors
Kairiki Energy Ltd
Level 3, 32 Walker St
North Sydney NSW 2016

Dear Sirs

In accordance with Section 307C of the Corporations Act 2001 (the "Act") I hereby declare that to the best of my knowledge and belief there have been:

i) no contraventions of the auditor independence requirements of the Act in relation to the audit of the 30 June 2016 financial statements; and

ii) no contraventions of any applicable code of professional conduct in relation to the audit.

Rolf Garda (Lead auditor)

Rothsay Auditing

Dated 29 September 2016

The Board of Directors of Kairiki Energy Limited is responsible for the corporate governance of the Company. The Board guides and monitors the business and affairs of Kairiki Energy Limited on behalf of the shareholders by whom they are elected and to whom they are accountable. This statement reports on Kairiki Energy Limited's key governance principles and practices.

1. COMPLIANCE WITH BEST PRACTICE RECOMMENDATIONS

The Company, as a listed entity, must comply with the Corporations Act 2001 and the ASX Limited (ASX) Listing Rules. The ASX Listing Rules require the Company to report on the extent to which it has followed the Corporate Governance Recommendations published by the ASX Corporate Governance Council (ASXCGC). Where a recommendation has not been followed, that fact is disclosed, together with the reasons for the departure. The Company recognises the publication of the third edition of the principles and recommendations and intends to comply with the prescribed changes when these take effect commencing with the financial year ending 30 June 2015.

The table below summaries the Company's compliance with the Corporate Governance Council's Recommendations:

Principle #	ASX Corporate Governance Council Recommendations	Reference	Comply
Principle 1	**Lay solid foundations for management and oversight**		
1.1	Establish the functions reserved to the board and those delegated to senior executives and disclose those functions.	2(a)	Yes
1.2	Disclose the process for evaluating the performance of senior executives.	2(h), 3(b), Remuneration Report	Yes
1.3	Provide the information indicated in the Guide to reporting on principle 1.	2(a), 2(h), 3(b), Remuneration Report	Yes
Principle 2	**Structure the board to add value**		
2.1	A majority of the board should be independent directors.	2(b), 2(e)	Yes
2.2	The chair should be an independent director.	2(c), 2(e)	Yes
2.3	The roles of chair and chief executive officer should not be exercised by the same individual.	2(b), 2(c)	Yes
2.4	The Board should establish a nomination committee.	2(d)	No
2.5	Disclose the process for evaluating the performance of the board, its committees and individual directors.	2(h)	Yes
2.6	Provide the information indicated in the Guide to reporting on principle 2.	2(b), 2(c), 2(d), 2(e), 2(h)	Yes
Principle 3	**Promote ethical and responsible decision-making**		
3.1	Establish a code of conduct and disclose the code or a summary as to:	4(a)	Yes
	• the practices necessary to maintain confidence in the company's integrity;		
	• the practices necessary to take into account the company's legal obligations and the reasonable expectations of its stakeholders; and		
	• the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.		
3.2	Establish a policy concerning diversity and disclose the policy or a summary of that policy.	4(b)	Yes
3.3	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.	4(b)	No
3.4	Disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the Board.	4(b)	Yes

Principle #	ASX Corporate Governance Council Recommendations	Reference	Comply
3.5	Provide the information indicated in the Guide to reporting on principle 3.	4(a), 4(b)	Yes
Principle 4	**Safeguard integrity in financial reporting**		
4.1	The Board should establish an audit committee.	3(a)	Yes
4.2	The audit committee should be structured so that it:	3(a)	No
	• 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.		
4.3	The audit committee should have a formal charter	3(a)	Yes
4.4	Provide the information indicated in the Guide to reporting on principle 4.	3(a)	Yes
Principle 5	**Make timely and balanced disclosure**		
5.1	Establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at senior executive level for that compliance and disclose those policies or a summary of those policies.	5(a), 5(b)	Yes
5.2	Provide the information indicated in the Guide to reporting on principle 5.	5(a), 5(b)	Yes
Principle 6	**Respect the rights of shareholders**		
6.1	Design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose the policy or a summary of that policy.	5(a), 5(b)	Yes
6.2	Provide the information indicated in the Guide to reporting on principle 6.	5(a), 5(b)	Yes
Principle 7	**Recognise and manage risk**		
7.1	Establish policies for the oversight and management of material business risks and disclose a summary of those policies.	6(a)	Yes
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.	6(a), 6(b), 6(d)	Yes
7.3	The Board should disclose whether it had received assurance from the chief executive officer and the chief financial officer 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.	6(c)	Yes
7.4	Provide the information indicated in the Guide to reporting on principle 7.	6(a), 6(b), 6(c), 6(d)	Yes

Principle #	ASX Corporate Governance Council Recommendations	Reference	Comply
Principle 8	**Remunerate fairly and responsibly**		
8.1	The Board should establish a remuneration committee.	3(b)	No
8.2	Remuneration Committee should be structured so that it: • consists of a majority of independent directors • is chaired by an independent director; and • has at least three members.	3(b)	No
8.3	Clearly distinguish the structure on Non-Executive directors' remuneration from that of executive directors and senior executives.	3(b), Remuneration Report	Yes
8.4	Provide the information indicated in the Guide to reporting on principle 8.	3(b)	Yes

2. THE BOARD OF DIRECTORS

2(a) Roles and Responsibilities of the Board

The Board's primary role is the protection and enhancement of long-term shareholder value. To fulfil this role, the Board is responsible for oversight of the management and the overall corporate governance of the Company including its strategic direction, establishing goals for management and monitoring the achievement of these goals.

The Board operates within the broad principles and responsibilities described in the following:

- Setting the strategic aims of the Company and overseeing management's performance within that framework;
- Making sure that the necessary resources (financial and human) are available to the Company and its senior executives to meet its objectives;
- Overseeing management's performance and the progress and development of the Company's strategic plan;
- Selecting and appointing suitable Executive Directors with the appropriate skills to help the Company in the pursuit of its objectives;
- Determining the remuneration policy for the Board members, Company Secretary and Senior Management;
- Controlling and approving financial reporting, capital structures and material contracts;
- Ensuring that a sound system of risk management and internal controls are in place;
- Setting the Company's values and standards;
- Undertaking a formal and rigorous review of the Corporate Governance policies to ensure adherence to the ASX Corporate Governance Council;
- Ensuring that the Company's obligations to shareholders are understood and met;
- Ensuring the health, safety and well-being of employees in conjunction with the senior management team, including developing, overseeing and reviewing the effectiveness of the Company's occupational health and safety systems to assure the well-being of all employees;
- Ensuring an adequate system is in place for the proper delegation of duties for the effective operative day to day running of the Company without the Board losing sight of the direction that the Company is taking; and
- Any other matter considered desirable and in the interest of the Company.

2(b) Board Composition

The Directors determine the composition of the Board employing the following principles:

- the Board, in accordance with the Company's constitution, must comprise a minimum of three Directors;
- the roles of the Chairman of the Board and of the Chief Executive Officer should be exercised by different individuals;
- the majority of the Board should comprise Directors who are Non-Executive; and
- Directors should bring characteristics which allow a mix of qualifications, skills, experience, expertise and diversity to the Board.

The Board is currently comprised of three Non-Executive Directors. At all times during the year the Board comprised a majority of Non-Executive Directors. The skills, experience, expertise, qualifications and terms of office of each Director in office at the date of the annual report is included in the Directors' Report.

The Company's constitution requires one-third of the Directors (or the next lowest whole number) to retire by rotation at each Annual General Meeting (AGM). The Directors to retire at each AGM are those who have been longest in office since their last election. Where Directors have served for equal periods, they may agree amongst themselves or determine by lot who will retire. A Director must retire in any event at the third AGM since he or she was last elected or re-elected. Retiring Directors may offer themselves for re-election.

A Director appointed as an additional or casual Director by the Board will hold office until the next AGM when they may be re-elected.

The Managing Director is not subject to retirement by rotation and, along with any Director appointed as an additional or casual Director, is not to be taken into account in determining the number of Directors required to retire by rotation.

2(c) Roles of the Chairman and Executive Director

The Chairman is responsible for:

- providing the necessary direction required for an effective Board;
- ensuring that all the Directors receive timely and accurate information so that they can make informed decisions on matters of the Company;
- ensuring that the Board collectively and individual directors' performance is assessed annually; and
- encouraging active engagement from all members of the Board.

The Managing Director is responsible for:

- the executive management of the company's operations;
- policy direction of the operations of the Company;
- the efficient and effective operation of the Company; and
- ensuring all material matters affecting the Company are brought to the Board's attention.

Board policy specifies that the roles of the Chairman and the Chief Executive Officer should be separate roles to be undertaken by separate people. Due to the nature of the company's current activities it does not currently have a Chief Executive Officer.

2(d) Nomination Committee

The Company does not comply with ASX Recommendation 2.4. The Company is not of a relevant size to consider formation of a nomination committee to deal with the selection and appointment of new Directors and as such a nomination committee has not been formed.

Nominations of new Directors are considered by the full Board. If any vacancies arise on the Board, all directors are involved in the search and recruitment of a replacement. The Board has taken a view that the full Board will hold special meetings or sessions as required. The Board are confident that this process for selection and review is stringent and full details of all Directors are provided to shareholders in the annual report and on the Company's website.

2(e) Independent Directors

The Company recognises that independent Directors are important in assuring shareholders that the Board is properly fulfilling its role and is diligent in holding senior management accountable for its performance. The Board assesses each of the directors against specific criteria to decide whether they are in a position to exercise independent judgment.

Directors of Kairiki Energy Limited are considered to be independent when they are independent of management and free from any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the exercise of their unfettered and independent judgement.

In making this assessment, the Board considers all relevant facts and circumstances. Relationships that the Board will take into consideration when assessing independence are whether a Director:

- is a substantial shareholder of the Company or an officer of, or otherwise associated directly with, a substantial shareholder of the Company;
- is employed, or has previously been employed in an executive capacity by the Company or another Company member, and there has not been a period of at least three years between ceasing such employment and serving on the Board;
- has within the last three years been a principal of a material professional advisor or a material consultant to the Company or another Company member, or an employee materially associated with the service provided;
- is a material supplier or customer of the Company or other Company member, or an officer of or otherwise associated directly or indirectly with a material supplier or customer; or
- has a material contractual relationship with the Company or another Company member other than as a Director.

The Board currently comprises three independent Non-Executive Directors.

In accordance with the definition of independence above, and the materiality thresholds set, the following Directors of Kairiki Energy Limited are considered to be independent:

Name	**Position**
Campbell Welch	Non-Executive Chairman
Scott Brown	Non-Executive Director
Robert Downey	Non-Executive Director

The following persons hold office as directors of Kairiki Energy Limited at the date of this report:

Name	**Term in Office**
Campbell Welch	Since 23 March 2016
Scott Brown	Since 6 May 2016
Robert Downey	Since 15 February 2013

2(f) Avoidance of conflicts of interest by a Director

In order to ensure that any interests of a Director in a particular matter to be considered by the Board are known by each Director, each Director is required by the Company to disclose any relationships, duties or interests held that may give rise to a potential conflict. Directors are required to adhere strictly to constraints on their participation and voting in relation to any matters in which they may have an interest.

2(g) Board access to information and independent advice

Directors are able to access members of the management team at any time to request relevant information.

There are procedures in place, agreed by the Board, to enable Directors, in furtherance of their duties, to seek independent professional advice at the company's expense.

2(h) Review of Board performance

The performance of the Board, collectively and individually, is reviewed annually by the Chairman. The Chairman conducts performance evaluations which involve an assessment of each Board member's performance against specific and measurable qualitative and quantitative performance criteria. The evaluation process is focussed on objective and tangible criteria such as:

- Performance of the Company
- Accomplishment of long term strategic objectives
- Development of management
- Growth in shareholder value

3. BOARD COMMITTEES

3(a) Audit Committee

Given the size and scale of the Company's operations the full Board undertakes the role of the Audit Committee. The Audit Committee does not comply with ASX Recommendation 4.2 as the Chair of the Board is Chair of the Audit Committee. The role and responsibilities of the Audit Committee are summarised below.

The Audit Committee is responsible for reviewing the integrity of the Company's financial reporting and overseeing the independence of the external auditors. The Board sets aside time to deal with issues and responsibilities usually delegated to the Audit Committee to ensure the integrity of the financial statements of the Company and the independence of the auditor.

The Board reviews the audited annual and half-year financial statements and any reports which accompany published financial statements and recommends their approval to the members. The Board also reviews annually the appointment of the external auditor, their independence and their fees.

The Board is also responsible for establishing policies on risk oversight and management. The Company has not formed a separate Risk Management Committee due to the size and scale of its operations.

External Auditors

The Company's policy is to appoint external auditors who clearly demonstrate quality and independence. The performance of the external auditor is reviewed annually and applications for tender of external audit services are requested as deemed appropriate, taking into consideration assessment of performance, existing value and tender costs. It is Rothsay's policy to rotate engagement partners on listed companies at least every five years.

An analysis of fees paid to the external auditors, including a break-down of fees for non-audit services, is provided in the notes to the financial statements in the Annual Report.

There is no indemnity provided by the company to the auditor in respect of any potential liability to third parties.

The external auditor is requested to attend the annual general meeting and be available to answer shareholder questions about the conduct of the audit and preparation and content of the audit report.

There were no non-audit services provided by the auditors during the year.

3(b) Remuneration Committee

The role of a Remuneration Committee is to assist the Board in fulfilling its responsibilities in respect of establishing appropriate remuneration levels and incentive policies for employees.

The Board has not established a separate Remuneration Committee due to the size and scale of its operations. This does not comply with Recommendation 8.1 however the Board as a whole takes responsibility for such issues.

The responsibilities include setting policies for senior officers remuneration, setting the terms and conditions for the Managing Director, reviewing and making recommendations to the Board on the Company's incentive schemes and superannuation arrangements, reviewing the remuneration of both executive and Non-Executive directors and undertaking reviews of the Managing Director's performance.

The Company has structured the remuneration of its senior executives, where applicable, such that it comprises a fixed salary, statutory superannuation and, where applicable, participation in the Company's employee share option plan. The Company believes that by remunerating senior executives in this manner it rewards them for performance and aligns their interests with those of shareholders and increases the Company's performance.

Non-Executive directors are paid their fees out of the maximum aggregate amount approved by shareholders for Non-Executive director remuneration. The Company does not adhere to Recommendation 8.3 Box 8.2 'Non-Executive directors should not receive options or bonus payments'. The Company has and may, in the future, grant options to Non-Executive directors. The Board is of the view that options (for both executive and Non-Executive directors) are a cost effective benefit for small companies such as Kairiki Energy Limited that seek to conserve cash reserves. They also provide an incentive that ultimately benefits both shareholders and the optionholders, as optionholders will only benefit if the market value of the underlying shares exceeds the option strike price. Ultimately, shareholders will make that determination.

The board policy is to remunerate Directors at market rates for time, commitment and responsibilities. The Board determines payments to the Directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. Fees for Non-Executive Directors are not linked to the performance of the Company. However, to align Directors' interests with shareholders interests, the Directors are encouraged to hold shares in the Company.

The Company's aim is to remunerate at a level that will attract and retain high-calibre directors and employees. Company officers and Directors are remunerated to a level consistent with the size of the Company.

The Board believes that it has implemented suitable practices and procedures that are appropriate for an organisation of this size and maturity.

In accordance with best practice corporate governance, the structure of Non-Executive Director and Executive compensation is separate and distinct.

In determining remuneration, the Board has taken a view that the full Board will hold special meetings or sessions as required. No Director participated in any deliberation regarding his or her own remuneration or related issues. The Board are confident that this process for determining remuneration is stringent and full details of remuneration policies and remuneration received by directors and executives in the current period is contained in the "Remuneration Report" within the Directors' Report of the Annual Report.

4. ETHICAL AND RESPONSIBLE DECISION MAKING

4(a) Code of Ethics and Conduct

The Board endeavours to ensure that the Directors, officers and employees of the Company act with integrity and observe the highest standards of behaviour and business ethics in relation to their corporate activities. The "Code of Conduct" sets out the principles, practices, and standards of personal behaviour the Company expects people to adopt in their daily business activities.

All Directors, officers and employees are required to comply with the Code of Conduct. Senior managers are expected to ensure that employees, contractors, consultants, agents and partners under their supervision are aware of the Company's expectations as set out in the Code of Conduct.

All Directors, officers and employees are expected to:

- comply with the law;
- act in the best interests of the Company;
- be responsible and accountable for their actions; and
- observe the ethical principles of fairness, honesty and truthfulness, including prompt disclosure of potential conflicts.

4(b) Workplace Diversity Policy

Diversity includes, but is not limited to, gender, age, ethnicity and cultural background. The Company is committed to diversity and recognises the benefits arising from employee and board diversity and the importance of benefiting from all available talent. Accordingly, the Company has established a diversity policy which is available on the Company's website.

The Board has a commitment to promoting a corporate culture that is supportive of diversity and encourages the transparency of Board processes, review and appointment of Directors. The Board is responsible for developing policies in relation to the achievement of measurable diversity objectives and the extent to which they will be linked to the Key Performance Indicators for the Board, Managing Director and senior executives.

The Company's strategies may include:

- recruiting from a diverse range of candidates for all positions, including senior executive roles and Board positions;
- reviewing pre-existing succession plans to ensure that there is a focus on diversity;
- encourage female participation across a range of roles across the Company;
- review and report on the relative proportion of women and men in the workforce at all levels of the Company;
- articulate a corporate culture which supports workplace diversity and in particular, recognizes that employees at all levels of the Company may have domestic responsibilities;
- develop programs to encourage a broader pool of skilled and experienced senior management and Board candidates, including, workplace development programs, mentoring programs and targeted training and development; and
- any other strategies that the Board or the Nomination Committee develops from time to time.

At the date of this report the Company has no executive female employees. The Company utilises the services of a number of female consultants, in varying roles. No women are currently represented on the Board.

Due to the current size, nature and scale of the Company's activities the Board has not yet developed objectives regarding gender diversity. As the size and scale of the Company grows the Board will set and aim to achieve gender diversity objectives as director and senior executive positions become vacant and appropriately qualified candidates become available.

5. TIMELY AND BALANCED DISCLOSURE

5(a) Shareholder communication

The Company is committed to:

- Ensuring that shareholders and the market are provided with full and timely information about its activities;
- Complying with the continuous disclosure obligations contained in the ASX Listing Rules and the applicable sections of the Corporations Act 2001; and
- Providing equal opportunity for all stakeholders to receive externally available information issued by the Company in a timely manner.

The Company's Disclosure Policy covers financial markets communication, media contact and continuous disclosure issues.

All information released to the ASX, after clearance from the ASX will be promptly placed on the Company's website.

Shareholders are encouraged to participate in general meetings. Copies of addresses by the Chairman or Chief Executive Officer are disclosed to the market and posted on the Company's website. The Company's external auditor attends the Company's annual general meeting to answer shareholder questions about the conduct of the audit, the preparation and content of the audit report, the accounting policies adopted by the Company and the independence of the auditor in relation to the conduct of the audit.

5(b) Continuous disclosure policy

The Company is committed to ensuring that shareholders and the market are provided with full and timely information and that all stakeholders have equal opportunities to receive externally available information issued by the Company. The Company's "ASX Disclosure Policy" described in 5(a) reinforces the Company's commitment to continuous disclosure and outline management's accountabilities and the processes to be followed for ensuring compliance.

The policy also contains guidelines on information that may be price sensitive. The Company Secretary has been nominated as the person responsible for communications with the ASX. This role includes responsibility for ensuring compliance with the continuous disclosure requirements with the ASX Listing Rules and overseeing and coordinating information disclosure to the ASX.

6. RECOGNISING AND MANAGING RISK

The Board is responsible for ensuring there are adequate policies in relation to risk management, compliance and internal control systems. The Company's policies are designed to ensure strategic, operational, legal, reputation and financial risks are identified, assessed, effectively and efficiently managed and monitored to enable achievement of the Company's business objectives. A written policy in relation to risk oversight and management has been established. Considerable importance is placed on maintaining a strong control environment. There is an organisation structure with clearly drawn responsibilities.

6(a) Board oversight of the risk management system

The Company is not currently considered to be of a size, nor is its affairs of such complexity to justify the establishment of a separate Risk Management Committee. Instead, the Board, as part of its usual role and through direct involvement in the management of the Company's operations ensures risks are identified, assessed and appropriately managed. Where necessary, the Board draws on the expertise of appropriate external consultants to assist in dealing with or mitigating risk.

The Board is responsible for approving and overseeing the risk management system. The Board reviews, at least annually, the effectiveness of the implementation of the risk management controls and procedures.

The principle aim of the system of internal control is the management of business risks, with a view to enhancing the value of shareholders' investments and safeguarding assets. Although no system of internal control can provide absolute assurance that the business risks will be fully mitigated, the internal control systems have been designed to meet the Company's specific needs and the risks to which it is exposed.

Annually, the Board is responsible for identifying the risks facing the Company, assessing the risks and ensuring that there are controls for these risks, which are to be designed to ensure that any identified risk is reduced to an acceptable level.

The Board is also responsible for identifying and monitoring areas of significant business risk. Internal control measures currently adopted by the Board include:

- monthly reporting to the Board in respect of operations and the Company's financial position, with a comparison of actual results against budget; and
- regular reports to the Board by appropriate members of the management team and/or independent advisers, outlining the nature of particular risks and highlighting measures which are either in place or can be adopted to manage or mitigate those risks.

6(b) Risk management roles and responsibilities

The Board is responsible for approving and reviewing the Company's risk management strategy and policy. Executive management is responsible for implementing the Board approved risk management strategy and developing policies, controls, processes and procedures to identify and manage risks in all of the Company's activities.

The Board is responsible for satisfying itself that management has developed and implemented a sound system of risk management and internal control.

6(c) Chief Executive Officer and Chief Financial Officer Certification

The Chief Executive Officer and Chief Financial Officer, or equivalent, provide to the Board written certification that in all material respects:

- The Company's financial statements present a true and fair view of the Company's financial condition and operational results and are in accordance with relevant accounting standards;
- The statement given to the Board on the integrity of the Company's financial statements is founded on a sound system of risk management and internal compliance and controls which implements the policies adopted by the Board; and
- The Company's risk management an internal compliance and control system is operating efficiently and effectively in all material respects.

6(d) Internal review and risk evaluation

Assurance is provided to the Board by executive management on the adequacy and effectiveness of management controls for risk on a regular basis.

7 Trading in Company securities by directors and employees

The Board has adopted a Securities Trading Policy which complies with the requirements of Listing Rule 12.12 which regulates dealings by Directors, officers and employees in securities issued by the Company.

The policy, which is available on the Company's website, includes the Company's closed periods, restrictions on trading that apply to the Company's key management personal, trading that is not subject to the policy, exceptional circumstances in which key management personnel may be permitted to trade during a prohibited period with prior written clearance and the procedure for obtaining written clearance. The policy provides that employees, directors and officers must not enter into transactions or arrangements which operate to limit the economic risk of their security holding in the Company without first seeking and obtaining written acknowledgement from the Board.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2016

		Consolidated	
		2016	2015
	Note	**$**	$
Revenue	3(a)	**237**	1,583
Other income	3(b)	**43,203**	85,423
		43,440	87,006
Administrative expenses	3(c)	**303,371**	301,028
Finance costs	3(c)	**12,110**	47,012
		315,481	348,040
Profit / (loss) before income tax expense		**(272,041)**	(261,034)
Income tax expense	4	**-**	-
Profit / (loss) after tax for the period from continuing operations		**(272,041)**	(261,034)
Discontinued operations			
Profit / (loss) after tax for the period from discontinued operations	14	**1,156,603**	(1,944,853)
Profit / (loss) after tax for the period		**884,562**	(2,205,887)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Net gain on available for sale financial assets		**8,319**	504
Foreign currency translation		**4,137**	419,605
Reclassification to profit or loss of cumulative foreign currency gain on disposal of subsidiary		**(1,208,988)**	-
Total other comprehensive income / (loss)		**(1,196,532)**	420,109
Total comprehensive loss attributable to members of Kairiki Energy Limited		**(311,970)**	(1,785,778)
		cents	cents
Profit / (loss) per share attributable to ordinary equity holders of the parent	5		
From continuing operations		**(0.11)**	(0.11)
From discontinued operations		**0.48**	(0.83)
Total		**(0.37)**	(0.94)

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2016

	Note	Consolidated 2016 $	2015 $
ASSETS			
Current Assets			
Cash and cash equivalents	6	**107,805**	17,631
Trade and other receivables	7	**-**	16,174
Total Current Assets		**107,805**	33,805
Non-Current Assets			
Financial assets classified as available for sale	8	**10,083**	1,764
Deferred exploration and evaluation expenditure	9	**-**	784,000
Total Non-Current Assets		**10,083**	785,764
Total Assets		**117,888**	819,569
LIABILITIES			
Current Liabilities			
Trade and other payables	10	**220,199**	244,410
Interest-bearing loans	11	**-**	488,000
Total Current Liabilities		**220,199**	732,410
Total Liabilities		**220,199**	732,410
Net Assets / (Deficiency)		**(102,331)**	87,159
EQUITY			
Issued capital	12	**85,783,048**	85,660,548
Reserves	13	**(6,876,532)**	(2,085,820)
Accumulated losses		**(79,008,827)**	(83,487,569)
Total Equity / (Shareholders' Deficit)		**(102,331)**	87,159

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2016

	Issued Capital $	Share-based Payments Reserve $	Available for Sale Reserve $	Foreign Currency Translation Reserve $	Accumulated Losses $	Total $
Balance at 30 June 2014	85,660,548	3,594,180	-	(6,100,109)	(81,281,682)	1,872,937
Loss for the period	-	-	-	-	(2,205,887)	(2,205,887)
Other comprehensive income	-	-	504	419,605	-	420,109
Total comprehensive income / (loss) for the period	-	-	504	419,605	(2,205,887)	(1,785,778)
Balance at 30 June 2015	**85,660,548**	**3,594,180**	**504**	**(5,680,504)**	**(83,487,569)**	**87,159**
Profit for the period	**-**	**-**	**-**	**-**	**884,562**	**884,562**
Other comprehensive income	**-**	**-**	**8,319**	**(1,204,851)**	**-**	**(1,196,532)**
Total comprehensive income / (loss) for the period	**-**	**-**	**8,319**	**(1,204,851)**	**884,562**	**(311,970)**
Issue of share capital	**122,500**	**-**	**-**	**-**	**-**	**122,500**
Transfer share-based payments reserve to accumulated losses	**-**	**(3,594,180)**	**-**	**-**	**3,594,180**	**-**
Balance at 30 June 2016	**85,783,048**	**-**	**8,823**	**(6,885,355)**	**(79,008,827)**	**(102,331)**

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

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2016

	Note	Consolidated 2016 $	2015 $
Cash flows from operating activities			
Receipts		**-**	2,448
Payments to suppliers and employees		**(281,599)**	(190,550)
Interest received		**237**	1,583
Interest and other costs of finance paid		**(21,792)**	(37,614)
Net cash used in operating activities	6(i)	**(303,154)**	(224,133)
Cash flows from investing activities			
Proceeds from disposal of subsidiary		**758,828**	-
Net cash used in investing activities		**758,828**	-
Cash flows from financing activities			
Proceeds from issue of shares		**122,500**	-
Proceeds from borrowings		**296,000**	148,000
Repayment of borrowings		**(784,000)**	-
Net cash provided by / (used in) financing activities		**(365,500)**	148,000
Net increase / (decrease) in cash held		**90,174**	(76,133)
Cash at the beginning of the financial year		**17,631**	91,575
Effect of exchange rate changes		**-**	2,189
Cash and cash equivalents at end of year	6	**107,805**	17,631

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

1. *Corporate Information*

The financial report of Kairiki Energy Limited ("Kairiki" or "the Company") and its subsidiaries ("the Group") for the year ended 30 June 2016 was authorised for issue in accordance with a resolution of the Directors on 29 September 2016.

Kairiki is a company limited by shares incorporated in Australia. Its shares are publicly traded on the Australian Securities Exchange. The nature of the operations and principal activities of the Group are described in the Directors' Report.

2. *Summary of Significant Accounting Policies*

Basis of Presentation

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards and authoritative pronouncements of the Australian Accounting Standards Board. The financial report has been prepared on a historical cost basis.

The financial report is presented in Australian dollars.

Going concern

The Group incurred a loss from continuing operations of $272,041 (2015: $261,034) and net operating cash outflows of $303,154 (2015: $224,133). At 30 June 2016 the Group had a deficiency of shareholders' funds of $102,331.

The ability of the Group to continue as a going concern is principally dependent upon raising additional capital to fund the Group's ongoing working capital requirements, as and when required.

The Directors believe it is appropriate to prepare the financial statements on a going concern basis.

Although the Directors believe they will be successful in raising additional capital to fund working capital requirements, if they are not, there is a material uncertainty that the Group may be unable to continue as a going concern and therefore may be unable to realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

Statement of compliance

The financial report complies with Australian Accounting Standards and International Financial Reporting Standards (IFRS).

New and amended standards adopted by the Group

The following new standards and amendments to standards are mandatory for the first time for the financial year beginning 1 July 2015:

- AASB 2013-9 *Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments - Part C Financial Instruments*

- AASB 2015-3 *Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality*

- AASB 2015-4 *Amendments to Australian Accounting Standards – Financial Reporting Requirements for Australian Groups with a Foreign Parent*

The adoption of these standards did not have any impact on the current period or any prior period and is not likely to affect future periods.

2. Summary of Significant Accounting Policies (continued)

New and amended standards adopted by the Group (continued)

New accounting standards and interpretations issued but not yet effective

New accounting standards and interpretations that have recently been issued or amended but are not yet effective and have not been adopted by the Group for the reporting period ending 30 June 2016 are outlined in the following table.

Reference	Title	Summary	Application date of standard	Application date for Group
AASB 9 (issued December 2014)	Financial Instruments	Amends the requirements for classification and measurement of financial assets. The available-for-sale and held-to-maturity categories of financial assets in AASB 139 have been eliminated. Under AASB 9, there are three categories of financial assets: • Amortised cost • Fair value through profit or loss • Fair value through other comprehensive income. Financial assets are measured at amortised cost or fair value through other comprehensive income if certain restrictive conditions are met. All other financial assets are measured at fair value through profit or loss. All investments in equity instruments will be measured at fair value. For those investments in equity instruments that are not held for trading, there is an irrevocable election to present gains and losses in OCI. Dividends will be recognised in profit or loss. The following requirements have generally been carried forward unchanged from AASB 139 *Financial Instruments: Recognition and Measurement* into AASB 9: • Classification and measurement of financial liabilities; and • Derecognition requirements for financial assets and liabilities. However, AASB 9 requires that gains or losses on financial liabilities measured at fair value are recognised in profit or loss, except that the effects of changes in the liability's credit risk are recognised in other comprehensive income. The new impairment model in AASB 9 is based on an 'expected loss' model rather than an 'incurred loss' model. Entities are required to account for expected credit losses when financial instruments are first recognised. New hedge accounting requirements include changes to hedge effectiveness testing, treatment of hedging costs, risk components that can be hedged and disclosures. The Group has financial assets classified as available for sale. When AASB 9 is first adopted, the Group will reclassify these into the fair value through profit or loss category. On 1 July 2018, the cumulative fair value changes in the available for sale reserve will be reclassified into retained earnings. The change is applied retrospectively, however comparatives need not be retrospectively restated. The cumulative effect of applying the change for the first time will be recognised as an adjustment to the opening balance of retained earnings on 1 July 2018.	1 January 2018	1 July 2018

2. *Summary of Significant Accounting Policies (continued)*

New and amended standards adopted by the Group (continued)

Reference	Title	Summary	Application date of standard	Application date for Group
AASB 2014-3	Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations [AASB 1 and AASB 11]	Amends AASB 11 *Joint Arrangements* to provide guidance on accounting for acquisitions of interests in joint operations in which the activity constitutes a business. The amendments require: (a) The acquirer to apply all of the principles on business combinations accounting in AASB 3 *Business Combinations* and other Australian Accounting Standards except for those principles that conflict with the guidance in AASB 11; and (b) The acquirer to disclose the information required by AASB 3 and other Australian Accounting Standards for business combinations. There will be no impact on the financial statements when these amendments are first adopted because they apply prospectively to acquisitions of interests in joint operations.	1 January 2016	1 July 2016
AASB 2014-4	Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to AASB 116 and 138)	Clarifies that the use of revenue-based methods to calculate depreciation of an asset is not appropriate because revenue generated by an activity that includes use of an asset generally reflects factors other than the consumption of economic benefits embodied in an asset. The amendment also clarifies that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. The Group does not use revenue-based methods to calculate depreciation, so the amendment will have no effect.	1 January 2016	1 July 2016
AASB 2014-9	Amendments to Australian Accounting Standards – Equity Method in Separate Financial Statements	Allows entities to use the equity method of accounting for investments in subsidiaries, joint ventures and associates in their separate financial statements. This amendment is not expected to affect the Group.	1 January 2016	1 July 2016
AASB 2014-10	Amendments to Australian Accounting Standards – Sale or Contribution of Assets between and Investor and its Associate or Joint Venture	Amends AASB 10 *Consolidated Financial Statements* and AASB 128 *Investments in Associates and Joint Ventures* to address an inconsistency in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require: (a) A full gain or loss to be recognised when a transaction involves a business (whether it is housed in a subsidiary or not); and (b) A partial gain or loss to be recognised when a transaction involves assets that do not constitute a business, even if those assets are housed in a subsidiary. There will be no impact on the financial statements when these amendments are first adopted because they apply prospectively to sales or contributions of assets occurring after the application date.	1 January 2018	1 July 2018

2. *Summary of Significant Accounting Policies (continued)*

New and amended standards adopted by the Group (continued)

Reference	Title	Summary	Application date of standard	Application date for Group
AASB 15	Revenue from Contracts with Customers	The core principle of AASB 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard introduces a 5-step approach to revenue recognition: Step 1: Identify the contract(s) with the customer. Step 2: Identify the performance obligations in the contract. Step 3: Determine the transaction price. Step 4: Allocate the transaction price to the performance obligations in the contract. Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation. The Group currently has no revenue from customers and hence has not yet made a detailed assessment of the impact.	1 January 2018	1 July 2018
AASB 16	Leases	The key features of the standard are: • Lessees are required to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. • A lessee measures right-of-use assets similarly to other non-financial assets and lease liabilities similarly to other financial liabilities. • Assets and liabilities arising from a lease are initially measured on a present value basis. The measurement includes non-cancellable lease payments and payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or not to exercise an option to terminate the lease. A lessor continues to classify its leases as operating leases or finance leases, and to account for these two types of leases differently. Enhanced disclosure requirements will improve information disclosed about a lessor's risk exposure. The Group currently has no leases.	1 January 2019	1 July 2019
AASB 2015-1	Amendment to Australian Accounting Standards – Annual Improvements 2012-2014 Cycle	Amendments include clarifying the discount rate to be used for post-employment benefit obligations and clarifying the meaning of "elsewhere in the financial report" for interim financial statements.	1 January 2016	1 July 2016
AASB 2015-2	Amendment to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101	The amendments are designed to further encourage companies to apply professional judgment in determining what information to disclose in financial statements. They make clear that materiality applies to the whole of the financial statements and that the inclusion of immaterial information can inhibit the usefulness of financial disclosures.	1 January 2016	1 July 2016

2. Summary of Significant Accounting Policies (continued)

Basis of consolidation

The consolidated financial statements comprise the financial statements of Kairiki Energy Limited ("Kairiki", the "Company", or "parent entity") and its subsidiaries ("the Group") as at 30 June each year.

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity.

Subsidiaries are fully consolidated from the date the Group obtains control until such time as control ceases.

The financial statements of the subsidiaries are prepared for the same period as the parent entity, using consistent accounting policies. In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profit and losses resulting from intra-group transactions are eliminated in full.

Investments in subsidiaries held by Kairiki Energy Limited are accounted for at cost in the separate financial statements of the parent entity, less any impairment charges.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. The acquisition method involves recognising at acquisition date, separately from goodwill, the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree. The identifiable assets acquired and the liabilities assumed are measured at their acquisition date fair values. The difference between the above items and the fair value of the consideration (including the fair value of any pre-existing investment in the acquiree) is goodwill or a discount on acquisition.

Foreign currency translation

The financial statements are measured using the currency of the primary economic environment in which the entity operates (the 'functional currency'). The functional currency of the parent entity Kairiki Energy Limited is United States Dollars, due to the Company's previous US Dollar convertible note funding. Its presentation currency is Australian Dollars.

The functional currency of subsidiary Yilgarn Petroleum Philippines Pty Ltd was also US Dollars. The functional currency of the other Australian subsidiaries is Australian Dollars.

Transactions in foreign currencies are initially recorded in the functional currency at the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are converted at the rate of exchange ruling at the reporting date.

As at the reporting date the assets and liabilities of the parent entity and the subsidiary with US dollar functional currency are translated into the presentation currency of Kairiki Energy Limited at the rate of exchange at the reporting date and the statements of comprehensive income are translated at the spot rate of the transactions or average exchange rates for the period.

The exchange differences arising on translation are recognised in the foreign currency translation reserve in equity. On disposal of a foreign entity, the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised in the statement of profit or loss and other comprehensive income.

Significant Accounting Estimates and Judgements

Significant accounting judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have a significant effect on the amounts recognised in the financial statements.

Exploration and evaluation assets

The Group's accounting policy for exploration and evaluation expenditure is set out at Note 2. The application of this policy necessarily requires management to make certain assumptions as to future events and circumstances. Any such assumptions may change as new information becomes available. If, after having capitalised expenditure under the policy, it is concluded that the expenditures are unlikely to be recovered by future exploitation or sale, then the relevant capitalised amount is written off to the statement of profit or loss and other comprehensive income.

2. Summary of Significant Accounting Policies (continued)

Significant Accounting Estimates and Judgements (continued)

Significant accounting estimates and assumptions

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

(i) Impairment of assets

In determining the recoverable amount of assets, in the absence of quoted market prices, estimations are made regarding the present value of future cash flows using asset-specific discount rates and a "value in use" discounted cash flow methodology. Additional disclosures are provided about the discount rate and any other significant assumptions.

(ii) Share-based payment transactions

The Group 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.

Cash and cash equivalents

Cash comprises cash at bank and in hand. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as described above, net of outstanding bank overdrafts.

Trade and other receivables

Trade receivables are recognised initially at fair value (generally the original invoice amount) and subsequently measured at amortised cost using the effective interest method, less an allowance for impairment.

Collectability of receivables is reviewed on an ongoing basis. Debts that are known to be uncollectable are written off when identified. An impairment provision is recognised when there is objective evidence that the Group will not be able to collect the receivable. Financial difficulties of the debtor, default payment or debts more than 60 days overdue are considered objective evidence of impairment. The amount of the impairment loss is the receivable carrying amount compared to the present value of estimated future cash flows, discounted at the effective interest rate.

Exploration and evaluation expenditure

Costs related to the acquisition of properties that contain resources are allocated separately to specific areas of interest. These costs are capitalised until the viability of the area of interest is determined.

Exploration and evaluation expenditure is stated at cost and is accumulated in respect of each identifiable area of interest.

Such costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area of interest (or alternatively by its sale), or where activities in the area have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active operations are continuing. Accumulated costs in relation to an abandoned area are written off to the statement of profit or loss and other comprehensive income in the period in which the decision to abandon the area is made.

The Directors review the carrying value of each area of interest as at the balance date and any exploration expenditure which no longer satisfies the above policy is written off.

Once an area of interest enters the development phase, all capitalised acquisition, exploration and evaluation expenditures are transferred to oil and gas properties.

2. Summary of Significant Accounting Policies (continued)

Impairment of non-financial assets
The Group assesses at each reporting date whether there is an indication that an asset may be impaired. Where an indicator of impairment exists, the Group makes a formal estimate of recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount.

Recoverable amount is the greater of fair value less costs to sell and value in use. It is determined for an individual asset, unless the asset's value in use cannot be estimated to be close to its fair value less costs to sell and it does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years.

Investments and other financial assets
Financial assets in the scope of AASB 139 *Financial Instruments: Recognition and Measurement* are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale investments, as appropriate. The classification depends on the purpose for which the investments were acquired or originated. Designation is re-evaluated at each reporting date, but there are restrictions on reclassifying to other categories.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transactions costs.

All regular way purchases and sales of financial assets are recognised on the trade date i.e. the date that the Group commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets under contracts that require delivery of the assets within the period established generally by regulation or convention in the marketplace.

(i) Financial assets at fair value through profit or loss
Financial assets classified as held for trading are included in the category 'financial assets at fair value through profit or loss'. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. Derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on investments held for trading are recognised in profit or loss.

(ii) Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired.

(iii) Available-for-sale investments
Available-for-sale investments are those non-derivative financial assets that are designated as available-for-sale or are not classified as any of the three preceding categories. After initial recognition available-for sale investments are measured at fair value with gains or losses being recognised as a separate component of equity until the investment is derecognised or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is recognised in profit or loss. Increases in their fair value after impairment are recognised in other comprehensive income.

The fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on the reporting date. For investments with no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions; reference to the current market value of another instrument that is substantially the same; discounted cash flow analysis and option pricing models, making as much use of available and supportable market data as possible and keeping judgmental inputs to a minimum.

2. *Summary of Significant Accounting Policies (continued)*

Trade and other payables
Trade payables and other payables are carried at amortised cost and represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services.

Borrowings
Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method.

Interests in joint operations
A joint operation is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities relating to that arrangement.

Interests in joint operations are reported in the financial statements by including the Group's share of assets employed in the joint operations, the share of liabilities incurred in relation to the joint operations and the share of any expenses and revenues in relation to the joint operations in their respective categories.

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.

Revenue recognition
Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured.

Interest revenue is recognised as it accrues, taking into account the effective yield on the financial asset.

Share-based payment transactions
Equity-settled transactions:
The Group may provide benefits to Directors, employees and consultants of the Group in the form of share-based payments, whereby those individuals render services in exchange for shares or rights over shares.

When provided, the cost of these equity-settled transactions with these individuals is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using a binomial model.
In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of Kairiki Energy Limited (market conditions) if applicable.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant individuals become fully entitled to the award (the vesting period).

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the Group's best estimate of the number of equity instruments that will ultimately vest. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. The amount charged or credited to the statement of profit or loss and other comprehensive income for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is only conditional upon a market condition.

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

2. Summary of Significant Accounting Policies (continued)

Income Tax
Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Deferred income tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except:

- when the deferred income tax liability arises from the initial recognition of goodwill or of 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 profit nor taxable profit or loss; or
- when the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint arrangements, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint arrangements, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income legislation and the anticipation that the Group will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

2. ***Summary of Significant Accounting Policies (continued)***

Other taxes

Revenues, expenses and assets are recognised net of the amount of GST except:

- when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Cash flows are included in the Cash Flow Statement on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority, are classified as operating cash flows.

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

Segment reporting

An operating segment is a component of the entity that engages in business activities from which it may earn revenues and incur expenses, whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available. Operating segments have been identified based on the information provided to the chief operating decision makers, being the executive management team.

Earnings per share

Basic earnings per share is calculated as net profit attributable to members of the parent, adjusted to exclude any costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings per share is calculated as net profit attributable to members of the parent, adjusted for:

- costs of servicing equity (other than dividends) and preference share dividends;
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares; divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

	Consolidated	
	2016	2015
	$	$
3. Revenue and Expenses		
(a) Revenue		
Interest revenue	**237**	1,583
	237	1,583
(b) Other Income		
Royalty income	**-**	2,448
Foreign exchange gains	**43,203**	82,975
	43,203	85,423
(c) Expenses		
Administrative expenses include:		
Employee benefits expense:		
Salaries, wages and directors’ fees	**78,650**	129,750
Defined contribution superannuation expense	**2,188**	1,457
Finance costs include:		
Cash interest expense, including withholding tax	**12,110**	47,012
	12,110	47,012

	Consolidated	
	2016	2015
	$	$
4. Income Tax		
(a) The major components of income tax are:		
Statement of profit or loss and other comprehensive income		
Current income tax	-	-
Deferred income tax	-	-
Income tax expense reported in the statement of profit or loss and other comprehensive income	-	-
(b) Income Tax Reconciliation		
The reconciliation between tax expense and the product of accounting loss before income tax multiplied by the Company's applicable income tax rate is as follows:		
Loss before tax from continuing operations	**(272,041)**	(261,034)
Profit / (loss) before tax from discontinued operations	**1,156,603**	(1,944,853)
Profit / (loss) before income tax	**884,562**	(2,205,887)
Income tax expense / (benefit) at 30% (2015: 30%)	**265,369**	(661,766)
Non-assessable gain on disposal of subsidiary	**(346,981)**	-
Foreign exchange	**(12,961)**	(24,892)
Non-deductible impairment of deferred exploration and evaluation expenditure	**-**	574,305
Unrecognised tax losses	**94,573**	112,353
Income tax expense reported in the statement of profit or loss and other comprehensive income	**-**	-
(c) Deferred Income Tax		
Unrecognised Deferred Tax Assets		
Share issue and business related costs	**5,678**	16,966
Financial asset classified as available for sale	**15,882**	18,378
Accruals	**3,900**	3,600
Revenue tax losses	**6,583,739**	6,517,035
Unrecognised deferred tax assets	**(6,609,199)**	(6,555,979)
	-	-

Net deferred tax assets have not been brought to account as it is not probable within the immediate future that tax profits will be available against which deductible temporary differences and tax losses can be utilised.

Tax Consolidation Legislation
Kairiki Energy Limited and its 100% owned subsidiaries formed a tax consolidated group on 1 July 2015.

	Consolidated	
	2016	2015
	$	$

5. Earnings per Share

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share is as follows:

	2016 $	2015 $
Loss after tax from continuing operations	**(272,041)**	(261,034)
Profit / (loss) after tax from discontinued operations	**1,156,603**	(1,944,853)
Profit / (loss) after income tax	**884,562**	(2,205,887)
	Number	Number
Weighted average number of ordinary shares used in the calculation of basic earnings per share	**238,887,199**	234,122,480

The Company currently has no options outstanding.

6. Cash and Cash Equivalents

	2016 $	2015 $
Cash at bank and on hand	**107,805**	17,631

(i) Reconciliation of loss for the year to net cash flows used in operating activities

	2016 $	2015 $
Profit / (loss) for the year	**884,562**	(2,205,887)
Adjustments:		
Impairment of deferred exploration and evaluation expenditure	**-**	1,914,350
Unrealised foreign exchange gains	**(43,203)**	(82,975)
Gain on sale of subsidiary	**(1,167,837)**	-
Change in operating assets and liabilities:		
(Increase) / decrease in receivables	**16,174**	(11,618)
Increase in payables	**7,150**	161,997
Net cash flows used in operating activities	**(303,154)**	(224,133)

(ii) Non-Cash Financing and Investing Activities

There were no non-cash financing or investing activities during the years ended 30 June 2016 or 30 June 2015.

7. Trade and Other Receivables

Current	**2016 $**	2015 $
GST refunds due	**-**	16,174
	-	16,174

Fair Value and Risk Exposures

(i) Due to the short term nature of these receivables, their carrying value is assumed to approximate their fair value.
(ii) The maximum exposure to credit risk is the fair value of receivables. Collateral is not held as security.
(iii) Other receivables generally have repayments between 30 and 90 days.
(iv) Receivables do not contain past due or impaired assets as at 30 June 2016 (2015: none).

	Consolidated	
	2016	2015
	$	$
8. Financial Assets classified as Available for Sale		
Listed shares – Locality Planning Energy Holdings Limited	**10,083**	1,764
Reconciliation of Movement		
Carrying amount at beginning of period	**1,764**	1,260
Reversal of impairment	**8,319**	504
Carrying amount at end of period	**10,083**	1,764

The fair value of listed shares has been determined directly by reference to published price quotations in an active market for identical securities. They are deemed to be Level 1 securities in accordance with the AASB 7 fair value measurement hierarchy and hence there is no subjectivity in relation to their value.

Stratum Metals Limited changed its name to Locality Planning Energy Holdings Limited on 24 December 2015.

9. Deferred Exploration and Evaluation Expenditure		
Deferred oil and gas expenditure	**-**	**784,000**
Reconciliation of Movement		
Carrying amount at beginning of period	**784,000**	**2,193,000**
Disposal of subsidiary (refer to Note 14)	**(832,619)**	**-**
Expenditure written off during the year	**-**	**(1,914,350)**
Foreign currency translation movements	**48,619**	**505,350**
Carrying amount at end of period	**-**	**784,000**

Deferred exploration and evaluation expenditure was represented by expenditure relating to the Service Contract 54A permit, which includes Yakal and various other prospects, and the Service Contract 54B permit.

10. Trade and Other Payables		
Current	**220,199**	244,410

Included in the trade and other payable amount is $173,800 payable to current and former key management personnel which will only be paid after the Company's securities are readmitted to quotation on the ASX.

Fair Value and Risk Exposures

(i) Due to the short term nature of these payables, their carrying value is assumed to approximate their fair value.
(ii) Details regarding liquidity risk are disclosed in Note 22.
(iii) Trade and other payables are unsecured and usually paid within 60 days of recognition.

	Consolidated	
	2016	2015
	$	$
11. Interest-bearing Loans		
Current		
Loan from former related party – IMC	**-**	488,000

Further drawdowns of $296,000 were made during the year ended 30 June 2016. The loan was repaid with the proceeds of the disposal of Yilgarn Petroleum Philippines Pty Ltd on 27 November 2015 (refer to Note 14). The loan was interest-bearing and secured against the assets of the Company and its subsidiary Yilgarn Petroleum Philippines Pty Ltd.

12. Issued Capital

(a) Share capital

Ordinary shares fully paid	**85,783,048**	85,660,548
	85,783,048	85,660,548

(b) Movement in ordinary shares on issue	**Number**	**$**
At 30 June 2014	234,122,480	85,660,548
At 30 June 2015	**234,122,480**	**85,660,548**
Placement – 19 May 2016	**35,000,000**	**122,500**
At 30 June 2016	**269,122,480**	**85,783,048**

(c) Options at 30 June 2016

No unlisted options are outstanding as at 30 June 2016. 3,000,000 unlisted options expired during the year ended 30 June 2015.

(d) Terms and conditions of contributed equity

Ordinary Shares:

Ordinary shares have the right to receive dividends as declared and, in the event of winding up the Company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held.

Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the Company.

Capital Management

When managing capital, management's objective is to ensure the entity continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders. Management also aims to maintain a capital structure that ensures the lowest cost of capital available to the entity.

Management may in the future adjust the capital structure to take advantage of favourable costs of capital and issue further shares in the market. Management has no current plans to adjust the capital structure other than as disclosed in the financial statements. There are no plans to distribute dividends in the next year.

13. Reserves

Nature and purpose of reserves:

Share-based Payments Reserve
This reserve was used to record the value of equity benefits provided to Directors and employees as part of their remuneration.

Foreign Currency Translation Reserve
The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries.

14. Discontinued Operations

On 8 June 2015 the Company entered into Share Purchase Agreement with IMC for the disposal of its entire interest in the share capital of its subsidiary Yilgarn Petroleum Philippines Pty Ltd ("Yilgarn"). Yilgarn was the holder of the Company's interest in Service Contract 54A and 54B in the Philippines, which was the Company's main undertaking. Shareholder approval was granted on 19 August 2015 and the transaction was completed on 27 November 2015.

(a) Consideration received

	$
Sale amount – cash and cash equivalents	784,000
Less: agreed deductions	(25,172)
	758,828

(b) Assets and liabilities over which control was lost as at 27 November 2015

	$
Non-Current Assets	
Deferred exploration and evaluation expenditure	832,619
Current Liabilities	
Trade and other payables	(32,641)
	799,978

(c) Gain on disposal of subsidiary

	$
Consideration received	758,828
Net assets disposed of	(799,978)
Loss on disposal before reclassification from equity of cumulative exchange differences relating to the net assets of the subsidiary	(41,150)
Reclassification from equity of cumulative exchange differences relating to the net assets of the subsidiary	1,208,987
Gain on disposal of subsidiary	1,167,837

The gain on disposal is included in the profit from discontinued operations (Note 14(d)).

14. Discontinued Operations (continued)

(d) Profit / (loss) from discontinued operations

	2016	2015
	$	$
Expenses	(11,234)	(1,944,853)
Loss before tax	(11,234)	(1,944,853)
Attributable income tax benefit	-	-
Loss after tax	(11,234)	(1,944,853)
Gain on disposal of subsidiary (Note 14(c))	1,167,837	-
Profit / (loss) from discontinued operations	1,156,603	(1,944,853)

15. Contingent Assets and Liabilities

Contingent Assets

In March 2009, Kairiki entered into agreements with a previous partner, Alpine Oil & Gas Pty Ltd (AOG) to sell Kairiki's 30% interest in each of the Sicily Channel exploration permits, Pantelleria and Kerkouane. As consideration, AOG agreed to pay US$280,000 cash (A$326,836) for each permit if and when AOG disposes of an interest in those permits. US$280,000 was received in June 2010 in relation to the Kerkouane permit.

Contingent Liabilities

There are no contingent liabilities.

16. Commitments

The Company has no commitments.

17. Related Party Transactions

(a) Parent entity

The parent entity within the Group is Kairiki Energy Limited. The ultimate parent entity was IMC Oil & Gas Investments Ltd until 4 March 2016, when it disposed of its entire shareholding in the Company.

(b) Subsidiaries

Name of Controlled Entity	**Place of Incorporation**	**% Held by Parent Entity 2016**	**2015**	**Principal Activities**
Yilgarn Petroleum Philippines Pty Ltd (i)	Australia	-	100%	Oil and gas exploration
Great Southern Mines NL	Australia	100%	100%	Dormant
Kairiki Energy Asia Pty Ltd (ii)	Australia	100%	100%	Dormant
Kairiki Energy Africa Pty Ltd (iii)	Australia	-	100%	Dormant
Kairiki Energy Italy Pty Ltd (iii)	Australia	-	100%	Dormant

(i) Yilgarn Petroleum Philippines Pty Ltd was sold on 27 November 2015. Refer to Note 14.
(ii) This company is in the process of being deregistered.
(iii) These companies were deregistered during the year.

17. Related Party Transactions (continued)

(c) Key management personnel compensation

	Consolidated	
	2016	2015
	$	$
Short-term employment benefits	**105,000**	114,000
	105,000	114,000

Further disclosures relating to key management personnel are set out in the remuneration report in the Directors' Report.

(d) Transactions with related parties

(i) Director-related entities

A legal firm of which director Robert Downey is a principal provided services totalling $38,232 during the year ended 30 June 2016 (2015: $22,920). No amount was outstanding at 30 June 2016 ($25,212 as at 30 June 2015).

An entity related to director Robert Downey provided consulting services totalling $40,000 during the year ended 30 June 2016 (2015: nil) and an entity related to director Stephen Harrison provided consulting services totalling $20,000 (2015: nil). $44,000 and $12,100 respectively including GST remained in trade creditors as at 30 June 2016 (2015: nil).

(ii) IMC – former related party

IMC was a related party until 4 March 2016, when it disposed of its entire shareholding in the Company.

The Company's subsidiary Yilgarn Petroleum Philippines Pty Ltd was sold to IMC on 27 November 2015. Refer to Note 14.

IMC provided the Group with a drawdown facility with a limit of $488,000, which had been fully drawn down as at 30 June 2015. Further drawdowns of $296,000 were made during the year ended 30 June 2016. The loan was repaid with the proceeds of the disposal of Yilgarn Petroleum Philippines Pty Ltd on 27 November 2015. Interest expenses on the loan during the year ended 30 June 2016 were $12,110 (2015: $47,012). Refer to Note 11 for further details.

3,000,000 unlisted options were issued to IMC in consideration for IMC paying its own legal costs and other expenses for the rights issue offer in April 2013 and the convertible note conversion in November 2013. These options expired on 30 June 2015. Refer to Note 18 for further details.

18. Share-based Payments

There were no share-based payments during the years ended 30 June 2016 or 30 June 2015.

(a) Details of share-based payments which expired during the year ended 30 June 2015

3,000,000 unlisted options with an exercise price of 10 cents and an expiry date of 30 June 2015 were issued to IMC on 5 December 2013 in consideration for IMC paying its own legal costs and other expenses for the rights issue offer in April 2013 and the convertible note conversion in November 2013. These options expired on 30 June 2015. The fair value of the options was calculated as 0.19 cents per option or $5,660 in total using a binomial model and the following assumptions:

Dividend yield (%)	Nil
Expected volatility (%)	100%
Risk-free interest rate (%)	2.63%
Expected life (years)	1.2
Exercise price (cents)	10.0
Share price at grant date (cents)	2.0

18. Share-based Payments (continued)

(b) Summary of share-based payments

No options were granted during the year ended 30 June 2016.

2015

Grant Date	Expiry Date	Exercise Price	Balance at start of the year Number	Granted during the year Number	Exercised during the year Number	Expired or Change due to Resignation Number	Balance at end of the year Number	Vested and exercisable at end of the year Number
Related Party – IMC								
5/12/2013	30/6/2015	10 cents	3,000,000	-	-	(3,000,000)	-	-
			3,000,000	-	-	(3,000,000)	-	-
Weighted average exercise price ($)			0.10	-	-	0.10	-	-

The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome. No other features of options granted were incorporated into the measurement of fair value.

(c) Weighted average fair value

No share-based payment options were granted during the year ended 30 June 2016 or 30 June 2015.

(d) Weighted average remaining contractual life

No share-based payment options were outstanding during the year ended 30 June 2016 or 30 June 2015.

	Consolidated	
	2016	2015
	$	$
19. Auditor's Remuneration		
Amount received or due and receivable by the auditor of Kairiki Energy Limited for:		
Auditing and reviewing the financial statements	**20,000**	27,500
	20,000	27,500

No amounts were paid to other audit firms.

20. Joint Arrangements

The Group had the following interests in joint operations:

Permit	Principal Activities	Percentage Interest	
		2016	2015
SC 54 – Area 'A'	Oil and gas exploration	-	30.1%
SC 54 – Area 'B'	Oil and gas exploration	-	40%

The Group had classified these joint arrangements as joint operations under the terms of the agreements. The Group had joint control, by virtue of the Joint Operating Agreement specific to the Service Contract. Joint control was achieved by the affirmative vote of two or more parties owning an aggregate of at least 70% for SC 54A and SC 54B.

The joint arrangements were not conducted via separate legal entities. They were contractual arrangements between the participants for the sharing of costs and outputs. The participants shared exploration, evaluation and development costs and output in proportion to their ownership of the joint operation assets. The Group's share of exploration, evaluation and development expenditure was accounted for in accordance with the policy set out in Note 2.

21. Segment reporting

The Group's only continuing operation is reviewing new project opportunities. Its assets and liabilities relate only to Australia. Accordingly, it has only one segment at this time.

For the year ended 30 June 2015, the Group's only operating segment was exploration and evaluation assets, which included assets that were associated with the determination and assessment of the existence of commercial economic reserves. The Group identified its operating segments based on the internal reports that are used by the executive management team (the chief operating decision makers) in assessing performance and in determining the allocation of resources.

Corporate costs, finance costs, interest revenue and foreign currency gains and losses were not allocated to segments as they were not considered part of the core operations of the segments and are managed on a Group basis.

Consolidated	**Oil & Gas Exploration $**	**Total $**
30 June 2015		
Segment revenue	**-**	**-**
Unallocated items:		
Interest revenue		1,583
Royalty income		2,448
Foreign exchange gains		82,975
Total revenue and other income		87,006
Segment result	(1,944,853)	(1,944,853)
Unallocated items:		
Unallocated revenue and other income		87,006
Administrative and other costs		(301,028)
Finance costs		(47,012)
Loss after tax		(2,205,887)
Segment assets	784,000	784,000
Unallocated items:		
Cash		17,631
Other corporate assets		17,938
Total assets		819,569
Segment capital expenditure	**-**	**-**
Unallocated corporate capital expenditure		-
Total capital expenditure		**-**

22. Financial Risk Management Objectives and Policies

The Group's principal financial instruments comprise cash and short-term deposits. The main purpose of these financial instruments is to provide working capital for the Group's operations.

The Group has various other financial instruments such as trade creditors, which arise directly from its operations.

It is the Group's policy that no trading in financial instruments shall be undertaken.

The main risks arising from the Group's financial instruments are interest rate risk, liquidity risk, credit risk and foreign currency risk. The Board reviews and agrees on policies for managing each of these risks and they are summarised below.

Interest Rate Risk

At balance date the Group's exposure to market risk for changes in interest rates relates primarily to the Company's short-term cash deposits. The Group constantly analyses its exposure to interest rates, with consideration given to potential renewal of existing positions, the mix of fixed and variable interest rates and the period to which deposits may be fixed.

At balance date, the Group had the following financial assets exposed to variable interest rates that are not designated in cash flow hedges:

	Consolidated	
	2016	2015
	$	$
Financial Assets:		
Cash and cash equivalents held in interest-bearing accounts	**107,805**	17,631
Net exposure	**107,805**	17,631

The following sensitivity analysis is based on the interest rate risk exposures in existence at the reporting date. The 0.5% sensitivity is based on reasonably possible changes, over a financial year, using an observed range of historical bank interest rate movements over the last three years.

At 30 June 2016, if interest rates had moved as illustrated in the table below, with all other variables held constant, post tax profit and equity relating to financial assets of the Group would have been affected as follows:

	Consolidated	
	2016	2015
	$	$
Judgements of reasonably possible movements:		
Post tax profit and equity - higher / (lower)		
+ 0.5%	**539**	88
- 0.5%	**(539)**	(88)

22. Financial Risk Management Objectives and Policies (continued)

Liquidity Risk
The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of its cash and funding requirements.

The table below reflects all contractually fixed pay-offs, repayments and interest resulting from recognised financial liabilities as of 30 June 2016. These amounts represent contractual undiscounted cash flows.

The contractual maturities of the Group's financial liabilities are:

	Consolidated	
	2016	2015
	$	$
6 months or less	**220,199**	742,252

Credit risk
Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted the policy of dealing with creditworthy counterparties and obtaining sufficient collateral or other security where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company measures credit risk on a fair value basis.

Cash is primarily deposited only with AA-rated (Moody's) financial institutions. The Company does not have any other significant credit risk exposure to a single counterparty or any group of counterparties having similar characteristics.

Foreign Currency Risk
As the functional currency of Kairiki Energy Limited is USD and the presentation currency of the Group is AUD, and transactions occur in both currencies, the Group's statement of financial position and result can be affected by movements in the AUD/USD exchange rates. Foreign currency gains or losses in the statement of profit or loss and other comprehensive income result from the settlement of transactions in currencies other than the functional currency and the translation at period-end exchange rates of monetary assets and liabilities denominated in currencies other than the functional currency (primarily AUD).

The Group manages its foreign exchange risk by constantly reviewing its exposure to commitments payable and ensuring cash balances are maintained in appropriate currencies to meet operational commitments.

At 30 June 2016, the Group had the following exposures to USD and AUD currencies that are not designated in cash flow hedges:

	2016		2015	
	USD	**AUD**	USD	AUD
	AUD $	**AUD $**	AUD $	AUD $
Financial Assets:				
Cash and cash equivalents	**-**	**107,805**	6,479	11,152
Trade and other receivables	**-**	**-**	-	16,174
Listed shares	**-**	**10,083**	-	1,764
Financial Liabilities:				
Trade and other payables	**-**	**(220,199)**	(20,284)	(224,126)
Borrowings	**-**	**-**	-	(488,000)
Net exposure	**-**	**(102,311)**	(13,805)	(683,036)

22. Financial Risk Management Objectives and Policies (continued)

Because the functional currency of the parent entity is USD, foreign currency risk arises on AUD balances.

The following sensitivity analysis is based on the foreign currency risk exposures in existence at the reporting date. The 5% sensitivity is based on reasonably possible changes, over a financial year, using an observed range of actual historical rates, for the AUD/USD exchange rate, for the preceding five years.

At 30 June, if the AUD/USD exchange rate had moved as illustrated in the table below, with all other variables held constant, post tax profit and equity would have been affected as follows:

	Consolidated	
	2016	2015
	$	$
Judgments of reasonably possible movements:		
Post tax profit and equity - higher / (lower)		
AUD/USD + 5 %	**(4,872)**	(32,526)
AUD/USD - 5 %	**5,385**	35,949

Management believes the balance date risk exposures are representative of the risk exposure inherent in financial instruments.

Fair Value

The methods of estimating fair value are outlined in the relevant notes to the financial statements.

23. Parent Entity Information

	Parent	
	2016	2015
	$	$
Current assets	**107,805**	27,806
Total assets	**117,888**	799,285
Current liabilities	**(220,199)**	(712,127)
Total liabilities	**(220,199)**	(712,127)
Net assets	**(102,331)**	87,158
Issued capital	**85,783,048**	85,660,548
Share-based payments reserve	**-**	3,594,180
Available for sale reserve	**8,823**	504
Foreign currency translation reserve	**(6,908,055)**	(6,914,182)
Accumulated losses	**(78,986,127)**	(82,253,892)
Total equity	**(102,331)**	87,158
Loss of the parent entity after tax	**(326,415)**	(2,208,247)
Other comprehensive income / (loss), net of tax	**14,446**	422,900
Total comprehensive loss of the parent entity	**(311,969)**	(1,785,347)

24. Events Subsequent to the Reporting Period

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

DIRECTORS' DECLARATION

1. In the opinion of the Directors:

   a) The financial statements and notes and additional disclosures included in the Directors' Report designated as audited, are in accordance with the Corporations Act 2001, including:

      i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2016 and of its performance for the year ended on that date; and

      ii) complying with Accounting Standards and the Corporations Regulations 2001; and

   b) the financial statements and notes thereto are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board, as disclosed in note 2; and

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

2. This declaration has been made after receiving the declarations required to be made to the directors in accordance with Section 295A of the Corporations Act 2001 for the financial year ended 30 June 2016.

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

Campbell Welch
Chairman
29 September 2016

ROTHSAY

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INDEPENDENT AUDIT REPORT TO THE MEMBERS OF KAIRIKI ENERGY LIMITED

Report on the financial report

We have audited the accompanying financial report of Kairiki Energy Limited (the Company") which comprises the statement of financial position as at 30 June 2016, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, notes comprising a summary of significant accounting policies and other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the year.

Directors' Responsibility for the Financial Report

The Directors of the Company are responsible for the preparation and true and fair presentation of the financial report in accordance with the Australian Accounting Standards and the *Corporations Act 2001*. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report. The Directors are also responsible for the remuneration disclosures contained in the directors' report.

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. These standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance as to whether the financial report is free of 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 our 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, we consider internal controls relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate to the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. 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

We are independent of the Company, and have met the independence requirements of Australian professional ethical requirements and the *Corporations Act 2001*.

Audit opinion

In our opinion the financial report of Kairiki Energy Limited is in accordance with the *Corporations Act 2001*, including:

a) (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2016 and of their performance for the year ended on that date; and
(ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and

b) the consolidated financial report also complies with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Emphasis of Matter

Without qualifying our opinion, we draw attention to the section in Note 2 on *Going concern* in the financial report which indicates the ability of the consolidated entity to continue as a going concern is dependent upon raising additional capital to fund working capital requirements. In the event the consolidated entity is unable to raise such capital, there is a material uncertainty as to whether the consolidated entity could continue as a going concern and therefore may be unable to realise its assets and extinguish its liabilities in the normal course of business and for the amounts stated in the financial report.

Report on the remuneration report

We have audited the remuneration report included in the directors' report for the year ended 30 June 2016. The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with 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.

Audit opinion

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

Rothsay

Rolf Garda
Partner

Dated 29 September 2016

SUPPLEMENTARY INFORMATION
Additional information included in accordance with Listing Rules of the Australian Stock Exchange Limited

The shareholder information set out below was applicable as at 21 September 2016.

1. Distribution of Holders

	Fully Paid Ordinary Shares
Number of holders in the following distribution categories:	
0 - 1,000	2,063
1,001 - 5,000	723
5,001 - 10,000	256
10,001-100,000	434
100,001 and over	223
Number of holders	3,699
Holders of less than a marketable parcel	3,416

2. Twenty Largest Shareholders
The names of the twenty largest shareholders are as follows:

		Number of Shares	Percentage of Issued Capital
1	Mr Andrew William Blackman	25,000,000	9.29
2	Mr Mark Allen Barton & Mr Mitchell James Barton	19,500,000	7.25
3	Mr Paul Lynton Spindler	15,000,000	5.57
4	VFT Investments Pty Ltd	10,357,143	3.85
5	Saratoga Capital Pty Ltd	7,657,143	2.85
6	Ms Carol Anne Bingham	7,000,000	2.60
7	Lobel Enerprises Pty Limited<Lobel Super Fund A/C>	6,035,000	2.24
8	Campbell Kitchener Hume & Associates Pty Ltd<C K H Superfund A/C>	6,000,000	2.23
9	Aus Steel Pty Ltd <D&K Onley S/F A/C>	5,000,000	1.86
10	Ian A Thompson Pty Ltd<Thompson Super Fund A/C>	5,000,000	1.86
11	Mr Campbell Douglas Welch	4,970,000	1.85
12	Mr Robert Leslie Rogers	4,500,000	1.67
13	Mr Nicolas Di Condio & Mr Vincenzo Marino	4,380,000	1.63
14	Coffs Harbour Investments Pty Ltd<The Coffs Harbour Inv A/C>	4,057,143	1.51
15	Mr Ho Kaku	3,800,000	1.41
16	Yandal Investments Pty Ltd	3,768,200	1.40
17	Mr Murray Alan Quarmby	3,761,750	1.40
18	Alexandra Patrick Pty Ltd	3,057,143	1.14
19	Mr Anthony James Wells & Mrs Joanne Dawn Wells	3,001,457	1.12
20	Mr Sihol Marito Gultom	3,000,000	1.11
		144,844,979	53.82
	Shares on issue	269,122,480	

3. Unlisted Options
There are no unlisted options on issue.

4. Restricted Securities
There are no restricted securities or securities subject to voluntary escrow.

5. Substantial Shareholders
Substantial shareholders in the Company as disclosed in the substantial shareholder notices given to the Company:

	Number of Shares	Percentage of Issued Capital
Mr Andrew William Blackman	25,000,000	9.29
Mr Mark Allen Barton & Mr Mitchell James Barton	19,500,000	7.25
Mr Paul Lynton Spindler	15,000,000	5.57

6. Voting Rights

Shares
On a show of hands every member present in person or by proxy or attorney or being a corporation by its authorised representative who is present in person or by proxy, shall have one vote for every fully paid ordinary share of which he is a holder.

Options
Options have no voting rights until such options are exercised as fully paid ordinary shares.

7. On-market Buy-back
There is no current on-market buy-back of the Company’s securities.