



A.B.N. 64 087 595 980

INTERIM FINANCIAL REPORT

For the half-year ended 30 June 2017

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Corporate Directory

Directors

Sia Hok Kiang (Chairman)
Eric Vesel (Executive Director)
Stanislaw (Stan) Wassylko (Non-Executive Director)
Harun Halim Rasip (Non-Executive Director)

Company Secretary

Andrew Metcalfe
cux@accosec.com

Registered Office

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Australia

Website & Email

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Email: asxcux@gmail.com

Stock Exchange Listing

Australian Stock Exchange (ASX)
ASX code: CUX
Website: www.asx.com.au

Share Registry

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Fax: +61 (0) 2 9279 0664
Email: enquiries@boardroomlimited.com.au
Website: www.boardroomlimited.com.au

Auditors

BDJ Partners Audit Pty Ltd
Level 13, 122 Arthur Street
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Australia

Bankers

Westpac Banking Corporation

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BDO Darwin
72 Cavenaugh Street
Darwin City, NT, 0801

Directors' Report

The Directors present their report on the consolidated entity (the "Group") consisting of Crossland Strategic Metals Limited ("Crossland" or the "Company") and the entities it controlled at the end of, or during, the half-year ended 30 June 2017.

Directors

The names of the Directors in office at any time during the half-year and up to the date of this report are:

Sia Hok Kiang	Non-Executive Chairman
Eric Vesel	Executive Director
Stanislaw Wassylko	Non-Executive Director
Harun Halim Rasip	Non-Executive Director (appointed 2 June 2017)
Geoff Eupene	Non-Executive Director (resigned 31 May 2017)

Company Secretary

Grahame Clegg (resigned 1 June 2017)
Andrew Metcalfe (appointed 1 June 2017)

Principal Activities

The Group's principal activities during the half year was the exploration for rare earth elements (REE) and uranium in the Northern Territory of Australia and economic hard rock gold deposits.

Financial Review

The result of the Group for the financial half-year ended 30 June 2017 was an after-tax loss of \$173 thousand (30 June 2016: loss of \$194 thousand). No dividend was declared for the period.

Corporate

On 2nd June 2017, the Company announced the completion of the acquisition on 31 May 2017 of 100% of the shares in Essential Mining Resources Pty Ltd ('EMR') (ABN 22 601 655 725). EMR was a joint venture partner in the Charley Creek project and the acquisition results in 100% interest in the Charley Creek project and other tenements EMR holds. The acquisition met the definition of a business combination in accordance with AASB Business Combinations. As such, the entity purchased has been consolidated into the Group from the date of acquisition. The consideration for the purchase was the issue of shares in the Company to the two previous shareholders of EMR at the date of acquisition. The transaction is disclosed as a transaction with related parties.

As the Company is reviewing opportunities in an active manner, costs will be incurred in assessing those opportunities. The Board is conscious of keeping such costs to a minimum and only incurring expenditure on those opportunities that it considers would be favorable to delivering value to shareholders.

Events subsequent to the balance date

There were no events subsequent to the balance date.

Directors' Report

Rounding of amounts

The Company is of the kind referred to in ASIC Corporations (Rounding in Financial/Directors Reports) Legislative Instrument 2016/191, dated 1 April 2016, and in accordance with that Legislative Instrument amounts in the Directors Report and the Financial Statements are rounded off to the nearest thousand dollars, unless otherwise indicated.

Auditor's Independence Declaration

The auditor's independence declaration as required under Section 307C of the Corporations Act 2001 is included in the interim financial report.

Signed in accordance with a resolution of Directors made pursuant to section 306(3) of the *Corporations Act 2001*.

On behalf of the Directors



Harun Halim Rasip
Director

13 September 2017

directors

G W Cliffe CA
A J Dowell CA

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Auditor's Independence Declaration under Section 307C of the Corporations Act 2001 to the Directors of Crossland Strategic Metals Limited and Controlled Entities

I declare that, to the best of my knowledge and belief during the half-year ended 30 June 2017 there have been:

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

BDJ Partners Audit Pty Limited



.....
Gregory W Cliffe
Director

12 September 2017

Condensed Consolidated Statement of Financial Position
As at 30 June 2017

		Consolidated	
		30 June	31 December
		2017	2016
	Note	A\$000	A\$000
CURRENT ASSETS			
Cash and cash equivalents		156	109
Trade and other receivables		47	17
Other current assets		10	10
TOTAL CURRENT ASSETS		213	136
NON-CURRENT ASSETS			
Trade and other receivables		78	50
Property, plant and equipment		6	2
Deferred exploration and evaluation expenditure		6,606	4,384
TOTAL CURRENT ASSETS		6,690	4,436
TOTAL ASSETS		6,903	4,572
CURRENT LIABILITIES			
Trade and other payables		177	238
Interest bearing liabilities		772	1,169
Provisions		2	16
TOTAL CURRENT LIABILITIES		951	1,423
NON-CURRENT LIABILITIES			
Provisions		20	20
TOTAL NON-CURRENT LIABILITIES		20	20
TOTAL LIABILITIES		971	1,443
NET ASSETS		5,932	3,129
EQUITY			
Share capital	7	22,972	19,996
Reserves		344	344
Accumulated losses		(17,384)	(17,211)
TOTAL EQUITY		5,932	3,129

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

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income For the half-year ended 30 June 2017

		Consolidated Six Months Ended 30 June 2017 A\$000	Six Months Ended 30 June 2016 A\$000
	Note		
Revenue		-	-
Other income	5	1	33
Administration expenses		(100)	(79)
Consultants Fees		(10)	(29)
Depreciation and amortisation expense		-	(2)
Employee benefits expense		(32)	(82)
Exploration expenditure written off		-	(23)
Minesite rehabilitation provision		-	4
Occupancy expenses		(6)	(15)
Foreign exchange losses		-	-
Other expenses from ordinary activities		(7)	(1)
Interest expense		(19)	-
LOSS BEFORE INCOME TAX		(173)	(194)
Income tax expense from continuing operations	6	-	-
LOSS FOR THE PERIOD		(173)	(194)
Other comprehensive income, net of tax, for the period		-	-
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD		(173)	(194)
Total comprehensive loss attributable to members of Crossland Strategic Metals Limited		(173)	(194)
Basic and diluted loss per share	8	(0.04)	(0.05)

The above Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

**Condensed Consolidated Statement of Changes in Equity
For the half-year ended 30 June 2017**

	Ordinary shares (A\$000)	Reserve (A\$000)	(Accumulated losses) (A\$000)	Total equity (A\$000)
At 1 January 2017	19,996	344	(17,211)	3,129
Loss for the period	-	-	(173)	(173)
Total comprehensive income for the period	-	-	(173)	(173)
Transactions with owner's in their capacity as owners				
Shares issued during period	2,976	-	-	2,976
Balance at 30 June 2017	22,972	344	(17,384)	5,932
At 1 January 2016	19,742	344	(16,716)	3,369
Loss for the period	-	-	(194)	(194)
Other comprehensive (loss)	-	-	-	-
Total comprehensive (loss) for the period	-	-	(194)	(194)
Transactions with owner's in their capacity as owners				
Shares issued	95	-	-	95
Balance at 30 June 2016	19,837	344	(16,910)	3,270

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

Condensed Consolidated Statement of Cash Flows

For the half-year ended 30 June 2017

	Consolidated	
	Six Months Ended 30 June 2017 A\$000	Six Months Ended 30 June 2016 A\$000
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	-	-
Payments to suppliers and employees	(120)	(100)
Interest received	1	-
NET CASH (USED IN)/PROVIDED BY OPERATING ACTIVITIES	(119)	(100)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of business – net cash received	39	-
Payments for exploration expenditure	(220)	(519)
Payment for property, plant and equipment	(4)	-
Sale of tenements	-	38
Payment of security deposits	-	-
NET CASH PROVIDED BY INVESTING ACTIVITIES	(185)	(481)
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from share issues	-	-
Loans received from directors and related parties	351	15
Other loans received	-	545
NET CASH (USED IN) FINANCING ACTIVITIES	351	560
NET (DECREASE)/ INCREASE IN CASH HELD	47	(21)
OPENING CASH AND CASH EQUIVALENTS	109	24
CLOSING CASH AND CASH EQUIVALENTS	156	3

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

Notes to the Condensed Consolidated Financial Statements

1. CORPORATE INFORMATION

Crossland Strategic Metals Limited ("Crossland" or the "Company") is a company incorporated and domiciled in Australia. The condensed consolidated financial report of the Company as at and for the half-year ended 30 June 2017 comprises the Company and its subsidiaries (together referred to as the "Group").

A description of the nature of the consolidated entity's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

Registered Office and Principal Place of Business

Level 2, 470 Collins Street, Melbourne, Victoria 3000 Australia

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

Basis of Preparation

The condensed consolidated interim financial report is a general purpose financial report which has been prepared in accordance with the requirements of the *Corporations Act 2001*, applicable Accounting Standards including AASB 134 *Interim Financial Reporting* and other mandatory professional reporting requirements. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard AASB 134 *Interim Financial Reporting*.

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

The Company is of the kind referred to in ASIC Corporations (Rounding in Financial/Director's Reports) Legislative Instrument 2016/191, and in accordance with that Legislative Instrument amounts are rounded off to the nearest thousand dollars, unless otherwise indicated.

The condensed consolidated interim financial report should be read in conjunction with the consolidated annual financial report as at 31 December 2016, together with any public announcements made by the Company during the half-year ended 30 June 2017 in accordance with its continuous disclosure obligations.

The accounting policies adopted are consistent with those of the previous financial period. All references in this report are to Australian dollars unless otherwise stated.

Adoption of New and Revised Accounting Standards

The significant accounting policies are the same as those set out in the Company's 31 December 2016 audited consolidated financial statements and have been consistently applied to all the periods presented in these financial statements. These standards did not have a significant impact on the consolidated condensed interim financial statements or disclosures.

The Group has chosen not to early-adopt any accounting standards that have been issued, but are not yet effective.

Going Concern

The half year financial report has been prepared on a going concern basis, which contemplates continuity of normal business activities and the realization of assets and discharge of liabilities in the normal course of business for the foreseeable future.

The consolidated entity reported a loss for the interim period of \$173k (2016: loss of \$194K) and net cash outflow from operations of \$119k (2016: \$100K) during the period. As at 30 June 2017 the consolidated entity had net current liabilities of \$738k (31 December 2016: \$1,287k), and net assets of \$5,932k (31 December 2016: \$3,129k). The cash balance at 30 June 2017 was \$156k (31 December 2016: \$109k).

The Directors regularly monitor the Group's cash position and on an on-going basis consider a number of strategic and operational plans and initiatives to ensure that adequate funding continues to be available for the Group to meet its business objectives as the Group continues to work towards the development and commercialisation of its Charley Creek REE tenements.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (Continued)

The directors believe that the company will have sufficient working capital to meet its minimum project development and administrative expenses in the twelve months following the date of signing of the financial report.

The directors are investigating options to raise additional funds to allow the company to pursue its project opportunities and reduce its working capital requirements with the intent that the consolidated group continues as a going concern.

If all of these options are unsuccessful, this may indicate that there is a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern.

3. OPERATING SEGMENTS

(a) Identification of reportable segments

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (chief operating decision makers) in assessing performance and determining the The group is managed primarily on the basis of mineral exploration in Australia. Operating segments are therefore determined on the same basis.

(b) Basis of accounting for purposes of reporting by operating segments

Accounting policies adopted

Unless stated otherwise, all amounts reported to the Board of Directors, being the chief decision makers with respect to operating segments, are determined in accordance with accounting policies that are consistent to those adopted in the annual financial statements of the Group.

Inter-segment transactions

An internally determined transfer price is set for all inter-segment sales. This price is reset quarterly and is based on what would be realised in the event the sale was made to an external party at arm's length. All such transactions are eliminated on consolidation of the Group's financial statements.

Corporate charges are allocated to reporting segments based on the segments overall proportion of revenue generation within the Group. The Board of Directors believes this is representative of likely consumption of head office expenditure that should be used in assessing segment performance and cost recoveries.

Inter-segment loans payable and receivable are initially recognised at the consideration received/to be received net of transaction costs. If inter-segment loans receivable and payable are not on commercial terms, these are not adjusted to fair value based on market interest rates. This policy represents a departure from that applied to the statutory financial statements.

(c) Segment assets

Where an asset is used across multiple segments, the asset is allocated to the segment that receives majority economic value from the asset. In the majority of instances, segment assets are clearly identifiable on the basis of their nature and physical location.

(d) Segment liabilities

Liabilities are allocated to segments where there is a direct nexus between the incurrence of the liability and the operations of the segment. Borrowings and tax liabilities are generally considered to relate to the Group as a whole and are not allocated. Segment liabilities include trade and other payables and certain direct borrowings.

3. OPERATING SEGMENTS (continued)**(e) Unallocated items**

The following items of revenue, expenses, assets and liabilities are not allocated to operating segments as they are not considered part of the core operations of any segment:

- impairment of assets and other non-recurring items of revenue or expense;
- income tax;
- deferred tax assets and liabilities;
- current tax liabilities;
- other financial liabilities; and
- intangible assets

Consolidated	Head Office	Exploration Australia	Inter segment	Total	Head Office	Exploration Australia	Inter segment	Total
	2017	2017	2017	2017	2016	2016	2016	2016
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000

Segment performance**Revenue**

Interest revenue	1	-	-	1	1	-	-	1
Other income	-	-	-	-	-	33	-	33
Total revenue	1	-	-	1	1	33	-	34

Operating result

Segment net loss								
Before income tax	(73)	-	-	(73)	31	(111)	(33)	(113)

Reconciliation of segment result to group net loss before tax

Amounts not included in segment result but reviewed by the board

Corporate charges	(100)							(2)
Depreciation	-							(79)
Total net loss before income tax benefit	(173)							(194)

Consolidated	Head Office	Exploration Australia	Inter segment	Total	Head Office	Exploration Australia	Inter segment	Total
	2017	2017	2017	2017	2016	2016	2016	2016
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000

Segment assets and liabilities

Segment assets	11,124	1,242	(5,464)	6,902	5,548	4,402	(5,525)	4,424
Unallocated				-				-
Group assets				6,902				4,424
Segment liabilities	1,286	10,465	(10,781)	970	831	10,734	(10,411)	1,154
Unallocated	-	-	-	-	-	-	-	-
				970				1,154

4. BUSINESS ACQUISITION

On 2nd June 2017, the Company announced the completion of the acquisition on 31 May 2017 of 100% of the shares in Essential Mining Resources Pty Ltd ('EMR') (ABN 22 601 655 725). EMR was a joint venture partner in the Charley Creek project and the acquisition results in 100% interest in the Charley Creek project and other tenements EMR holds. The acquisition met the definition of a business combination in accordance with AASB Business Combinations. As such, the entity purchased has been consolidated into the Group from the date of acquisition. The consideration for the purchase was the issue of shares in the Company to the two previous shareholders of EMR at the date of acquisition. The transaction is disclosed as a transaction with related parties.

The consideration for the acquisition was made up of:

	Number	Cents	A\$000
Issue of shares in the Company to EMMCO Mining Sdn Bhd	425,054,961	0.53541	2,276
Issue of shares in the Company to a Director, Stan Wassylko	622	0.53541	-
Issue of shares in the Company to EMMCO for conversion of debt owed by the Company	132,500,000	0.40000	530
Total consideration	<u>557,555,583</u>		<u>2,806</u>

The fair value of the net assets acquired were:

	A\$000
Cash and cash equivalents	39
Sundry debtors	22
Loan receivable from the Company	274
Mining tenement	1,365
Exploration expenditure	598
Sundry creditors	<u>(22)</u>
Fair value of the net assets of EMR	<u>2,276</u>

The fair value of the loan owed by the Company that has been converted to equity	530
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Total net fair value received	<u>2,806</u>
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The goodwill on acquisition was \$nil

5. REVENUE

	Consolidated	
	30 June	31 December
	2017	2016
	A\$000	A\$000
Revenue from continuing operations		
Other income		
-Interest received	1	-
-Sale of tenements	-	33
-Other income	-	-
Total revenue and other income	1	33

6. INCOME TAX

	Consolidated	
	30 June	31 December
	2017	2016
	A\$000	A\$000
(a) Income tax expense		
The prima facie income tax benefit on pre-tax accounting loss reconciles to the income tax benefit in the financial statements as follows:		
Loss for year before income tax benefit	(173)	(194)
Income tax benefit calculated at 30%	(52)	(58)
Temporary differences and tax losses not recognised	52	58
Other permanent differences		
-Non-deductible expenses	-	-
Income tax benefit attributable to loss	-	-

7. SHARE CAPITAL

	Consolidated	
	30 June 2017 A\$000	30 June 2016 A\$000
(a) Issued and paid-up capital		
1,011,646,449 fully paid ordinary shares (2016: 352,557,970)	23,841	20,706
Less share issue costs	(869)	(869)
Fully paid ordinary shares carry one vote per share and carry the right to dividends	22,972	19,837
(b) Movements in share capital		
Balance at beginning of period	19,996	19,742
Issue of shares on business acquisition	2,276	-
Issue of shares on conversion of debt	530	-
Issue of shares to directors	110	-
Issue of shares to other parties	60	95
Balance at end of period	22,972	19,837
(c) Share Capital Movement (Number of Shares)	No.	No.
On Issue at beginning of period – 31 December	422,361,516	378,986,542
Issue of shares on business acquisition	425,055,583	-
Issue of shares on conversion of debt	132,500,000	-
Issue of shares to directors	20,523,043	-
Issue of shares to other parties	11,206,307	13,571,428
On Issue at end of period - 30 June	1,011,646,449	392,557,970

8. EARNINGS PER SHARE

Basic and diluted	2017	2016
Loss for six months period	(173)	(194)
Weighted average number of shares used in basic and diluted earnings per share	471,468,594	390,859,340
Basic and diluted earnings per share (cents per share)	(0.04)	(0.05)

9. CONTINGENCIES

There were no Contingent liabilities as at 30 June 2017 or 31 December 2016.

10. COMMITMENTS**(a) Exploration Tenement**

In order to maintain the consolidated entity's tenements in good standing with Australian mining authorities, the Company will be required to incur exploration expenditure under the terms of each claim.

	Consolidated 2017 \$'000	2016 \$'000
Payable not later than one year	-	342
Payable later than one year, but not later than two years	-	-
	-	342

It is likely that variations to the terms of the current and future tenement holdings, the granting of new tenements and changes in tenement areas at renewal or expiry, will change the expenditure commitment to the consolidated entity from time to time.

If funds are not available to meet the required expenditure on a tenement the relevant Australian mining authority would be contacted to negotiate a reduction of the expenditure. Should the negotiations not be satisfactory then the company would withdraw from the tenement.

(b) Operating lease commitments

Operating leases relate to the rental of the Milton park homestead and outbuildings. The consolidated entity does not have an option to purchase the leased asset at the expiry of the lease period.

	Consolidated 2017 \$	2016 \$
Payable not later than one year	-	8,000
Payable later than one year, but not later than two years	-	-
	-	8,000

11. RELATED PARTY TRANSACTIONS

There were no transactions with related parties during the current and previous financial year other than the transactions noted below:

Transactions with related parties

(a) Loans from related parties during the period

During the period loans were made to the group by related parties. The amounts loaned during the period are:

Atlas Offshore Services Pty Ltd ¹	\$350,000
EMMCO Mining Sdn Bhd ¹	\$56,000

¹ An entity associated with Directors (Stanislaw Wassylko and Harun Rasip)

(b) Loans from related parties – amounts outstanding at period end

During the period loans were made to the group by related parties. The amounts outstanding at 30 June are:

Eric Vesel, Director	\$15,000
Atlas Offshore Services Pty Ltd ¹	\$700,000
EMMCO Mining Sdn Bhd ¹	\$56,000

¹ An entity associated with Directors (Stanislaw Wassylko and Harun Rasip)

The loans from related parties are unsecured. The interest is charged at 7.5% flat rate per annum from the time of the loan until 30 September 2017.

12. CONTROLLED ENTITIES

	Country of Incorporation	Ownership Interest 2017 %	Ownership Interest 2016 %
Crossland Diamonds Pty Ltd	Australia	100	100
Crossland Mines Pty Ltd	Australia	100	100
Crossland Nickel Pty Ltd	Australia	100	100
Paradigm Mexico Pty Ltd	Australia	100	100
Essential Mineral Resources Pty Ltd ¹	Australia	100	-

¹ Essential Mineral Resources Pty Ltd was acquired on 31 May 2017

13. EVENTS AFTER THE REPORTING PERIOD

No matter or circumstance has arisen after 30 June 2017 that has significantly affected, or may significantly affect, the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.


DIRECTORS' DECLARATION

The Directors declare that:

- (a) The financial statements and notes of the Group are in accordance with the *Corporations Act 2001*, including:
 - (i) Giving a true and fair view of the financial position as at 30 June 2017 and the performance for the half-year ended on that date of the consolidated entity; and
 - (ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.
- (b) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

On behalf of the Directors,



Harun Halim Rasip
Director

13 September 2017

directors

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A J Dowell CA

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Independent Auditor's Review Report

To the members of Crossland Strategic Metals Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Crossland Strategic Metals Limited and controlled entities ("the consolidated entity"), which comprises the condensed consolidated statement of financial position as at 30 June 2017, the condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' Responsibility for the Half-Year Financial Report

The directors of the Crossland Uranium Mines Limited ("the company") are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 30 June 2017 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting and the Corporations Regulations 2001*. As the auditor of the consolidated entity, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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

Conclusion

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

- (a) giving a true and fair view of the consolidated entity's financial position as at 30 June 2017 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting and Corporations Regulations 2001*.

Going Concern

Without modifying our conclusion, we draw attention to Note 2 "Going Concern" which states that the directors are investigating options to raise additional funds and reduce the working capital requirements of the business. Should these measures be unsuccessful, it would indicate a material uncertainty which may cast doubt about the consolidated entity's ability to continue as a going concern and the consolidated entity's ability to pay its debts as and when they fall due.

BDJ Partners Audit Pty Limited



.....
Gregory W Cliffe
Director

13 September 2017