

Afranex Gold Limited

ABN 86 149 572 770

Special Purpose Consolidated Financial Report
For The Year Ended 31 December 2015

Afranex Gold Limited
ABN 86 149 572 770

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Afranex Gold Limited
ABN 86 149 572 770

Corporate Directory

Directors

Malcolm Norris
Terry Gadenne
Allan Kelly

Company Secretary

Kevin Hart

Principal and Registered Office

Suite 8, 7 The Esplanade
Mt Pleasant WA 6153
Telephone (08) 9316 9100
Facsimilie (08) 9315 5475

Auditor

HLB Mann Judd
Level 4, 130 Stirling Street
Perth WA 6000

Company Information

The Company was incorporated and registered as a public company under the Corporations Act 2001 in Western Australia on 28 February 2011.

The Company is domiciled in Australia.

Afranex (Alaska) Limited, a 100% owned subsidiary of Afranex Gold Limited, was incorporated in the United States of America on 23 October 2013.

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Directors' Report

The Directors present their financial report on Afranex Gold Limited (the Company) and its subsidiary Afranex (Alaska) Limited (together the Group) for the financial year ended 31 December 2015, in order to comply with the requirements of the Corporations Act.

Directors

The names and details of the Directors of Afranex Gold Limited during the financial year and until the date of this report are:

Malcolm Norris

Non- Executive Chairman - appointed 25 April 2012

Mr Norris is a senior mining industry professional with extensive experience in mineral exploration, the development of new business opportunities, and asset transactions across a wide range of commodities and geographic locations.

Mr Norris recently led the team which discovered the Tujuh Bukit copper-gold porphyry project for ASX-listed Intrepid Mines Ltd and, prior to that, held senior positions with Indophil Resources and WMC Resources, including several years as Country Manager for WMC Resources in the Philippines, and was the Managing Director of Solomon Gold Plc.

Mr Norris is currently the Managing Director of ASX-listed Avalon Minerals Limited.

Terry Gadenne

Managing Director - appointed 4 March 2012

Mr Gadenne is a former Army and Navy Officer and helicopter pilot and has management experience in the aviation, agriculture and mining technical services industries, including as Managing Director of Mining Logic Limited, which provided services to coal mining companies in Queensland.

Mr Gadenne is a graduate from the Australian Institute of Company Directors, a professional member of AIM and has a management degree from the University of Western Sydney.

Allan Kelly

Non-Executive Director - appointed 2 March 2012

Mr Kelly has 20 years' experience in mineral exploration geology, geochemistry and project management throughout Australia and the Americas and has previously held senior exploration positions with WMC and Avoca Resources Ltd.

Prior to successfully listing Doray Minerals Ltd on the ASX in 2010, as founding Managing Director, Mr Kelly was directly involved in the targeting and early stage exploration of a number of gold, nickel, IOCG and uranium properties in Australia, Alaska and Canada, including the discovery of the very high grade Andy Well gold deposit in Western Australia, for which Doray was named "Gold Explorer of the Year" in 2011.

Mr Kelly is the Managing Director of ASX-listed Doray Minerals Limited.

Company Secretary

Kevin Hart (appointed 28 February 2011)

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Directors' Report

Directors' Interests

As at the date of this report the Directors' interests in shares and options over unissued shares of the Company are as follows:

<i>Director</i>	<i>Directors' Interests in Ordinary Shares</i>	<i>Directors' Interests in Options</i>
M Norris	1,514,286	1,128,572
T Gadenne	1,000,000	1,000,000
A Kelly	2,214,287	1,153,572

Directors' Meetings

The number of meetings of the Company's Directors held during the year ended 31 December 2015, and the number of meetings attended by each Director are as follows:

<i>Director</i>	<i>Board of Directors' Meetings Held</i>	
		<i>Attended</i>
M Norris	-	-
T Gadenne	-	-
A Kelly	-	-

Principal Activities

During the financial year the Company has continued to seek investment avenues or joint venture partners for its Alaskan exploration prospects.

There were no significant changes in these activities during the financial year.

Dividends

No dividend was paid during the financial year and no dividend is recommended in respect of the financial year.

Significant Changes in the State of Affairs

- On 31 July 2015, Southern Crown Resources Limited advised the market that it had elected to terminate the option agreement that it had entered into with the Company;
- On 17 November 2015 the Company issued 8,300,000 ordinary fully paid shares pursuant to a share placement at 2.5 cents per share, raising a total of \$207,500;

Other than the above, there have been no significant changes in the state of affairs of the Group during the financial year.

Review of Operations

The net loss after tax attributable to members of the Company for the financial year ended 31 December 2015 was \$167,674 (2014: \$48,636).

At 31 December 2015 the Company had cash assets of \$57,177 (2014: \$7,680).

Afranex Gold Limited
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Directors' Report

Significant Events after Balance Date

- On 31 January 2016 the Company entered into a revised binding terms sheet with Amazing Energy Oil and Gas Co. (formerly Gold Crest Mines Inc) to acquire, at the Company's election, either a 100% interest in the issued capital of Kisa Gold Mines Inc, or a 100% interest in specific mining permits and associated assets. A total option fee of US\$300,000 is payable on or before 31 December 2016.

The Company paid a US\$50,000 non-refundable deposit to Amazing Energy Oil and Gas Co. in respect of the binding terms sheet, and also had agreed to offset loans of US\$80,000 owed to the Company against the total option fee payable. A balance of US\$130,000 is payable by the Company on settlement.

Other than the above, there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors to affect substantially the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent financial years.

Options over Unissued Capital

At the date of this report the Company has on issue 4,401,787 options over unissued shares (2014: 4,401,787).

No options have been issued by the Company during the 2015 financial year.

Likely Developments and Expected Results of Operations

Disclosure of any further information has not been included in this report because, in the reasonable opinion of the Directors to do so would be likely to prejudice the business activities of the Group.

Officer's Indemnities and Insurance

During the financial year the Company has not paid an insurance premium to insure officers of the Company.

The Company has not provided any insurance for an auditor of the Company.

Proceedings on behalf of the Company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under section 237 of the Corporations Act 2001.

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Directors' Report

Non-audit Services

During the financial year HLB Mann Judd the Company's auditor, has not performed any services in addition to their statutory duties.

Auditor's Independence Declaration

Section 307c of the Corporations Act 2001 requires our auditors HLB Mann Judd to provide the Directors of the Company with an independence declaration in relation to the audit of the annual financial report. This independence declaration is set out on the following page and forms part of the Directors' Report for the year ended 31 December 2015.

This report is made in accordance with a resolution of the Directors, made pursuant to s306(3) of the Corporations Act 2001.

Dated at Perth this 31st day of August 2016.



A Kelly
Director

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the consolidated financial report of Afranex Gold Limited for the year ended 31 December 2015, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- a) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- b) any applicable code of professional conduct in relation to the audit.



Perth, Western Australia
31 August 2016

L Di Giallonardo
Partner

Afranex Gold Limited
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Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the year ended 31 December 2015

	Note	Year Ended 31 December 2015 \$	Year Ended 31 December 2014 \$
Revenue		2	-
Option fees expensed	4	(73,068)	(22,673)
Tenement maintenance and field costs		(83,812)	(10,085)
Cancelled IPO expenses		-	(9,997)
Administration and other expenses		(11,420)	(12,099)
Gain/(loss) on foreign exchange		624	6,218
Loss before income tax		(167,674)	(48,636)
Income tax benefit/(expense)		-	-
Loss after tax		(167,674)	(48,636)
Other comprehensive income		-	-
Total comprehensive loss for the year		(167,674)	(48,636)

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

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Consolidated Statement of Financial Position
As at 31 December 2015

	Note	31 December 2015 \$	31 December 2014 \$
Current assets			
Cash and cash equivalents		57,177	7,680
Trade and other receivables	3	87	-
Total current assets		57,264	7,680
Total assets		57,264	7,680
Current liabilities			
Trade and other payables	5	114,106	109,349
Loans payable	6	114,738	109,737
Total current liabilities		228,844	219,086
Total liabilities		228,844	219,086
Net liabilities		(171,580)	(211,406)
Equity			
Issued capital	7	942,510	735,010
Accumulated losses		(1,114,090)	(946,416)
Total deficiency in equity		(171,580)	(211,406)

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

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Consolidated Statement of Changes in Equity
For the year ended 31 December 2015

2014

	Issued capital \$	Accumulated losses \$	Total \$
Balance at 1 January 2014	535,010	(897,780)	(362,770)
Loss for the year	-	(48,636)	(48,636)
Transactions with equity holders in their capacity as equity holders:			
Shares issued during the year	200,000	-	200,000
Balance at 31 December 2014	735,010	(946,416)	(211,406)

2015

	Issued capital \$	Accumulated losses \$	Total \$
Balance at 1 January 2015	735,010	(946,416)	(211,406)
Loss for the year	-	(167,674)	(167,674)
Transactions with equity holders in their capacity as equity holders:			
Shares issued during the year	207,500	-	207,500
Balance at 31 December 2015	942,510	(1,114,090)	(171,580)

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

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Consolidated Statement of Cash Flows
For the year ended 31 December 2015

	Note	Year ended 31 December 2015 \$	Year Ended 31 December 2014 \$
Cash flows from operating activities			
Interest received		2	-
Payments to suppliers and employees		(89,937)	(9,964)
Net cash (used in) operating activities	9	(89,935)	(9,964)
Cash flows from investing activities			
Option fee payments		(73,068)	(22,673)
Net cash (used in) investing activities		(73,068)	(22,673)
Cash flows from financing activities			
Proceeds from loans received		5,000	27,063
Proceeds for the issue of shares		207,500	-
Net cash provided by financing activities		212,500	27,063
Net increase/(decrease) in cash held		49,497	(5,574)
Cash at the beginning of the year		7,680	13,254
Cash at the end of the financial year		57,177	7,680

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

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Notes to the Consolidated Financial Statements
For the year ended 31 December 2015

Note 1 Summary of significant accounting policies

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial report includes financial statements for Afranex Gold Limited ("Company"), and its subsidiary Afranex (Alaska) Limited (together the "Group").

(a) Basis of preparation

This financial report is a special purpose financial report prepared in order to satisfy the financial report preparation requirements of the Corporations Act 2001. The directors have determined that the Group is not a reporting entity, as there are no users dependent on general purpose financial statements.

The financial report has been prepared in accordance with the mandatory Australian Accounting standards applicable to entities reporting under the Corporations Act 2001 and the significant accounting policies disclosed below which the directors have determined are appropriate to meet the needs of members. The financial report is presented in Australian dollars and all values are rounded to the nearest dollar.

The financial report of the Group was authorised for issue in accordance with a resolution of Directors on 31st August 2016.

Going concern basis for preparation of financial statements

The financial statements have been prepared on the going concern basis which contemplates the continuity of normal business activities and the realisation of assets and discharge of liabilities in the normal course of business. The ability of the Group to continue to adopt the going concern assumption will depend on future successful capital raisings or other funding arrangements to fund the Group's operations and settle its liabilities as they arise. Should these capital raisings or other funding arrangements not be completed to the extent necessary, there is a material uncertainty that may cast significant doubt as to whether the Group will be able to continue as a going concern, and therefore that it may be unable to realise its assets and extinguish its liabilities in the normal course of business.

The Directors are confident of securing funds necessary to meet the Group's obligations as and when they fall due, and consider the adoption of the Going Concern basis to be appropriate in the preparation of these financial statements.

As at 31 December 2015 the Group had cash assets of \$57,177 and net liabilities of \$171,580. As at the date of this report amounts of approximately \$55,944 included in trade payables and \$114,738 in loans received is convertible into issued capital following agreement with the respective creditors.

Adoption of new and revised standards - Changes in accounting policies on initial application of Accounting Standards

The Directors have reviewed all new Standards and Interpretations that have been issued but are not yet effective for the year ended 31 December 2015. As a result of this review the Directors have determined that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change necessary to the Group's accounting policies.

Reporting basis and conventions

These financial statements have been prepared under the historical cost convention, and on an accrual basis.

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Notes to the Consolidated Financial Statements
For the year ended 31 December 2015

(a) Basis of Preparation (Continued)

Critical accounting estimates

The preparation of financial statements in conformity with AIFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. There are no areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, other than as set out in Note 1(i).

Principles of consolidation

The financial statements of subsidiary companies are included in the consolidated financial statements from the date control commences until the date control ceases. The financial statements of subsidiary companies are prepared for the same reporting period as the parent company, using consistent accounting policies.

Inter-entity balances resulting from transactions with or between controlled entities are eliminated in full on consolidation. Investments in subsidiary companies are accounted for at cost in the individual financial statements of the Company.

(b) Segment reporting

Operating segments are identified and segment information disclosed, where appropriate, on the basis of internal reports reviewed by the Company's board of directors, being the Company's Chief Operating Decision Maker, as defined by AASB 8.

(c) Cash and cash equivalents

For statement of cash flow presentation purposes, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(d) 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.

(e) GST

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.

(f) Trade and Other Receivables

Trade receivables, which generally have 30–90 day terms, are recognised and carried at original invoice amount less an allowance for any uncollectible amounts. An allowance for doubtful debts is made when there is objective evidence that the Company will not be able to collect the debts. Bad debts are written off when identified.

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Notes to the Consolidated Financial Statements
For the year ended 31 December 2015

(g) Exploration and Evaluation Expenditure

Exploration and evaluation expenditures in relation to each separate area of interest are recognised as an exploration and evaluation asset in the year in which they are incurred where the following conditions are satisfied:

- (i) the rights to tenure of the area of interest are current; and
- (ii) at least one of the following conditions is also met:
 - (a) the exploration and evaluation expenditures are expected to be recouped through successful development and exploration of the area of interest, or alternatively, by its sale; or
 - (b) exploration and evaluation activities in the area of interest have not at the reporting date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

Exploration and evaluation assets are initially measured at cost and include acquisition of rights to explore, studies, exploratory drilling, trenching and sampling and associated activities and an allocation of depreciation and amortised of assets used in exploration and evaluation activities. General and administrative costs are only included in the measurement of exploration and evaluation costs where they are related directly to operational activities in a particular area of interest.

Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. The recoverable amount of the exploration and evaluation asset (for the cash generating unit(s) to which it has been allocated being no larger than the relevant area of interest) is estimated to determine the extent of the impairment loss (if any). 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 previous years.

Where a decision has been made to proceed with development in respect of a particular area of interest, the relevant exploration and evaluation asset is tested for impairment and the balance is then reclassified to development.

(h) Trade and Other Payables

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

(i) Critical Accounting Estimates and Judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Company and that are believed to be reasonable under the circumstances.

Accounting for capitalised mineral exploration and evaluation expenditure

The Company's accounting policy is stated at 1(g). A regular review is undertaken of each area of interest to determine the reasonableness of the continuing carrying forward of costs in relation to that area of interest.

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Notes to the Consolidated Financial Statements
For the year ended 31 December 2015

Note 2 Segment information

The Company has identified its operating segments based on the internal reports that are reviewed and used by the board of directors in assessing performance and determining the allocation of resources. Reportable segments disclosed are based on aggregating operating segments, where the segments have similar characteristics.

The reportable segment is represented by the primary statements forming these financial statements.

Note 3 Trade and other receivables

	31 December 2015	31 December 2014
	\$	\$
GST receivable	87	-

Note 4 Option fee payments

During the year the Company made payments to Amazing Energy Oil and Gas Co. (formerly Gold Crest Mines Inc.) in respect of option fees to acquire either the issued capital of Kisa Gold Mines Inc. (Kisa) or all of the mining permits of Kisa. The option fees have been expensed as incurred.

Note 5 Trade and other payables

	31 December 2015	31 December 2014
	\$	\$
Trade payables	114,106	109,349

Trade payables totalling \$55,944 as at 31 December 2015 are to be converted into ordinary fully paid shares, at a deemed value of 7 cents per share following agreement with the creditor. The Board intends to issue the shares during the 2016 financial year.

Note 6 Loans payable

	31 December 2015	31 December 2014
	\$	\$
Loan – Allan Kelly ¹	5,050	50
Loan – Kelly Family Trust ¹	109,688	109,687
	114,738	109,737

¹ Loans payable are non-interest bearing and are repayable at call. Loans repayable to Director or Director related entity (see note 13).

Loans totalling \$114,738 as at 31 December 2015 are to be converted into ordinary fully paid shares, at a deemed value of 7 cents per share following agreement with the lender. The Board intends to convert the loans into shares during the 2016 financial year.

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Notes to the Consolidated Financial Statements
For the year ended 31 December 2015

Note 7 Issued capital

a) Ordinary shares

The Company is a public company limited by shares. The Company is incorporated in Australia.

The Company's shares are limited whereby the liability of its members is limited to the amount (if any) unpaid on the shares respectively held by them.

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held. On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

Ordinary shares have no par value. There is no limit to the authorised share capital of the Company.

<i>b) Share capital</i>	2015		2014	
	No.	\$	No.	\$
Issued share capital	18,907,153	942,510	10,607,153	735,010

c) Share movements during the year

Balance at the start of the financial year	10,607,153	735,010	8,607,153	535,010
Shares issued – loan settlement ¹ \$0.10	-	-	2,000,000	200,000
Shares issued – share placement \$0.025	8,300,000	207,500	-	-
Less share issue costs	-	-	-	-
Balance at the end of the financial year	18,907,153	942,510	10,607,153	735,010

¹ Loan settled by the issue of 2,000,000 ordinary fully paid shares to Silver Lake Resources Limited.

Note 8 Options

	31 December 2015 #	31 December 2014 #
Options on issue at the start of the financial year	4,401,787	4,401,787
Options issued during the financial year	-	-
Options on issue at the end of the financial year	4,401,787	4,401,787

All options on issue are exercisable at 25 cents each and expired on 30 April 2016.

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Notes to the Consolidated Financial Statements
For the year ended 31 December 2015

Note 9 Reconciliation of loss after tax to net cash flow from operating activities

	31 December 2015	31 December 2014
	\$	\$
Loss from ordinary activities after tax	(167,674)	(48,636)
Option fees expensed	73,068	22,673
<i>Movement in assets and liabilities:</i>		
(Increase)/decrease in receivables	(86)	671
Increase/(decrease) in payables	4,757	15,328
	(89,935)	(9,964)

Note 10 Dividends

No dividends were paid or proposed during the financial year.

The Company has no franking credits available as at 31 December 2015.

Note 11 Contingencies

(i) Contingent liabilities

The Company had no material contingent liabilities as at 31 December 2015.

(ii) Contingent assets

There were no material contingent assets as at 31 December 2015.

Note 12 Commitments

The Company has no commitments as at 31 December 2015.

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Notes to the Consolidated Financial Statements
For the year ended 31 December 2015

Note 13 Related party transactions

During the year, Mr Allan Kelly, one of the Company's Directors incurred expenses on behalf of the Company. Total expenses incurred by Mr Kelly, or his related entities) during the year ended 31 December 2015 were \$5,000 (2014: \$27,063).

At the end of the financial year the following balances were payable to Directors, or their related entities, in respect of expenses incurred on behalf of the Company:

	31 December 2015 \$	31 December 2014 \$
Kelly Family Trust	109,688	109,687
Allan Kelly	5,050	50
	114,738	109,737

Other than the above, there were no related party transactions during the year.

Loans totalling \$114,738 as at 31 December 2015 are to be converted into ordinary fully paid shares, at a deemed value of 7 cents per share following agreement with the lender. The Board intends to convert the loans into shares during the 2016 financial year.

Note 14 Matters Subsequent to the End of the Financial Year

- On 31 January 2016 the Company entered into a revised binding terms sheet with Amazing Energy Oil and Gas Co. (formerly Gold Crest Mines Inc) to acquire, at the Company's election, either a 100% interest in the issued capital of Kisa Gold Mines Inc, or a 100% interest in specific mining permits and associated assets. A total option fee of US\$300,000 is payable on or before 31 December 2016.

The Company paid a US\$50,000 non-refundable deposit to Amazing Energy Oil and Gas Co. in respect of the binding terms sheet, and also had agreed to offset loans of US\$80,000 owed to the Company against the total option fee payable. A balance of US\$130,000 is payable by the Company on settlement.

Other than the above, there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors to affect substantially the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent financial years.

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Notes to the Consolidated Financial Statements
For the year ended 31 December 2015

Note 15 Parent Entity Information

Financial position

	31 December 2015	31 December 2014
	\$	\$
Assets		
Current assets	52,037	2,060
Non-current assets	107,535	107,535
Total Assets	159,572	109,595
Liabilities		
Current liabilities	228,845	219,087
Non-current liabilities	-	-
Total Liabilities	228,845	219,087
NET LIABILITIES	(69,273)	(109,492)
Equity		
Issued capital	942,510	735,010
Accumulated losses	(1,011,783)	(844,502)
TOTAL DEFICIENCY IN EQUITY	(69,273)	(109,492)
<i>Financial performance</i>		
Loss for the year	(167,281)	(48,832)
Other comprehensive income	-	-
Total comprehensive loss	(167,281)	(48,832)

Contingent liabilities

For full details of contingent liabilities see Note 12.

Commitments

For full details of commitments see Note 13.

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Directors' Declaration

In the opinion of the Directors of Afranex Gold Limited:

- (a) the financial statements and notes set out on pages 9 to 20 are in accordance with the Corporations Act 2001, including:
 - (i) complying with Accounting Standards and the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - (ii) give a true and fair view of the financial position as at 31 December 2015 and of the performance for the financial year ended on that date of the Group.
- (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.
- (d) the financial statements comply with the Accounting Standards as set out in Note 1.

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

Signed at Perth this 31st day of August 2016.



A Kelly
Director

INDEPENDENT AUDITOR'S REPORT

To the members of Afranex Gold Limited

Report on the Financial Report

We have audited the accompanying special purpose financial report of Afranex Gold Limited and its subsidiaries, which comprises the consolidated statement of financial position as at 31 December 2015 and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' responsibility for the financial report

The directors are responsible for the preparation and fair presentation of the financial report in accordance with the accounting policies described in Note 1(a) to the financial statements and for such internal control as directors determine is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

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

Our audit did not involve an analysis of the prudence of business decisions made by the directors or management.

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

Independence

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

Auditor's opinion

In our opinion, the financial report of Afranex Gold Limited:

- a) presents fairly, in all material respects the Group's financial position as at 31 December 2015 and its performance for the year ended on that date; and
- b) complies with Australian Accounting Standards to the extent described in Note 1(a).

Basis of accounting

Without modifying our opinion, we draw attention to Note 1(a) of the financial report, which describes the basis of accounting. The financial report has been prepared by management to meet the needs of the members. As a result, the financial report may not be suitable for another purpose.

Emphasis of matter – going concern

Without qualification to the opinion expressed above, we draw attention to Note 1(a) to the financial report which indicates that the Group is dependent on successful capital raisings or other funding arrangements in order to be able to continue as a going concern.

Should these capital raisings or other funding arrangements not be completed to the extent necessary, there is a material uncertainty that may cast significant doubt as to whether the Group will be able to continue as a going concern and, therefore, that it may be unable to realise its assets and extinguish its liabilities in the normal course of business.

HLB Mann Judd

**HLB Mann Judd
Chartered Accountants**



**L Di Giallonardo
Partner**

**Perth, Western Australia
31 August 2016**

Afranex Gold Limited

ABN 86 149 572 770

Special Purpose Consolidated Financial Report
For The Year Ended 31 December 2016

Afranex Gold Limited
ABN 86 149 572 770

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Afranex Gold Limited
ABN 86 149 572 770

Corporate Directory

Directors

Malcolm Norris
Terry Gadenne
Allan Kelly

Company Secretary

Kevin Hart

Principal and Registered Office

Suite 8, 7 The Esplanade
Mt Pleasant WA 6153
Telephone (08) 9316 9100
Facsimilie (08) 9315 5475

Auditor

HLB Mann Judd
Level 4, 130 Stirling Street
Perth WA 6000

Company Information

The Company was incorporated and registered as a public company under the Corporations Act 2001 in Western Australia on 28 February 2011.

The Company is domiciled in Australia.

Afranex (Alaska) Limited, a 100% owned subsidiary of Afranex Gold Limited, was incorporated in the United States of America on 23 October 2013.

North Fork Resources Pty Ltd, a 100% owned subsidiary of Afranex Gold Limited incorporated in Australia was acquired by Afranex Gold on 29 September 2016. North Fork Resources LLC incorporated in United States of America is a 100% owned subsidiary of North Fork Resources Pty Ltd.

Black Peak LLC, a 100% owned subsidiary of Afranex Gold Limited, incorporated in the United States of America was acquired by Afranex Gold Limited on 29 September 2016.

Afranex Gold Limited
ABN 86 149 572 770

Directors' Report

The Directors present their financial report on Afranex Gold Limited (the Company) and its subsidiaries Afranex (Alaska) Limited, North Fork Resources Pty Ltd and Black Peak LLC (together the Group) for the financial year ended 31 December 2016, in order to comply with the requirements of the Corporations Act.

Directors

The names and details of the Directors of Afranex Gold Limited during the financial year and until the date of this report are:

Malcolm Norris

Non- Executive Chairman - appointed 25 April 2012

Mr Norris is a senior mining industry professional with extensive experience in mineral exploration, the development of new business opportunities, and asset transactions across a wide range of commodities and geographic locations.

Mr Norris recently led the team which discovered the Tujuh Bukit copper-gold porphyry project for ASX-listed Intrepid Mines Ltd and, prior to that, held senior positions with Indophil Resources and WMC Resources, including several years as Country Manager for WMC Resources in the Philippines, and was the Managing Director of Solomon Gold Plc.

Mr Norris is currently the Managing Director of ASX-listed Avalon Minerals Limited.

Terry Gadenne

Managing Director - appointed 4 March 2012

Mr Gadenne is a former Army and Navy Officer and helicopter pilot and has management experience in the aviation, agriculture and mining technical services industries, including as Managing Director of Mining Logic Limited, which provided services to coal mining companies in Queensland.

Mr Gadenne is a graduate from the Australian Institute of Company Directors, a professional member of AIM and has a management degree from the University of Western Sydney.

Allan Kelly

Non-Executive Director - appointed 2 March 2012

Mr Kelly has 20 years' experience in mineral exploration geology, geochemistry and project management throughout Australia and the Americas and has previously held senior exploration positions with WMC and Avoca Resources Ltd.

Prior to successfully listing Doray Minerals Ltd on the ASX in 2010, as founding Managing Director, Mr Kelly was directly involved in the targeting and early stage exploration of a number of gold, nickel, IOCG and uranium properties in Australia, Alaska and Canada, including the discovery of the very high grade Andy Well gold deposit in Western Australia, for which Doray was named "Gold Explorer of the Year" in 2011.

Mr Kelly resigned as Managing Director of ASX-listed Doray Minerals Limited on 16 December 2016.

Company Secretary

Kevin Hart (appointed 28 February 2011)

Afranex Gold Limited
ABN 86 149 572 770

Directors' Report

Directors' Interests

As at the date of this report the Directors' interests in shares and options over unissued shares of the Company are as follows:

<i>Director</i>	<i>Directors' Interests in Ordinary Shares</i>	<i>Directors' Interests in Options</i>
M Norris	1,514,286	Nil
T Gadenne	1,000,000	Nil
A Kelly	6,281,976	Nil

Directors' Meetings

The number of meetings of the Company's Directors held during the year ended 31 December 2016, and the number of meetings attended by each Director are as follows:

<i>Director</i>	<i>Board of Directors' Meetings Held</i>	
	<i>Held</i>	<i>Attended</i>
M Norris	-	-
T Gadenne	-	-
A Kelly	-	-

Whilst there were no formal board meetings held, all official business of the Company was resolved via circular resolution of the board members.

Principal Activities

During the financial year the Company has continued to seek investment avenues or joint venture partners for its Alaskan exploration prospects.

There were no significant changes in these activities during the financial year.

Dividends

No dividend was paid during the financial year and no dividend is recommended in respect of the financial year.

Significant Changes in the State of Affairs

- On 31 January 2016 the Company entered into a revised binding terms sheet with Amazing Energy Oil and Gas Co. (formerly Gold Crest Mines Inc) to acquire, at the Company's election, either a 100% interest in the issued capital of Kisa Gold Mines Inc, or a 100% interest in specific mining permits and associated assets. A total option fee of US\$300,000 is payable on or before 31 December 2016.

The Company had previously paid a US\$50,000 non-refundable deposit to Amazing Energy Oil and Gas Co. in respect of the binding terms sheet, and also had agreed to offset loans of US\$80,000 owed to the Company against the total option fee payable.

- On 30 December 2016 the Company paid an additional US\$50,000 to Amazing Energy Oil and Gas Co. to further extend the option period to 31 March 2017, or other such date agreed by the parties.

Afranex Gold Limited
ABN 86 149 572 770

Directors' Report

Significant Changes in the State of Affairs (Continued)

- On 29 September 2016 the Company completed the following acquisitions by the issue of shares (further details of the transactions and consideration given are included in Note 10):
 - 100% interest in the issued capital of North Fork Resources Pty Ltd (holder of earn-in agreement over the Luna and Kisa exploration projects) by the issue of 10 million shares;
 - 100% interest in the issued capital of Black Peak LLC (holder of a 90% interest in the Quiksilver exploration project) by the issue of 10 million shares; and
 - Remaining 10% interest in the Quiksilver exploration project by the issue of 1 million shares.

Other than the above, there have been no significant changes in the state of affairs of the Group during the financial year.

Review of Operations

The net loss after tax attributable to members of the Company for the financial year ended 31 December 2016 was \$961,804 (2015: \$167,674).

At 31 December 2016 the Company had cash assets of \$25,100 (2015: \$57,177).

Significant Events after Balance Date

Subsequent to the end of the financial year the Company entered into an Implementation Agreement with Alcam Gold Pty Ltd and Cambodia Gold Pty Ltd which proposed vending of the Company and its assets into the recapitalisation and re-admission of an entity to the ASX. The proposed arrangement is subject to a number of conditions, including raising sufficient capital and other regulatory approvals.

Subsequent to the end of the financial year the Company paid, via a loan from Alcam Gold Pty Ltd, the remaining US\$120,000 to Amazing Energy Oil and Gas Co. to exercise the option to acquire the Kisa mining permits.

Other than the above, there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors to affect substantially the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent financial years.

Options over Unissued Capital

At the date of this report the Company has no options over unissued shares on issue (2015: 4,401,787).

During the 2016 financial year the Company cancelled 4,401,787 options over unissued shares on expiry of the exercise term.

No options have been issued by the Company during the 2016 financial year.

Likely Developments and Expected Results of Operations

Disclosure of any further information has not been included in this report because, in the reasonable opinion of the Directors to do so would be likely to prejudice the business activities of the Group.

Officer's Indemnities and Insurance

During the financial year the Company has not paid an insurance premium to insure officers of the Company.

The Company has not provided any insurance for an auditor of the Company.

Afranex Gold Limited
ABN 86 149 572 770

Directors' Report

Proceedings on behalf of the Company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under section 237 of the Corporations Act 2001.

Non-audit Services

During the financial year HLB Mann Judd the Company's auditor, has not performed any services in addition to their statutory duties.

Auditor's Independence Declaration

Section 307c of the Corporations Act 2001 requires our auditors HLB Mann Judd to provide the Directors of the Company with an independence declaration in relation to the audit of the annual financial report. This independence declaration is set out on the following page and forms part of the Directors' Report for the year ended 31 December 2016.

This report is made in accordance with a resolution of the Directors, made pursuant to s306(3) of the Corporations Act 2001.

Dated at Perth this 11th day of May 2017.



A Kelly
Director

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the consolidated financial report of Afranex Gold Limited for the year ended 31 December 2016, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- a) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- b) any applicable code of professional conduct in relation to the audit.

Perth, Western Australia
11 May 2017



L Di Giallonardo
Partner

Afranex Gold Limited
ABN 86 149 572 770

Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the year ended 31 December 2016

	Note	Year Ended 31 December 2016 \$	Year Ended 31 December 2015 \$
Revenue		3	2
Option fees expensed	3	(69,562)	(73,068)
Tenement maintenance and field costs	4	(153,489)	(83,812)
Impairment of project acquisition costs	4	(699,599)	-
Administration and other expenses		(37,955)	(11,420)
Gain/(loss) on foreign exchange		37	624
Interest expense		(1,239)	-
Loss before income tax		(961,804)	(167,674)
Income tax benefit/(expense)		-	-
Loss after tax		(961,804)	(167,674)
Other comprehensive income		-	-
Total comprehensive loss for the year		(961,804)	(167,674)

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

Afranex Gold Limited
ABN 86 149 572 770

Consolidated Statement of Financial Position
As at 31 December 2016

	Note	31 December 2016 \$	31 December 2015 \$
Current Assets			
Cash and cash equivalents		25,100	57,177
Trade and other receivables		-	87
Total current assets		25,100	57,264
Non-Current Assets			
Capitalised exploration costs	4	770,000	-
Total non-current assets		770,000	-
Total Assets		795,100	57,264
Current Liabilities			
Trade and other payables	5	63,299	114,106
Loans payable	6	224,503	114,738
Total current liabilities		287,802	228,844
Total Liabilities		287,802	228,844
Net Assets/(Liabilities)		507,298	(171,580)
Equity			
Issued capital	7	2,583,192	942,510
Accumulated losses		(2,075,894)	(1,114,090)
Total Equity/(deficiency in Equity)		507,298	(171,580)

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

Afranex Gold Limited
ABN 86 149 572 770

Consolidated Statement of Changes in Equity
For the year ended 31 December 2016

2015	Issued capital \$	Accumulated losses \$	Total \$
Balance at 1 January 2015	735,010	(946,416)	(211,406)
Loss for the year	-	(167,674)	(167,674)
Transactions with equity holders in their capacity as equity holders:			
Shares issued during the year	207,500	-	207,500
Balance at 31 December 2015	942,510	(1,114,090)	(171,580)
2016			
	Issued capital \$	Accumulated losses \$	Total \$
Balance at 1 January 2016	942,510	(1,114,090)	(171,580)
Loss for the year	-	(961,804)	(961,804)
Transactions with equity holders in their capacity as equity holders:			
Shares issued during the year	1,640,682	-	1,640,682
Balance at 31 December 2016	2,583,192	(2,075,894)	507,298

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

Afranex Gold Limited
ABN 86 149 572 770

Consolidated Statement of Cash Flows
For the year ended 31 December 2016

Note	Year ended 31 December 2016 \$	Year Ended 31 December 2015 \$
Cash flows from operating activities		
	3	2
	(33,018)	(89,937)
11	(33,015)	(89,935)
Cash flows from investing activities		
	(147,172)	-
	5,727	-
	(69,099)	(73,068)
	(210,544)	(73,068)
Cash flows from financing activities		
	211,482	5,000
	-	207,500
	211,482	212,500
	(32,077)	49,497
	57,177	7,680
	25,100	57,177

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

Afranex Gold Limited
ABN 86 149 572 770

Notes to the Consolidated Financial Statements
For the year ended 31 December 2016

Note 1 Summary of significant accounting policies

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial report includes financial statements for Afranex Gold Limited ("Company"), and its subsidiaries (together the "Group").

(a) Basis of preparation

This financial report is a special purpose financial report prepared in order to satisfy the financial report preparation requirements of the Corporations Act 2001. The directors have determined that the Group is not a reporting entity, as there are no users dependent on general purpose financial statements.

The financial report has been prepared in accordance with the mandatory Australian Accounting standards applicable to entities reporting under the Corporations Act 2001 and the significant accounting policies disclosed below which the directors have determined are appropriate to meet the needs of members. The financial report is presented in Australian dollars and all values are rounded to the nearest dollar.

The financial report of the Group was authorised for issue in accordance with a resolution of Directors on 11th May 2017.

Going concern basis for preparation of financial statements

The financial statements have been prepared on the going concern basis which contemplates the continuity of normal business activities and the realisation of assets and discharge of liabilities in the normal course of business. The ability of the Group to continue to adopt the going concern assumption will depend on future successful capital raisings or other funding arrangements to fund the Group's operations and settle its liabilities as they arise. Should these capital raisings or other funding arrangements not be completed to the extent necessary, there is a material uncertainty that may cast significant doubt as to whether the Group will be able to continue as a going concern, and therefore that it may be unable to realise its assets and extinguish its liabilities in the normal course of business.

As at 31 December 2016 the Group had cash assets of \$25,100 and total liabilities of \$287,802, however the Directors are confident of securing funds necessary to meet the Group's obligations as and when they fall due, and consider the adoption of the Going Concern basis to be appropriate in the preparation of these financial statements.

Adoption of new and revised standards - Changes in accounting policies on initial application of Accounting Standards

The Directors have reviewed all new Standards and Interpretations that have been issued and that are relevant to the Group and effective for the current reporting period, as well as those issued but not yet effective for the year ended 31 December 2016. As a result of this review the Directors have determined that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change necessary to the Group's accounting policies.

Reporting basis and conventions

These financial statements have been prepared under the historical cost convention, and on an accrual basis.

Afranex Gold Limited
ABN 86 149 572 770

Notes to the Consolidated Financial Statements
For the year ended 31 December 2016

(a) Basis of Preparation (Continued)

Critical accounting estimates

The preparation of financial statements in conformity with AIFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. There are no areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, other than as set out in Note 1(i).

Principles of consolidation

The financial statements of subsidiary companies are included in the consolidated financial statements from the date control commences until the date control ceases. The financial statements of subsidiary companies are prepared for the same reporting period as the parent company, using consistent accounting policies.

Inter-entity balances resulting from transactions with or between controlled entities are eliminated in full on consolidation. Investments in subsidiary companies are accounted for at cost in the individual financial statements of the Company.

(b) Segment reporting

Operating segments are identified and segment information disclosed, where appropriate, on the basis of internal reports reviewed by the Company's board of directors, being the Company's Chief Operating Decision Maker, as defined by AASB 8.

(c) Cash and cash equivalents

For statement of cash flow presentation purposes, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(d) 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.

(e) GST

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.

(f) Trade and Other Receivables

Trade receivables, which generally have 30–90 day terms, are recognised and carried at original invoice amount less an allowance for any uncollectible amounts. An allowance for doubtful debts is made when there is objective evidence that the Company will not be able to collect the debts. Bad debts are written off when identified.

Afranex Gold Limited
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Notes to the Consolidated Financial Statements
For the year ended 31 December 2016

(g) Exploration and Evaluation Expenditure

Exploration and evaluation expenditures in relation to each separate area of interest are recognised as an exploration and evaluation asset in the year in which they are incurred where the following conditions are satisfied:

- (i) the rights to tenure of the area of interest are current; and
- (ii) at least one of the following conditions is also met:
 - (a) the exploration and evaluation expenditures are expected to be recouped through successful development and exploration of the area of interest, or alternatively, by its sale; or
 - (b) exploration and evaluation activities in the area of interest have not at the reporting date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

Exploration and evaluation assets are initially measured at cost and include acquisition of rights to explore, studies, exploratory drilling, trenching and sampling and associated activities and an allocation of depreciation and amortised of assets used in exploration and evaluation activities. General and administrative costs are only included in the measurement of exploration and evaluation costs where they are related directly to operational activities in a particular area of interest.

Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. The recoverable amount of the exploration and evaluation asset (for the cash generating unit(s) to which it has been allocated being no larger than the relevant area of interest) is estimated to determine the extent of the impairment loss (if any). 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 previous years.

Where a decision has been made to proceed with development in respect of a particular area of interest, the relevant exploration and evaluation asset is tested for impairment and the balance is then reclassified to development.

(h) Trade and Other Payables

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

(i) Critical Accounting Estimates and Judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Company and that are believed to be reasonable under the circumstances.

Accounting for capitalised mineral exploration and evaluation expenditure

The Group's accounting policy is stated at 1(g). A regular review is undertaken of each area of interest to determine the reasonableness of the continuing carrying forward of costs in relation to that area of interest.

Afranex Gold Limited
ABN 86 149 572 770

Notes to the Consolidated Financial Statements
For the year ended 31 December 2016

Note 2 Segment information

The Company has identified its operating segments based on the internal reports that are reviewed and used by the board of directors in assessing performance and determining the allocation of resources. Reportable segments disclosed are based on aggregating operating segments, where the segments have similar characteristics.

The reportable segment is represented by the primary statements forming these financial statements.

Note 3 Option fee payments

During the year the Company made payments of US\$50,000 (A\$69,562) (2015: US\$50,000(A\$73,068)) to Amazing Energy Oil and Gas Co. (formerly Gold Crest Mines Inc.) in respect of extensions to 31 March 2017, of the option to acquire either the issued capital of Kisa Gold Mines Inc. (Kisa) or all of the mining permits of Kisa.

A final amount of US\$120,000 is due to be paid on or before 31 March 2017 to exercise the option.

The option fees have been expensed as incurred.

Note 4 Capitalised exploration costs

	31 December 2016 \$	31 December 2015 \$
Balance at the start of the period	-	-
Acquisition of Black Peak LLC (Quiksilver 90%) ¹	700,000	-
Acquisition of Quiksilver (10%) ²	70,000	-
Acquisition of North Fork Resources Pty Ltd ³	699,599	-
Impairment recognised in respect of North Fork Resources Pty Ltd ³	(699,599)	-
	770,000	-

In addition Afranex Gold Limited (Afranex) has recognised an amount of \$153,489 (2015: \$83,812) in respect of claim rents and other field costs paid as an expense in Profit or Loss for the period.

¹ Fair value of exploration assets recognised on the acquisition of Black Peak LLC, a company which holds approximately 90% of the Quiksilver exploration permits.

² Fair value of exploration assets recognised on the acquisition of the remainder of the Quiksilver exploration permits from Kelly Family Trust.

³ Fair value of exploration assets initially recognised on the acquisition of North Fork Resources Pty Ltd (North Fork). North Fork is party to a farm-in agreement on certain exploration assets. Afranex has entered into a separate option agreement over the same assets and has impaired the carrying value of the North Fork assets.

Refer to note 10 for further details regarding the asset acquisitions.

Afranex Gold Limited
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Notes to the Consolidated Financial Statements
For the year ended 31 December 2016

Note 5 Trade and other payables

	31 December 2016 \$	31 December 2015 \$
Trade payables	63,299	114,106

Trade payables totalling \$55,944 as at 31 December 2015 were converted into ordinary fully paid shares, at a deemed value of 7 cents per share following agreement with certain creditors during the 2016 financial year.

Note 6 Loans payable

	31 December 2016 \$	31 December 2015 \$
Loan – Allan Kelly	5,001 ³	5,050 ¹
Loan – Kelly Family Trust	-	109,688 ¹
Loan – Greenwich Equities Pty Ltd	219,502 ²	-
	224,503	114,738

¹ Loans payable are non-interest bearing and are repayable at call. Loans repayable to Director or Director related entity (see note 15).

Loans totalling \$114,738 as at 31 December 2015 were converted into ordinary fully paid shares, at a deemed value of 7 cents per share following agreement with the lender, during the 2016 financial year.

² Loan from Greenwich Equities Pty Ltd to fund the payment of the 2016 claim rentals and to extend the Kisa option period to 31 March 2017. The loan bears interest at 10% per annum and is repayable on the earlier of:

- 28 November 2017;
- The listing of the Company, or/and associated company on the ASX; and
- The termination date of the implementation agreement between, Afranex Gold limited, Alcam Gold Pty Ltd and Cambodia Gold Pty Ltd.

³ Loan to Mr Allan Kelly recognised on the acquisition of North Fork Resources Pty Ltd.

Note 7 Issued capital

a) Ordinary shares

The Company is a public company limited by shares. The Company is incorporated in Australia.

The Company's shares are limited whereby the liability of its members is limited to the amount (if any) unpaid on the shares respectively held by them.

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held. On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

Ordinary shares have no par value. There is no limit to the authorised share capital of the Company.

Afranex Gold Limited
ABN 86 149 572 770

Notes to the Consolidated Financial Statements
For the year ended 31 December 2016

Note 7 Issued capital (continued)

<i>b) Share capital</i>	2016		2015	
	No.	\$	No.	\$
Issued share capital	42,345,470	2,583,192	18,907,153	942,510
<i>c) Share movements during the year</i>				
Balance at the start of the financial year	18,907,153	942,510	10,607,153	735,010
Shares issued – share placement \$0.025	-	-	8,300,000	207,500
Shares issued – in settlement of liabilities ¹ \$0.07	2,438,316	170,682	-	-
Shares issued – acquisition of North Fork Resources Pty Ltd ² \$0.07	10,000,000	700,000	-	-
Shares issued – acquisition of Black Peak LLC ³ \$0.07	10,000,000	700,000	-	-
Shares issued – acquisition of balance of Quiksilver exploration assets ⁴ \$0.07	1,000,000	70,000	-	-
Less share issue costs	-	-	-	-
Balance at the end of the financial year	42,345,470	2,583,192	18,907,153	942,510

¹ Shares issued in settlement of loans amounting to \$114,738 and trade payables of \$55,944.

² Shares issued to acquire a 100% interest in the issued capital of North Fork Resources Pty Ltd.

³ Shares issued to acquire a 100% interest in the issued capital of Black Peak LLC which owns a 90% interest in the Quiksilver exploration permits in Alaska.

⁴ Shares issued to acquire a 10% interest in the Quiksilver exploration permits in Alaska.

Refer to Note 10 for further details of asset acquisitions.

Note 8 Options

	31 December 2016 #	31 December 2015 #
Options on issue at the start of the financial year	4,401,787	4,401,787
Options cancelled on expiry of the exercise term	(4,401,787)	-
Options on issue at the end of the financial year	-	4,401,787

All options on issue were exercisable at 25 cents each and expired on 30 April 2016.

Afranex Gold Limited
ABN 86 149 572 770

Notes to the Consolidated Financial Statements
For the year ended 31 December 2016

Note 9 Subsidiary Information

	31 December 2016 \$	31 December 2015 \$
Investments in Subsidiaries:		
Afranex Alaska LLC	-	-
North Fork Resources Pty Ltd	700,000	-
Black Peak LLC	700,000	-
	1,400,000	-

	31 December 2016 %	31 December 2015 %.
Ownership in Subsidiaries:		
Afranex Alaska LLC	100%	100%
North Fork Resources Pty Ltd	100%	-
Black Peak LLC	100%	-

Subsidiary Company	Country of Incorporation	Date of Acquisition (Incorporation ¹) by the Group
Afranex Alaska LLC	USA	23 October 2013 ¹
North Fork Resources Pty Ltd	Australia	29 September 2016
Black Peak LLC	USA	29 September 2016

	31 December 2016 \$	31 December 2015 \$
Loans to/(from) Subsidiaries:		
Afranex Alaska LLC	107,535	107,535
North Fork Resources Pty Ltd	-	-
Black Peak LLC	-	-
	107,535	107,535

Intercompany loans due to Afranex Gold Limited are not interest bearing and repayable at call. The Directors do not intend to call for repayment within the next 12 months.

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Notes to the Consolidated Financial Statements
For the year ended 31 December 2016

Note 10 Asset Acquisitions

During the 2016 financial year the Company made the following share based asset acquisitions:

Detail	Number of Shares	Fair Value (\$)
Acquisition of a 100% interest in the issued capital of North Fork Resources Pty Ltd an entity subject to an earn-in agreement regarding the Luna and Kisa exploration projects in Alaska.	10,000,000	\$700,000
Acquisition of a 100% interest in the issued capital of Black Peak LLC, an entity holding a 90% interest in the Quiksilver exploration project in Alaska.	10,000,000	\$700,000
Acquisition of a 10% interest in the Quiksilver exploration project in Alaska.	1,000,000	\$70,000

	North Fork Resources Pty Ltd	Black Peak LLC	Quiksilver (Acquired from Kelly Family Trust)
Fair value of acquisition consideration given	\$700,000	\$700,000	\$70,000
Net assets/liabilities	\$401	\$541,486	N/a
Difference attributable to fair value of exploration assets acquired	\$699,599	\$158,514	\$70,000

Refer Note 4 for details regarding the carrying values of assets acquired during the financial period.

Refer Note 7 for details of shares issued in respect of the acquisition of exploration assets.

Note 11 Reconciliation of loss after tax to net cash flow from operating activities

	31 December 2016 \$	31 December 2015 \$
Loss from ordinary activities after tax	(961,804)	(167,674)
Option fees expensed	69,562	73,068
Exploration costs expensed	153,489	-
Impairment of acquisition costs	699,599	-
<i>Movement in assets and liabilities:</i>		
(Increase)/decrease in receivables	(23)	(86)
Increase/(decrease) in payables	6,162	4,757
	(33,015)	(89,935)

Note 12 Dividends

No dividends were paid or proposed during the financial year.

The Company has no franking credits available as at 31 December 2016.

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Notes to the Consolidated Financial Statements
For the year ended 31 December 2016

Note 13 Contingencies

(i) Contingent liabilities

The Company had no material contingent liabilities as at 31 December 2016.

(ii) Contingent assets

There were no material contingent assets as at 31 December 2016.

Note 14 Commitments

The Company has no commitments as at 31 December 2016.

Note 15 Related party transactions

At the end of the financial year the following balances were payable to Directors, or their related entities, in respect of expenses incurred on behalf of the Company:

	31 December 2016	31 December 2015
	\$	\$
Kelly Family Trust	-	109,688
Allan Kelly	5,001	5,050
	5,001	114,738

Loans payable to Allan Kelly and his associated entities totalling \$114,738 as at 31 December 2015 were converted into 1,639,118 ordinary fully paid shares, at a deemed value of 7 cents per share following agreement with the lender during the 2016 financial year.

In addition the following shares were issued to Mr Allan Kelly during the year on the acquisition of assets:

- 1,309,523 ordinary fully paid shares were issued to Allan Kelly ATF Kelly Family Trust in consideration for the acquisition of shares in North Fork Resources Pty Ltd; and
- 1,000,000 ordinary fully paid shares were issued to Allan Kelly ATF Kelly Family Trust in consideration for the acquisition of an interest in the Quiksilver exploration permits in Alaska.

The Group recognised a loan payable to Mr Allan Kelly of \$5,001 on the acquisition of North Fork Resources Pty Ltd.

Other than the above, there were no related party transactions during the year.

Note 16 Matters Subsequent to the End of the Financial Year

Subsequent to the end of the financial year the Company entered into an Implementation Agreement with Alcam Gold Pty Ltd and Cambodia Gold Pty Ltd which proposed vending of the Company and its assets into the recapitalisation and re-admission of an entity to the ASX. The proposed arrangement is subject to a number of conditions, including raising sufficient capital and other regulatory approvals.

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Notes to the Consolidated Financial Statements
For the year ended 31 December 2016

Note 16 Matters Subsequent to the End of the Financial Year (Continued)

Subsequent to the end of the financial year the Company paid, via a loan from Alcam Gold Pty Ltd, the remaining US\$120,000 to Amazing Energy Oil and Gas Co. to exercise the option to acquire the Kisa mining permits.

Other than the above, there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors to affect substantially the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent financial years.

Note 17 Parent Entity Information

Financial position

	31 December 2016 \$	31 December 2015 \$
Assets		
Current assets	14,219	52,037
Non-current assets	775,666	107,535
Total Assets	789,885	159,572
Liabilities		
Current liabilities	63,085	228,845
Non-current liabilities	219,502	-
Total Liabilities	282,587	228,845
NET ASSETS/(LIABILITIES)	507,298	(69,273)
Equity		
Issued capital	2,583,192	942,510
Accumulated losses	(2,075,894)	(1,011,783)
TOTAL EQUITY/(DEFICIENCY IN EQUITY)	507,298	(69,273)
<i>Financial performance</i>		
Loss for the year	(262,242)	(167,281)
Other comprehensive income	-	-
Total comprehensive loss	(262,242)	(167,281)

Contingent liabilities

For full details of contingent liabilities see Note 13.

Commitments

For full details of commitments see Note 14.

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Directors' Declaration

In the opinion of the Directors of Afranex Gold Limited:

- (a) the financial statements and notes set out on pages 9 to 22 are in accordance with the Corporations Act 2001, including:
 - (i) complying with Accounting Standards and the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - (ii) giving a true and fair view of the financial position as at 31 December 2016 and of the performance for the financial year ended on that date of the Group.
- (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.
- (d) the financial statements comply with the Accounting Standards as set out in Note 1.

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

Signed at Perth this 11th day of May 2017.



A Kelly
Director

INDEPENDENT AUDITOR'S REPORT

To the members of Afranex Gold Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Afranex Gold Limited ("the Company") and its controlled entities ("the Group"), which comprises the statement of financial position as at 31 December 2016, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of Afranex Gold Limited is in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the Group's financial position as at 31 December 2016 and of its financial performance for the year then ended; and
- b) complying with Australian Accounting Standards to the extent described in Note 1(a) and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Company and the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* ("the Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Material uncertainty regarding going concern

We draw attention to Note 1(a) in the financial report, which indicates that the Group has cash assets of \$25,100 and total liabilities of \$287,802 at 31 December 2016. As stated in Note 1(a), these events or conditions, along with other matters as set forth in Note 1(a), indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Emphasis of matter – basis of accounting

We draw attention to Note 1(a) to the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the director's financial reporting responsibilities under the *Corporations Act 2001*. As a result, the financial report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Information other than the financial report and auditor's report thereon

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 31 December 2016, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with the basis of preparation described in Note 1(a) to the financial report. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

A handwritten signature in cursive script that reads 'HLB Mann Judd'.

HLB Mann Judd
Chartered Accountants

A handwritten signature in cursive script that reads 'L Di Giallonardo'.

L Di Giallonardo
Partner

Perth, Western Australia
11 May 2017