

NEMEX

RESOURCES LIMITED

ACN 146 243 843

AND ITS CONTROLLED ENTITIES

**HALF - YEAR FINANCIAL REPORT
FOR THE SIX MONTHS ENDED
31 DECEMBER 2016**

NEMEX RESOURCES LIMITED AND ITS CONTROLLED ENTITIES

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NEMEX RESOURCES LIMITED AND ITS CONTROLLED ENTITIES

DIRECTORS' REPORT

DIRECTORS' REPORT

Your directors submit the financial report of the consolidated entity (“Group”) for the half-year ended 31 December 2016. The directors report as follows:

Directors

The directors of the Company during or since the end of the half-year are listed below. All directors were in office for this entire period unless otherwise stated.

Hui Zhang	Executive Chairman	
Tao Ding	Non-Executive Director	
Yongjin Li	Non-Executive Director	appointed 15 July 2016

Results

The consolidated loss for the half-year after tax was \$31,910 (2015: \$644,964).

Review of Operations

Investment in Security Biometric Technology

In April 2014, the Company entered into a conditional agreement to earn up to a 51% interest in Wavefront Biometric Technologies Pty Ltd (“Wavefront”) and its unique biometric technology. Wavefront has developed and patented a biometric technology for reliable and secure authentication of a person’s identity, based on capturing data associated with the eye. Nemex currently holds a 40% interest in Wavefront.

During the period, Wavefront advised the Company it engaged the services of a software development group based in Australia to upgrade Wavefront’s system software to provide data output to calculate performance metrics in a format typically reviewed by the International Centre for Biometric Research at Purdue University (“Purdue ICBR”), a globally recognised leader in biometric technology analysis.

This work allowed image data to be captured and entered into the Wavefront algorithm and the resulting output data to be read in a format that is compatible with many commercial biometric readers.

Wavefront also completed further technology development aimed at improving usability, increasing the speed of the analysis of the captured front-end image, overall improvement in the accuracy of the three modes (iris hue, iris pattern and cornea) and the application of artificial intelligence to the combination of the modes to give optimal results.

Wavefront advised that it had commenced further independent validation testing at Purdue ICBR in January 2017 and the results are expected in the near future. The Company continues to support Wavefront in its current technology development and will reassess its position once results are received.

Mineral Interests

No field activities were undertaken during the period and subsequent to the end of the period, the Company relinquished its remaining mineral project as the results to date did not warrant further exploration.

NEMEX RESOURCES LIMITED AND ITS CONTROLLED ENTITIES

DIRECTORS' REPORT

Corporate

Mr Yongjin Li was appointed to the Board as a non-executive director on 15 July 2016. Mr Li graduated from the University of Science and Technology in 1983 and spent 15 years working for China Non Ferrous Metal Corporation (CNNC) which is owned by the China State owned Assets Supervision and Administration Commission of the State Council (SASAC). Mr. Li has extensive experience working with Chinese State-owned companies and will assist with introducing Wavefront to potential technology development partners in China.

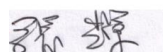
The Company's ability to raise cash at this time has made the conservation of cash paramount. Accordingly, the Board is carefully assessing options regarding ongoing funding and has agreed to suspend Directors fees until the Company's funding position has improved.

The Board continues to assess new investment opportunities, including potential investments in both resource and non-resource related sectors.

Auditor's Independence Declaration

Section 307C of the Corporations Act 2001 requires the Company's auditors, HLB Mann Judd, to provide the directors of the Company with an Independence Declaration in relation to the review of the half-year financial report. This Independence Declaration is set out on the next page and forms part of this directors' report for the half-year ended 31 December 2016.

This report is signed in accordance with a resolution of the Board of Directors made pursuant to s.306 (3) of the Corporations Act 2001.



H Zhang
Chairman
Sydney

Dated this 14th day of March 2017

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the consolidated financial report of Nemex Resources Limited for the half-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 review; and
- b) any applicable code of professional conduct in relation to the review.



Perth, Western Australia
14 March 2017

M R W Ohm
Partner

NEMEX RESOURCES LIMITED AND ITS CONTROLLED ENTITIES
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE
INCOME

For the half - year ended 31 December 2016

	Notes	31 December 2016 \$	31 December 2015 \$
REVENUES			
Interest income		123,778	41,080
Foreign currency exchange gains		3,244	-
Other income		-	6,000
Profit on disposal of plant and equipment		-	77,278
		127,022	124,358
EXPENSES			
Administrative expenses		(112,101)	(380,334)
Depreciation expense		-	(4,779)
Employee benefits expense		(37,202)	(90,113)
Foreign currency exchange losses		-	(5,144)
Impairment of exploration expenditure	5	(2,205)	(39,869)
Occupancy expenses		-	(15,954)
Share of net losses of associate		(7,424)	(233,129)
		(31,910)	(644,964)
Loss before income tax expense	2	(31,910)	(644,964)
Income tax benefit		-	-
		(31,910)	(644,964)
Net loss for the period		(31,910)	(644,964)
Other comprehensive income			
<i>Items that may be reclassified to profit or loss:</i>			
Exchange differences on translation of foreign subsidiaries		-	1,555
		-	1,555
Other comprehensive income for the period		-	1,555
		(31,910)	(643,409)
Total comprehensive loss for the period		(31,910)	(643,409)
Basic and diluted loss per share (cents per share)	7	(0.01)	(0.27)

The accompanying notes form part of these financial statements.

NEMEX RESOURCES LIMITED AND ITS CONTROLLED ENTITIES
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2016

	Notes	31 December 2016 \$	30 June 2016 \$
Current Assets			
Cash and cash equivalents		170,305	309,070
Other receivables	3	1,201,270	1,075,151
Total Current Assets		1,371,575	1,384,221
Non-Current Assets			
Investment in associate	6	552,710	560,134
Total Non-Current Assets		552,710	560,134
Total Assets		1,924,285	1,944,355
Current Liabilities			
Trade and other payables		48,208	36,368
Total Liabilities		48,208	36,368
Net Assets		1,876,077	1,907,987
Equity			
Issued capital	8	11,982,428	11,982,428
Equity based compensation reserve	9	1,488,751	1,488,751
Foreign currency translation reserve		234,869	234,869
Accumulated losses		(11,829,971)	(11,798,061)
Total Equity		1,876,077	1,907,987

The accompanying notes form part of these financial statements.

NEMEX RESOURCES LIMITED AND ITS CONTROLLED ENTITIES
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the half - year ended 31 December 2016

	Issued Capital	Accumulated Losses	Foreign Currency Translation Reserve	Equity Based Compensation Reserve	Total Equity
	\$	\$	\$	\$	\$
Balance at 1 July 2015	11,774,303	(9,988,197)	233,315	1,488,751	3,508,172
Loss for the period	-	(644,964)	-	-	(644,964)
Exchange differences arising on translation of foreign subsidiaries	-	-	1,555	-	1,555
Total comprehensive loss for the period	-	(644,964)	1,555	-	(643,409)
Shares issued during the half - year (net of costs)	208,125	-	-	-	208,125
Balance at 31 December 2015	11,982,428	(10,633,161)	234,870	1,488,751	3,072,888
Balance at 1 July 2016	11,982,428	(11,798,061)	234,869	1,488,751	1,907,987
Loss for the period	-	(31,910)	-	-	(31,910)
Total comprehensive loss for the period	-	(31,910)	-	-	(31,910)
Balance at 31 December 2016	11,982,428	(11,829,971)	234,869	1,488,751	1,876,077

The accompanying notes form part of these financial statements.

NEMEX RESOURCES LIMITED AND ITS CONTROLLED ENTITIES

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the half - year ended 31 December 2016

	31 December 2016	31 December 2015
	\$	\$
Cash flows from operating activities		
Cash payments in the course of operations	(139,928)	(521,509)
Other revenue	-	4,000
Interest received	124	2,520
Net cash used in operating activities	(139,804)	(514,989)
Cash flows from investing activities		
Payments for exploration and evaluation expenditure	(2,205)	(46,751)
Loans to Wavefront Biometric Technologies Pty Ltd	-	(350,000)
Proceeds from disposal of plant and equipment	-	143,310
Net cash used in investing activities	(2,205)	(253,441)
Cash flows from financing activities		
Proceeds from issue of shares and option conversions	-	208,125
Net cash provided by financing activities	-	208,125
Net (decrease) / increase in cash and cash equivalents	(142,009)	(560,305)
Cash and cash equivalents at the beginning of the reporting period	309,070	1,013,802
Effects of exchange rate fluctuations on the balances of cash held in foreign currencies	3,244	(5,144)
Cash and cash equivalents at the end of the reporting period	170,305	448,353

The accompanying notes form part of these financial statements.

NEMEX RESOURCES LIMITED AND ITS CONTROLLED ENTITIES

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

For the half - year ended 31 December 2016

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

These interim consolidated financial statements are general purpose financial statements prepared in accordance with the requirements of the Corporations Act 2001, applicable accounting standards including AASB 134: Interim Financial Reporting, Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board ('AASB'). Compliance with AASB 134 ensures compliance with IAS 34 'Interim Financial Reporting'.

This condensed half-year report does not include full disclosures of the type normally included in an annual financial report. Therefore, it cannot be expected to provide as full an understanding of the financial performance, financial position and cash flows of the Group as in the full financial report.

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2016 and any public announcements made by Nemex Resources Limited during the half-year in accordance with continuous disclosure requirements arising under the Corporations Act 2001 and the ASX Listing Rules.

Basis of preparation

The interim report has been prepared on a historical cost basis. Cost is based on the fair value of the consideration given in exchange for assets. The Company is domiciled in Australia and all amounts are presented in Australian dollars, unless otherwise noted.

For the purpose of preparing the interim report, the half-year has been treated as a discrete reporting period.

Going Concern

The financial statements have been prepared on the going concern basis, which contemplates the continuity of normal business activity and the commercial realisation of the Group's assets and the settlement of liabilities in the normal course of business.

The Group has incurred a loss for the period after tax of \$31,910 (2015: \$644,964) and experienced net operating and investing cash outflows of \$142,010 (2015: \$768,430). As at 31 December 2016, the Group has net current assets of \$1,323,367.

The Directors believe that additional funding, such as by equity funding or repayments of amounts due from Wavefront, may be required to enable the Group to continue as a going concern for a period of at least twelve months from the date of signing this financial report.

The Directors believe the Group will obtain sufficient funding to enable it to continue as a going concern and therefore that it is appropriate to prepare the financial statements on a going concern basis.

However, due to the existence of the above financial conditions, there exists a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern and therefore the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

NEMEX RESOURCES LIMITED AND ITS CONTROLLED ENTITIES

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

For the half - year ended 31 December 2016

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES - continued

Significant accounting judgements and key estimates

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

Except as described below, in preparing this interim financial report, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial report for the year ended 30 June 2016.

Investment in Wavefront Biometric Technologies Pty Ltd ('Wavefront') and associated loan

The Group has a 40% investment in Wavefront which is recorded at its equity accounted carrying value of \$552,710 together with a loan receivable of \$1,194,931. In accordance with relevant accounting standards, the Directors have considered the existence of any indicators of impairment in relation to both the investment and the loan.

On 24 November 2015, the Group announced that Purdue ICBR had completed testing Wavefront's system and was unable to independently validate and report on the performance metrics without further in-depth analysis of the Wavefront software.

Wavefront has reviewed and amended its software to provide data output in a typical format and having conducted internal testing, advised Nemex that it had commenced testing in January 2017 and is awaiting the results, which are expected in the near future.

The Directors will continue to monitor progress on the independent Wavefront validation and will continually assess the existence of any indications of impairment. The Directors advise that if the results of the further independent testing is not successful, it is likely that the investment and the loan will be significantly impaired.

Accounting policies and methods of computation

The accounting policies and methods of computation adopted are consistent with those of the previous financial year and corresponding interim reporting period. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

Standards and Interpretations applicable to 31 December 2016

In the half-year ended 31 December 2016, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Company and effective for the half-year reporting periods beginning on or after 1 July 2016.

As a result of this review, the Directors have determined that there is no material impact of the new and revised Standards and Interpretations on the Company and therefore no material change is necessary to Group accounting policies.

NEMEX RESOURCES LIMITED AND ITS CONTROLLED ENTITIES

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

For the half - year ended 31 December 2016

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES - continued

Standards and Interpretations in issue not yet adopted applicable to 31 December 2016

The Directors have also reviewed all of the new and revised Standards and Interpretations on issue not yet adopted that are relevant to the Company and effective for the half-year reporting periods beginning on or after 1 January 2017.

As a result of this review, the Directors have determined that there is no material impact of the new and revised Standards and Interpretations in issue not yet adopted on the Company and therefore no material change is necessary to Group accounting policies.

2. LOSS BEFORE INCOME TAX EXPENSE

	31 December 2016	31 December 2015
	\$	\$
These expense items are relevant in explaining the financial performance for the half-year:		
Depreciation expense	-	4,779
Exploration expenditure impaired	2,205	39,869

3. OTHER RECEIVABLES

	Half –year ended 31 December 2016	Year ended 30 June 2016
	\$	\$
Current:		
Prepayments and advances	6,338	3,874
Other receivables (i)	1,194,931	1,071,277
Balance at the end of the period	<u>1,201,269</u>	<u>1,075,151</u>

(i) The loan of \$950,000 plus accrued interest of \$244,931 was provided to WBT to fund ongoing development and commercialisation activities. The loans are accruing interest at a rate of at a rate of 20% per annum.

The Company has an option to increase its shareholding in WBT to 51% pursuant to the subscription agreement through the conversion of the loans to equity and the payment of a further \$555,069 as at 31 December 2016.

The recoverability of these loans is dependent on either Nemex exercising its option to increase its shareholding in WBT to 51% or WBT generating sufficient funds in its own right to repay the loans.

NEMEX RESOURCES LIMITED AND ITS CONTROLLED ENTITIES

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

For the half - year ended 31 December 2016

4. PROPERTY, PLANT AND EQUIPMENT

	Half –year ended 31 December 2016 \$	Year ended 30 June 2016 \$
Movement in carrying amounts		
Balance at the beginning of the period	-	69,255
Disposals	-	(66,031)
Depreciation expense	-	(4,779)
Translation differences movement	-	1,555
Balance at the end of the period	<u>-</u>	<u>-</u>

5. DEFERRED EXPLORATION AND EVALUATION EXPENDITURE

	Half –year ended 31 December 2016 \$	Year ended 30 June 2016 \$
Costs carried forward in respect of areas of interest in the following phases:		
Exploration and evaluation phase – at cost		
Balance at the beginning of the period	-	-
Expenditure incurred	2,205	41,567
Exploration expenditure impaired	<u>(2,205)</u>	<u>(41,567)</u>
Balance at the end of the period	<u>-</u>	<u>-</u>

The expenditure above relates to the exploration and expenditure phase. The recoupment of costs carried forward in relation to areas of interest in the exploration and evaluation phases is dependent on the successful development and commercial exploitation or sale of the respective areas.

During the period, the Company relinquished its remaining mineral tenement as the results to date made the likelihood of an economic deposit being defined unlikely

NEMEX RESOURCES LIMITED AND ITS CONTROLLED ENTITIES

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

For the half - year ended 31 December 2016

6. INVESTMENTS

	Half –year ended 31 December 2016 \$	Year ended 30 June 2016 \$
Investment in associate – Wavefront Biometric Technologies Pty Ltd (WBT)	552,710	560,134

The Company has a 40% shareholding in WBT. WBT is an unlisted private Australian emerging security biometric technology company. The recoupment of costs carried forward in relation to the investment in WBT is dependent on the successful development and commercialisation of the WBT technology. The Directors will continue to monitor progress on the independent Wavefront validation and will continually assess the existence of any indications of impairment.

7. LOSS PER SHARE

	Half –year ended 31 December 2016 cents	Half –year ended 31 December 2015 cents
Basic loss per share	(0.01)	(0.27)
	Number	Number
Weighted average number of ordinary shares outstanding during the period used in the calculation of basic loss per share	241,325,421	240,663,467

8. ISSUED CAPITAL

	CONSOLIDATED			
	Six Months to 31 December 2016		Year to 30 June 2016	
	Number	\$	Number	\$
Ordinary shares, issued and fully paid	241,325,421	11,982,428	241,325,421	11,982,428
<i>(a) Movements in Issued Ordinary Shares:</i>				
Balance at the beginning of the period	241,325,421	11,982,428	237,162,921	11,774,303
Conversion of options	-	-	4,162,500	208,125
Balance at the end of the period	241,325,421	11,982,428	241,325,421	11,982,428

NEMEX RESOURCES LIMITED AND ITS CONTROLLED ENTITIES

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

For the half - year ended 31 December 2016

9. EQUITY BASED COMPENSATION RESERVE

	Half –year ended 31 December 2016	Year ended 30 June 2016
	\$	\$
Equity Based Compensation Reserve	<u>1,488,751</u>	<u>1,488,751</u>
<i>Movements during the period:</i>		
Balance at beginning of period	1,488,751	1,488,751
Fair value of options issued to consultants	<u>-</u>	<u>-</u>
Balance at end of period	<u>1,488,751</u>	<u>1,488,751</u>

10. CONTINGENT LIABILITIES

There were no contingent liabilities at 31 December 2016.

11. EVENTS OCCURRING SUBSEQUENT TO BALANCE DATE

No other matters or circumstances have arisen since 31 December 2016 that have or may significantly affect the operations, results, or state of affairs of the consolidated entity in future financial periods.

12. FINANCIAL INSTRUMENTS

The Directors consider that the carrying values of financial assets and financial liabilities approximate their fair values.

NEMEX RESOURCES LIMITED AND ITS CONTROLLED ENTITIES

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

For the half - year ended 31 December 2016

13. SEGMENT REPORTING

Management has determined that the Group has two reportable segments, being mineral exploration and investment activities in Australia and its investment in WBT. The Board monitors the exploration activities based on actual versus budgeted expenditure incurred on the individual areas of interest. This internal reporting framework is the most relevant to assist the Board with making decisions regarding the Group and its ongoing activities, while also taking into consideration the results of exploration work that has been performed to date.

31 December 2016	Investment in WBT	Mineral Exploration and Investment in Australia	Total
	\$	\$	\$
Revenue			
Reportable segment	123,654	-	123,654
Unallocated revenue	-	-	3,368
Total revenue	123,654	-	127,022
Results			
Operating profit / (loss) before income tax	116,230	(151,508)	(35,278)
Unallocated profit/(loss)	-	-	3,368
Net loss			(31,910)
Non-Cash Expenses			
Impairment of exploration expenditure	-	2,205	2,205
Assets			
Reportable segment assets	1,747,641	176,644	1,924,285
Non-current assets acquired	-	-	-
Liabilities			
Reportable segment liabilities	-	48,208	48,208

NEMEX RESOURCES LIMITED AND ITS CONTROLLED ENTITIES

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

For the half - year ended 31 December 2016

13. SEGMENT REPORTING - continued

31 December 2015	Investment in WBT	Mineral Exploration and Investment in Australia	Mineral Exploration in West Africa	Total
	\$	\$	\$	\$
Revenue				
Reportable segment	44,560	-	77,278	121,838
Unallocated revenue	-	-	-	2,520
Total revenue	44,560	-	77,278	124,358
Results				
Operating profit / (loss) before income tax	(188,569)	(492,988)	34,073	(647,484)
Unallocated profit/(loss)	-	-	-	2,520
Net loss				(644,964)
Non-Cash Expenses				
Depreciation	-	1,443	3,336	4,779
Impairment of exploration expenditure	-	-	39,869	39,869
Assets				
Reportable segment assets	2,676,861	487,722	-	3,164,583
Non-current assets acquired	-	-	-	-
Liabilities				
Reportable segment liabilities	-	91,695	-	91,695

NEMEX RESOURCES LIMITED AND ITS CONTROLLED ENTITIES

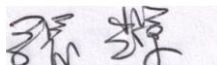
DIRECTORS' DECLARATION

31 December 2016

In the opinion of the directors of Nemex Resources Limited ('The Company'):

1. The attached financial statements and notes thereto are in accordance with the Corporations Act 2001 including:
 - a. complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - b. giving a true and fair view of the Group's financial position as at 31 December 2016 and of its performance for the half-year then ended.
2. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is signed in accordance with a resolution of the Board of Directors made pursuant to s.303 (5) of the Corporations Act 2001.



H Zhang
Chairman

Dated at Sydney this 14th day of March 2017

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Nemex Resources Limited

Report on the Condensed Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Nemex Resources Limited (“the company”) which comprises the condensed consolidated statement of financial position as at 31 December 2016, the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory notes, and the directors’ declaration, for the Group comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors’ responsibility for the half-year financial report

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

Auditor’s responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group’s financial position as at 31 December 2016 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the company, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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

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 Nemex Resources Limited is not 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 performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Emphasis of matter

Without modifying our conclusion, we draw attention to Note 1 in the financial report which indicates that the Group has incurred a loss for the period after tax of \$31,910 (2015: \$644,964) and experienced net operating and investing cash outflows of \$142,010 (2015: \$768,430). These conditions, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern and therefore, whether it will realise its assets and discharge its liabilities in the normal course of business.

HLB Mann Judd

HLB Mann Judd
Chartered Accountants

A handwritten signature in blue ink, appearing to read 'M R W Ohm'.

M R W Ohm
Partner

Perth, Western Australia
14 March 2017