

ALCIDION GROUP LIMITED

(formerly Naracoota Resources Limited)

ABN 77 143 142 410

FINANCIAL REPORT

for the half-year ended 31 December 2015

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CORPORATE DIRECTORY

Board of Directors

Gavin Wates	Non-Executive Director
Tom Bahen	Non-Executive Director
Josh Puckridge	Non-Executive Director

Principal Office and Registered Office

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Subiaco, Western Australia 6008
ABN 67 164 877 203

Postal Address

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Subiaco Western Australia 6904

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Auditors

Stantons International
Level 2, 1 Walker Avenue
West Perth, Western Australia 6005

Lawyers

DLA Piper Australia
Level 31, Central Park
152-158 St Georges Terrace
Perth, Western Australia 6000

Share Registry

Computershare
Level 11, 172 St George's Terrace
Perth, Western Australia, 6000
1300 787 272 (Telephone)
www.computershare.com.au

Exchange

Australian Securities Exchange (ASX)
20 Bridge Street
SYDNEY, NSW, AUSTRALIA, 2000
ASX Code: ALC (formerly 'NRR')

DIRECTORS' REPORT

The directors of Alcidion Group Limited (formerly Naracoota Resources Limited) (**Alcidion** or, the **Company**) submit herewith the financial report for the half-year ended 31 December 2015 (**Report**).

Directors

The names of the Directors of the Company who have held office during and since the end of the half-year are:

Mr Gavin Wates
Mr Josh Puckridge
Mr Tom Bahen

Principal activities

The principal activities of the Company during the interim period were exploration and evaluation of mineral interests.

Results

The net loss after income tax of the Company for the interim period was \$279,636 (2014: \$140,551 loss).

Review of operations

During the interim period the Company announced the intended acquisition of Alcidion Corporation Pty Ltd in August, 2015 (**Acquisition**). The Company prepared and sent to shareholders a Notice of Meeting dated 20 November 2015 to approve the proposed Acquisition. On the 7th of December 2015, the Company issued a prospectus to raise \$2 million (**Prospectus**) with the full amount subsequently received on trust under the Prospectus. At the time of the issue of this report, the Acquisition is not yet complete and the Company will advise when the offer is formally closed via the ASX platform.

The Acquisition was approved by Shareholders of the Company during the Period on the 21st of December 2015; following this approval the Company changed its name from Naracoota Resources Limited to Alcidion Group Limited in anticipation of completing the Acquisition. The Company is currently working towards completing the Acquisition and receiving a re-listing date to be re-quoted on the ASX under the new code 'ALC'.

The Company still holds its 100% interest in its Windy Project (P52/1213).

Auditor's independence declaration

The auditor's independence declaration is included on page 5 for the six months ended 31 December 2015.

Signed in accordance with a resolution of Directors.

For, and on behalf of, the Board of the Company,



Josh Russell Puckridge
Non-Executive Director
19th day of February 2016

19 February 2016

Board of Directors
Alcidion Group Limited
Suite 9, 330 Churchill Avenue,
SUBIACO, WA, 6008

Dear Directors

RE: ALCIDION GROUP LIMITED

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Alcidion Group Limited.

As Audit Director for the review of the financial statements of Alcidion Group Limited for the half year ended 31 December 2015, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

Yours sincerely

STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD
(Trading as Stantons International)
(An Authorised Audit Company)



Samir Tirodkar
Director

DIRECTORS' DECLARATION

The Directors declare that:

- (a) in the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and
- (b) in the Directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with Australian Accounting Standard AASB 134 Interim Financial Reporting and giving a true and fair view of the financial position and performance of the Company for the half-year ended 31 December 2015.

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

For, and on behalf of, the Board of the Company,

A handwritten signature in black ink, appearing to read 'Josh R. Puckridge', written in a cursive style.

Josh Russell Puckridge
Non-Executive Director
19th day of February 2016

**INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF
ALCIDION GROUP LIMITED**

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Alcidion Group Limited (formerly Naracoota Resources Limited), which comprises the statement of financial position as at 31 December 2015, statement of profit or loss and other comprehensive income, statement of changes in equity, and statement of cash flows for the half-year ended on that date, condensed 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 Alcidion Group Limited are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that 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 Standards 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 Company's financial position as at 31 December 2015 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Alcidion Group Limited, 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.

Whilst we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our review was not designed to provide assurance on internal controls.

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

Independence

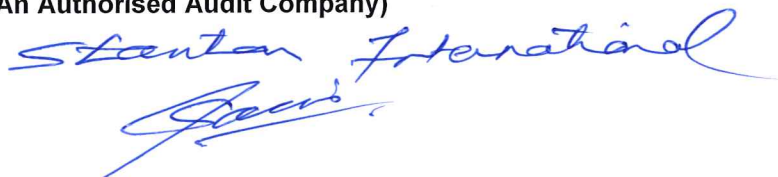
In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, has been provided to the directors of Alcidion Group Limited on 19 February 2016.

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 Alcidion Group Limited is not in accordance with the *Corporations Act 2001* including:

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

STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD
(Trading as Stantons International)
(An Authorised Audit Company)



Samir Tirodkar

Director

West Perth, Western Australia
19 February 2016

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the half-year ended 31 December 2015

	Half-year ended 31 Dec 2015 \$	Half-year ended 31 Dec 2014 \$
Revenue	47,428	64,155
Employee and contractors expenses	(60,275)	(80,182)
Depreciation expense	—	(90)
Consultants expenses	(174,521)	(78,962)
Marketing expenses	(3,500)	—
Exploration and evaluation expenses	(1,106)	(11,727)
Other expenses	(87,662)	(33,745)
Loss before income tax expense	(279,636)	(140,551)
Income tax expense	—	—
Net loss for the period	(279,636)	(140,551)
Other comprehensive loss for the period	—	—
Total comprehensive loss for the period	(279,636)	(140,551)
Loss attributable to owners of the Company	(279,636)	(140,551)
Loss per share:		
Basic and diluted loss per share (cents per share)	(0.20)	(0.10)

The accompanying condensed notes form part of the financial statements

STATEMENT OF FINANCIAL POSITION

as at 31 December 2015

	Note	31 Dec 2015 \$	30 June 2015 \$
Current assets			
Cash and cash equivalents	2	3,434,014	3,737,819
Trade and other receivables		29,814	12,195
Prepayments	2	229,617	-
Total current assets		3,693,445	3,750,014
Non-current assets			
Mining properties		13,172	13,172
Total non-current assets		13,172	13,172
TOTAL ASSETS		3,706,617	3,763,186
Current liabilities			
Trade and other payables		237,926	14,859
Total current liabilities		237,926	14,859
TOTAL LIABILITIES		237,926	14,859
NET ASSETS		3,468,691	3,748,327
Equity			
Issued capital	3	8,689,184	8,689,184
Reserves		509,619	509,619
Accumulated losses		(5,730,112)	(5,450,476)
TOTAL EQUITY		3,468,691	3,748,327

The accompanying condensed notes form part of the financial statements

STATEMENT OF CHANGES IN EQUITY

for the half-year ended 31 December 2015

	Ordinary Shares \$	Option Reserve \$	Accumulated Losses \$	Total Equity \$
Balance as at 1 July 2015	8,689,184	509,619	(5,450,476)	3,748,327
<i>Comprehensive expense for the period</i>				
Loss for the period	—	—	(279,636)	(279,636)
Total comprehensive loss for the period	—	—	(279,636)	(279,636)
<i>Transactions with owners in their capacity as owners:</i>				
Shares issued	—	—	—	—
Options Issued	—	—	—	—
Capital raising costs	—	—	—	—
Balance as at 31 December 2015	8,689,184	509,619	(5,730,112)	3,468,691
Balance as at 1 July 2014	8,689,184	509,619	(5,172,055)	4,026,748
<i>Comprehensive expense for the period</i>				
Loss for the period	—	—	(140,551)	(140,551)
Total comprehensive loss for the period	—	—	(140,551)	(140,551)
<i>Transactions with owners in their capacity as owners:</i>				
Issue of shares	—	—	—	—
Issue of options	—	—	—	—
Shares issue costs	—	—	—	—
Balance as at 31 December 2014	8,689,184	509,619	(5,312,606)	3,886,197

The accompanying condensed notes form part of the financial statements

STATEMENT OF CASH FLOWS

for the half-year ended 31 December 2015

	Note	Half-year ended 31 Dec 2015 \$	Half-year ended 31 Dec 2014 \$
Cash flows from operating activities			
Receipts/(Payments) for exploration and evaluation		1,004	(5,161)
Payments to suppliers and employees		(359,519)	(195,178)
Interest received		54,710	64,155
Net cash used in operating activities		(303,805)	(136,184)
Cash flows from financing activities			
Proceeds from issues of equity securities		—	—
Payment for share issue costs		—	—
Net cash provided by financing activities		—	—
Net decrease in cash and cash equivalents		(303,805)	(136,184)
Cash and cash equivalents at the beginning of the financial period		3,737,819	4,021,943
Cash and cash equivalents at the end of the financial period	2	3,434,014	3,885,759

The accompanying condensed notes form part of the financial statements

NOTES TO THE FINANCIAL STATEMENTS

for the half-year ended 31 December 2015

1. Statement of significant accounting policies

a. Reporting entity

Alcidion Group Limited (formerly Naracoota Resources Limited) (**Alcidion** or, the **Company**) is a listed public Company, incorporated in Australia.

The annual financial report of the Company as at and for the year ended 30 June 2015 is available upon request from the Company's registered office at Suite 9, 330 Churchill Avenue, Subiaco WA 6008 or on the Company's website: www.naracoota.com.au.

b. Statement of compliance

These general purpose interim financial statements for the half-year reporting period ended 31 December 2015 have been prepared in accordance with requirements of the *Corporations Act 2001* and Australian Accounting Standard AASB 134: *Interim Financial Reporting*. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

This interim financial report is intended to provide users with an update on the latest annual financial statements of Alcidion Group Limited. As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the Company. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Company for the year ended 30 June 2015, together with any public announcements made during the following half-year.

These interim financial statements were authorized for issue on 19 February 2016.

c. Basis of preparation

The interim report has been prepared on the going concern basis. The Directors are of the opinion that the going concern basis is appropriate as the Company expects to be in a position to meet its cash requirements for the next 12 months.

d. Accounting policies

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements. The Company has considered the implications of new and amended Accounting Standards but determined that their application to the financial statements is either not relevant or not material.

e. Significant accounting judgments and key estimates

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

In preparing this interim financial report, the significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those applied to the financial report as at and for the year ended 30 June 2015.

2. Cash and cash equivalents and prepayments

The Company, at the time of this Report, holds \$2,000,000 in cash in excess of the reported \$3,434,014 reported as Cash and Cash Equivalents. This amount being held on trust by the Company is in relation to applications received from investors pursuant to the offer of securities detailed in the Company's prospectus, dated 7 December 2015 (**Prospectus**).

The acceptance of these funds is still subject to conditions that have not yet been met (see the Prospectus) and, as such, the Company is not at liberty to utilise these funds. The Company will advise when the conditions for the acceptance of these funds have been met in accordance with the Prospectus and will supply an updated summary of accounts to shareholders via the ASX platform.

Until such time as the funds raised under the Prospectus are made available to the Company, the associated capital raising costs, currently totalling \$229,617, have been treated as prepayments.

NOTES TO THE FINANCIAL STATEMENTS

for the half-year ended 31 December 2015

3. Issued capital

Fully paid ordinary shares

138,263,828 fully paid ordinary shares
(30 June 2015: 138,263,828)

31 Dec 2015	30 Jun 2015
\$	\$
8,689,184	8,689,184

Options

As at 31 December 2015, the Company has issued the following options:

Date options issued	Vesting date	Expiry date	Exercise price (cents)	Number of options
3 August 2011	3 August 2011	2 August 2016	30	1,000,000
20 October 2011	20 October 2011	19 October 2016	30	4,000,000
23 August 2012	23 August 2012	23 August 2017	7.5	500,000
Total Number of Options				5,500,000

47,536,676 options exercisable at \$0.09, expired on 30 September 2015. No options were issued or exercised during the half-year.

Each option issued converts into one ordinary share of Alcidion Group Limited on exercise. Options neither carry rights to dividends nor voting rights. Options may be exercised at any time from the date of vesting to the date of their expiry.

4. Share based payments

The share options outstanding at the end of the half-year had a weighted average exercise price of \$0.28 (2014: \$0.28) and the weighted average remaining contractual life of the share options as at 31 December 2015 is 0.84 years (2014: 1.84 years).

5. Dividends

No dividends were paid or proposed during the period.

6. Contingent liabilities

There has been no change in contingent liabilities or contingent assets since the last annual reporting date.

7. Segment reporting

The Company identifies 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 allocation of resources. The Company operates predominantly in the mineral exploration industry in Australia. The financial information presented in the consolidated statement of comprehensive income and consolidated statement of financial position is the same as that presented to the chief operating decision maker.

Unless stated otherwise, all amounts reported to the Board of Directors as the chief decision maker is in accordance with accounting policies that are consistent to those adopted in the annual financial statements of the Company.

8. Subsequent events

No matters or circumstances have arisen since 31 December 2015 that may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

NOTES TO THE FINANCIAL STATEMENTS

for the half-year ended 31 December 2015

9. Alcidion Transaction

The Company announced its intended acquisition of Alcidion Corporation Pty Limited in August 2015 under a Reverse Takeover Scheme (**Acquisition**).

The terms of the Acquisition are as follows:

Consideration for the acquisition of Alcidion

The Company will issue shareholders of Alcidion Corporation Pty Limited the following:

- 400,000,000 fully paid ordinary shares (**‘Consideration Shares’**);
- 133,333,333 Class A Contingent Share Rights that convert to ordinary shares on NRR achieving \$10 million in revenue (audited) over 12 consecutive months, within 24 months from re-admission of NRR as Alcidion on the Australian Securities Exchange (**‘ASX’**) (**‘Class A Contingent Share Rights’**); and
- 133,333,333 Class B Contingent Share Rights that convert to ordinary shares on NRR achieving \$15 million in revenue (audited) over 12 consecutive months, within 36 months from re-admission of NRR as Alcidion on the ASX (**‘Class B Contingent Share Rights’**).

Consideration Issued to Advisors

The Company will issue the following to advisors to the Acquisition:

- 11,827,957 Class A Contingent Share Rights; and
- 15,053,763 Class B Contingent Share Rights.

Since then the Company prepared and sent to shareholders a Notice of meeting dated 20 November 2015 to approve the proposed Acquisition. On the 7th of December 2015, the Company issued a prospectus to raise \$2 million (**Prospectus**); all funds have been received on trust under the Prospectus (Refer Note 2). At the time of the issue of this report, the Acquisition is not yet complete and the Company will advise when the offer is formally closed via the ASX platform.

The Acquisition was approved by Shareholders of the Company on the 21st of December 2015. Following this approval the Company changed its name from Naracoota Resources Limited to Alcidion Group Limited in anticipation of completing the Acquisition. The Company is currently working towards completing the Acquisition and receiving a re-listing date to be re-quoted on the ASX under the new code ‘ALC’.