
CLASSIC MINERALS LIMITED
ABN: 77 119 484 016

HALF YEAR REPORT
31 DECEMBER 2015

CLASSIC MINERALS LTD

ABN 77 119 484 016

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CLASSIC MINERALS LTD

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COMPANY INFORMATION

Directors

Mr Justin Douch
(Managing Director)

Mr Kent Hunter
(Non Executive Director)

Mr Lu Ning Yi
(Non Executive Director)

Company Secretary

Mr Jeffrey Nurse

Registered Office

71 Furniss Road
Landsdale WA, 6065
Telephone: (08) 6305 0221
Facsimile: (08) 9242 9295
Email: admin@classicminerals.com.au

Auditors

Bentleys
Level 3,
London House,
216 St George's Terrace,
Perth WA 6000.

Telephone: (08) 9226 4500
Facsimile: (08) 9226 4300

Bankers

National Australia Bank
226 Main Street,
Osborne Park, WA, 6107

Share Registry

Advanced Share Registry Limited
110 Stirling Highway,
Nedlands, 6009,WA

Telephone: (08) 9389 8033
Facsimile: (08) 9262 3723

Stock Exchange Listing

The Company is listed on the Australian Securities
Exchange Ltd (ASX)
Home Exchange: Perth, Western Australia

Website

www.classicminerals.com.au

Australian Securities Exchange Code:

CLZ

CLASSIC MINERALS LTD

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DIRECTORS' REPORT

The directors of Classic Minerals Ltd submit herewith the financial report for the half-year ended 31 December 2015. In order to comply with the provisions of the *Corporations Act 2001* the directors report as follows:

Directors

The names of the directors of the company during or since the end of the half year are:

Mr Justin Douch

Mr Kent Hunter

Mr Yi Lu Ning (appointed 30 November 2015)

Mr. Stan Procak (retired 30 November 2015)

Unless otherwise stated, all directors were in office for the period under review, and up to the date of this report.

Review of Operations

The loss for the six-month period ended 31 December 2015 is \$64,492 (31 December 2014 loss \$3,151,741). As at 31 December 2015 Classic Minerals Ltd ("Classic" or "the Company") had 307,270,465 shares on issue.

Exploration activities

The Company mandated Newexco Services Pty Ltd, a leading Geophysical consultancy to re-interpret the Company's existing geological and geophysical data from its flagship tenement Fraser Range and to generate new targets at the project.

Geological Mapping at Fraser Range

Geological Mapping and a review of the drilling sites was completed by Newexco along with Classic staff over the entire Fraser Range project.

Ground Electromagnetic Surveys

Merlin Geophysical Solutions in conjunction with Newexco Services Pty Ltd carried out a Ground EM survey at Fraser Range. The survey was carried out in two parts. These surveys were to generate new Conductive targets and to re-examine the exact location and modelling of existing conductive targets.

Rock Chip and Soil sampling was carried out at the Doherty's Gold project

A sampling program was recently undertaken at the Company's Doherty's Gold Project to re-test surface Au levels. The field trip also included mapping and re-pegging of the datum pegs and specific drilling locations over the project.

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DIRECTORS' REPORT

There are no other matters or circumstances that have arisen since the end of the half year which will significantly affect, or may significantly effect, the state of affairs of the reporting entity in future periods.

Auditor's Declaration

The auditor's independence declaration under s.307C of the Corporations Act 2001 is included on page 4 of the half-year financial report.

This report is signed in accordance with a resolution of the board of directors.



Justin Douth
Managing Director
31 March 2016

**Bentleys Audit & Corporate
(WA) Pty Ltd**

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To the Board of Directors

**Auditor's Independence Declaration under Section 307C of the
Corporations Act 2001**

As lead audit director for the review of the financial statements of Classic Minerals 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:

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

Yours faithfully



BENTLEYS
Chartered Accountants



MARK DELAURENTIS CA
Director

Dated at Perth this 31st day of March 2016

Independent Auditor's Review Report

To the Members of Classic Minerals Limited

We have reviewed the accompanying half-year financial report of Classic Minerals Limited ("the Company") which comprises the condensed statement of financial position as at 31 December 2015, the condensed statement of profit or loss and other comprehensive income, condensed statement of changes in equity and condensed statement of cash flows for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes and the directors' declaration.

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 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 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 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.

Independent Auditor's Review Report

To the Members of Classic Minerals Limited (Continued)



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 Classic Minerals 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.

Emphasis of Matter

Without qualifying our conclusion, we draw attention to note 1(c) in the financial report which indicates that the company incurred a net loss of \$64,492 during the half-year ended 31 December 2015. This condition, along with other matters as set forth in note 1(c), indicate the existence of a material uncertainty which may cast significant doubt about the ability of the company to continue as a going concern and whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

A handwritten signature in blue ink that reads "Bentleys".

BENTLEYS
Chartered Accountants

A handwritten signature in blue ink that reads "Mark Delaurentis".

MARK DELAURENTIS CA
Director

Dated at Perth this 31st day of March 2016

CLASSIC MINERALS LTD

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DIRECTORS' DECLARATION FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

The directors of the Company declare that:

1. The financial statements and notes, as set out on pages 8 to 17 are in accordance with the *Corporations Act 2001*, including:
 - a) complying with Accounting Standard AASB 134: Interim Financial Reporting; and
 - b) 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.
2. 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.

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



Justin Douth
Managing Director
31 March 2016

CLASSIC MINERALS LTD

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CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

	31 December 2015 \$	31 December 2014 \$
Research & Development Rebate	1,482,137	-
Revenue	1,202	33,354
Interest Income	793	-
Advertising and marketing expenses	(8,843)	(19,125)
Auditor's remuneration	(16,443)	(37,127)
ASX Listing Fees and filing fees	(23,917)	(50,568)
Commissions	-	(57,364)
Consultant Fees	(280,208)	(348,084)
Depreciation	(36,412)	(38,608)
Directors' fees	(236,350)	(219,000)
Employee benefits expenses	(187,826)	(304,448)
Exploration expenditure written off	(223,065)	(793,528)
Finance costs	(220,792)	(829,347)
Insurance	(8,445)	(17,557)
Legal and professional fees	(243,082)	(132,363)
Occupancy costs	(51,998)	(73,045)
Other administrative expenses	(11,241)	(64,931)
Impairment loss on Cowarna Rocks	-	(200,000)
Profit/(Loss) before income tax expense	(64,492)	(3,151,741)
Income tax expense	-	-
Profit/(Loss) for the period	(64,492)	(3,151,741)
Other comprehensive income	-	-
Total comprehensive income for the period	(64,492)	(3,151,741)
Loss per share		
Basic and diluted (cents per share)	(0.02)	(1.2)

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

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CONDENSED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2015

		31 December 2015	30 June 2015
	Note	\$	\$
Current assets			
Cash and cash equivalents		111,692	39,537
Trade and other receivables	4	67,876	47,877
Other assets	5	330,263	200,277
Total current assets		509,831	287,691
Non-current assets			
Property, plant and equipment	6	253,194	280,315
Other assets		3,642	3,642
Exploration and evaluation costs		131,300	231,300
Intangible Assets	7	-	-
Total non-current assets		388,136	515,257
Total assets		897,967	802,948
Current liabilities			
Trade and other payables		1,489,470	1,661,619
Employee Provisions		71,811	61,669
Borrowings	8	1,203,718	899,374
Total current liabilities		2,764,999	2,622,662
Non-current liabilities			
Borrowings	8	89,748	92,574
Total non-current liabilities		89,748	92,574
Total liabilities		2,854,747	2,715,236
Net assets/(Liabilities)		(1,956,780)	(1,912,288)
Equity			
Issued capital	9	12,943,158	12,923,158
Accumulated losses		(14,899,938)	(14,835,446)
Total equity		(1,956,780)	(1,912,288)

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

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CONDENSED STATEMENT OF CHANGES IN EQUITY FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

	Issued Capital	Option Premium Reserve	Accumulated Losses	Total Equity
	\$	\$	\$	\$
Balance at 1 July 2014	11,943,381	1,005,126	(9,930,382)	3,018,125
Loss for the period	-	-	(3,151,741)	(3,151,741)
Other comprehensive income	-	-	-	-
Total comprehensive income	-	-	(3,151,741)	(3,151,741)
<i>Transactions with owner, directly recognised in equity</i>				
Issue of shares	608,030	-	-	608,030
Cost of share issue	-	-	-	-
Share based payments	-	-	-	-
Balance at 31 December 2014	12,551,411	1,005,126	(13,082,123)	474,414
Balance at 1 July 2015	12,923,158	-	(14,835,446)	(1,912,288)
Loss for the period	-	-	(64,492)	(64,492)
Other comprehensive income	-	-	-	-
Total comprehensive income	-	-	(64,492)	(64,492)
<i>Transactions with owner, directly recognised in equity</i>				
Issues of shares	20,000	-	-	20,000
Cost of share issues	-	-	-	-
Issue of Options	-	-	-	-
Other transactions	-	-	-	-
Balance at 31 December 2015	12,943,158	-	(14,899,938)	(1,956,780)

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

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CONDENSED STATEMENT OF CASH FLOWS FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

	31 December 2015 \$	31 December 2014 \$
Cash flows from operating activities		
Receipt of Research & Development rebate	1,482,137	2,830,198
Interest Income	1,202	24,861
Other Income	793	8,494
Payments to suppliers and employees	(1,587,464)	(1,476,002)
Payments for deferred exploration expenditure	(123,065)	(1,414,490)
Net cash used in operating activities	(226,397)	(26,939)
Cash flows from investing activities		
Payment for property, plant and equipment	(2,727)	(125,183)
Proceeds on sale of property, plant and equipment	-	18,618
Return of deposit with Nex Metals	(300,000)	-
Net cash used in investing activities	(302,727)	(6,565)
Cash flows from financing activities		
Drawings of short-term loans	180,653	2,128,000
Repayment of short-term loans	(599,374)	(2,164,545)
Proceeds of Convertible Note	1,000,000	-
Proceeds from Issue of shares	20,000	-
Net cash provided by financing activities	601,279	(36,545)
Net increase in cash and cash equivalents	72,155	(70,049)
Cash and cash equivalents at the beginning of the half-year	39,537	339,807
Cash and cash equivalents at the end of the half-year	111,692	269,758

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

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NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2015

1. SUMMARY OF ACCOUNTING POLICIES

Significant Accounting Policies

a) *Statement of Compliance*

The half year financial report is a general purpose financial report prepared in accordance with the Corporations Act 2001 and Australian Accounting Standards including AASB 134 Interim Financial Reporting. Compliance with Australian Accounting Standards ensures that the financial statements and notes comply with International Financial Reporting Standards. The half-year financial report does not include notes of the type normally included in an annual financial report and should be read in conjunction with the 2015 annual financial report.

b) *Basis of Preparation*

The financial statements have been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the company's 2015 annual financial report for the financial year ended 30 June 2015, except for the impact of the Standards and Interpretations described below. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

New or revised standards and interpretations that are first effective in the current reporting period

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to their operations and effective for the current half-year.

New and revised Standards and amendments thereof and Interpretations effective for the current half-year that are relevant to the Group include:

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

The adoption of the above standards have not had a material impact on this half year financial report.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2015

1. SUMMARY OF ACCOUNTING POLICIES

c) *Going concern*

The half-year financial report has been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlements of liabilities in the ordinary course of business. The Company made a loss of \$64,492 for the half year ended 31 December 2015 (31 December 2014: \$3,151,741 loss).

The net working capital deficit position of the Company at 31 December 2015 was \$2,255,168 (30 June 2015: net working capital deficit of \$2,334,971). Cash outflows from operations of the Company at 31 December 2015 were \$226,396 (31 December 2014: \$26,939) and the net movement in cash held during the half year was an increase of \$72,155 (31 December 2014: decrease of \$70,049).

The ability of the Company to continue to pay its debts as and when they fall due is dependent upon the Company raising additional share capital, divesting its mining interests and/or debt funding.

These conditions indicate a material uncertainty that may cast significant doubt about the ability of the Company to continue as a going concern.

The Directors have prepared a cash flow forecast, which indicates that the Company will have sufficient cash flows to meet all commitments and working capital requirements for the 12 month period from the date of signing this financial report.

The Directors believe it is appropriate to prepare these accounts on a going concern basis because:

- the Company has entered into a sale of mining interest agreement subsequent to the half year end, to divest its interest in the Doherty's gold project for an amount of \$4,000,000 (inclusive of GST). An upfront non-refundable deposit of \$500,000 has been received with the remaining amount of \$3,500,000 due to be received on or before 23 June 2016. Introductory fees will be payable to Greywood Holdings Pty Ltd as described in note 2;
- the Directors have an appropriate plan to raise additional funds in the immediate future, as well as when required. In light of the Company's current projects, the Directors believe that the additional capital required can be raised in the market;

Should the Company not be successful in its planned capital raisings, it may be necessary to sell some of its assets, farm out exploration projects, or reduce exploration expenditure by various methods including surrendering less prospective tenements. Although the Directors believe that they will be successful in these measures, if they are not, the Company may be unable to continue as a going concern and therefore may be unable to realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2015

2. SUBSEQUENT EVENTS

On 19 January 2016, the Company received a short term loan of \$120,000 from its shareholder Greywood Holdings Pty Ltd. The term is for 42 days, with interest of \$18,000 payable on this loan and 2,000,000 shares to be issued.

On 24 March 2016, the Company entered into an agreement for the sale of mining rights relating to its Doherty's gold project (M57/619) and will receive as consideration \$4m (GST inclusive). The Company will receive the consideration in two instalments; \$500,000 within five business days of the signing of the Agreement and is non-refundable and as at the date of this report has been received and the remaining \$3.5m on or before 23 June 2016. The Company will receive an ongoing Royalty payment of 7.5%. An Introductory fee of 7.5% (\$300,000) and 26M shares in Classic Minerals (subject to shareholder approval) will be payable to Greywood Holdings Pty Ltd. Classic will also pay to Greywood Holdings 33.33% (2.5%) of the net smelter royalty mentioned above.

There are no other matters or circumstances that have arisen since the end of the half year which will significantly affect, or may significantly affect, the state of affairs of the reporting entity in future periods.

3. OPERATING SEGMENTS

The company has one operating segment this is consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker has been identified as the Board of Directors.

The Company operates in one operating and geographic segment being mineral exploration, and evaluation in Western Australia for the half-year periods ended 31 December 2015 and 31 December 2014.

4. TRADE AND OTHER RECEIVABLES

	31 December 2015	30 June 2015
	\$	\$
Bond and Security Deposits	35,476	15,477
Other receivables	32,400	32,400
	<u>67,876</u>	<u>47,877</u>

5. OTHER ASSETS

	31 December 2015	30 June 2015
	\$	\$
Prepaid Drilling expenses	200,277	200,277
Prepaid Interest on Convertible Note*	129,986	-
	<u>330,263</u>	<u>200,277</u>

*Prepaid interest was paid on the draw-down of the convertible note described in notes 8 and 11.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

6. PROPERTY, PLANT AND EQUIPMENT

	Plant & Equipment \$	Motor Vehicle under Hire Purchase \$	Motor Vehicles, Caravans and Quad Bikes \$	TOTAL \$
Gross Carrying Amount				
Balance at 30 June 2015	158,112	139,853	232,394	530,359
Additions	9,291	-	-	9,291
Disposals	-	-	-	-
Balance at 31 December 2015	167,403	139,853	232,394	539,650
Accumulated Depreciation				
Balance at 30 June 2015	110,923	38,651	100,470	250,044
Depreciation expense	15,080	9,487	11,845	36,412
Depreciation Write-back	-	-	-	-
Balance at 31 December 2015	126,003	48,138	112,315	286,456
Net Book Value				
As at 30 June 2015	47,189	101,202	131,924	280,315
As at 31 December 2015	41,400	91,715	120,079	253,194

7. INTANGIBLE ASSETS

	31 December 2015 \$	30 June 2015 \$
Marketing rights:		
Balance at beginning of the period	1,200,000	1,200,000
Accumulated impairment loss	(1,200,000)	(1,200,000)
Balance at end of the period	-	-

The Company holds the marketing rights for iron ore in relation to tenement E28/2238 from Guide Resources Pty Ltd. The marketing right grants Classic Minerals Limited the right to sell the iron ore rights in tenement E28/2238 for 30% of the sales proceeds. The asset was impaired in the 30 June 2015 financial due to the decline in spot prices for iron ore.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

8. BORROWINGS

	31 December 2015 \$	30 June 2015
Current		
Loans from shareholders (i)	124,973	800,000
Loans from Related Parties(ii)	55,680	76,308
Convertible Note with related party (iii)	1,000,000	-
Hire Purchase contract (iv)	23,065	23,066
Balance at end of the period	<u>1,203,718</u>	<u>899,374</u>
Non-Current		
Hire Purchase contract (iv)	<u>89,748</u>	<u>92,574</u>
Balance at end of the period	<u>89,748</u>	<u>92,574</u>

- (i) Three short-term, unsecured loans were advanced to the Company by its shareholders. For two loans totalling \$24,973, interest accrued on these loans at 10 per cent per month for a term of 1 -2 months, with both loans repaid in full subsequent to half-year end. The remaining loan of \$100,000 was received on 30 December 2015, is interest-free with no set terms of repayment, with the amount repaid on 4 January 2016.
- (ii) All of the short-term loans from Related Parties have been repaid in full subsequent to half-year end.
- (iii) The Company received \$1m via a Convertible Note from Mdivest Pty Ltd, a company related to Marlene Douth (mother of Justin Douth). Interest on the Convertible accrues at 17.5% per annum payable in advance (refer note 5), with a maturity date of 25 August 2016. The shares are convertible to ordinary shares at a price of \$0.03, subject to shareholder approval (refer note 12).
- (iv) The hire purchase contract is secured by a motor vehicle

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NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

9. ISSUED CAPITAL

Shares

The following shares were issued during the half-year reporting period ended 31 December 2015:

	Note	31 December 2015 \$	Number of Shares
At the beginning of the reporting period		12,923,158	302,270,465
Shares issued at 0.4 cents (September 2015)		20,000	5,000,000
At the end of the reporting period		12,943,158	307,270,465

Options

101,137,607 options expired on 30 June 2015. A further class of unlisted options totalling 13,591,667 expired on 31 December 2015. There were no options remaining as at 31 December 2015

10. FINANCIAL INSTRUMENTS

The Company's financial instruments consist of trade and other receivables, trade and other payables and borrowings. These financial instruments are measured at amortised cost, less any provision for non-recovery. The carrying amount of the financial assets and liabilities approximate their fair value.

11. RELATED PARTY TRANSACTIONS

On 26 August 2015, the Company received the proceeds from a Convertible Note issue of \$1m to Mdivest Pty Ltd, a company related to Marlene Douth (mother of Justin Douth). Under the terms of the Convertible Note ("CN") the face value of the CN can be converted into shares at any time during a 12-month period at a price of \$0.03 per share (subject to shareholder approval as described in note 12). Interest on the CN is charged at 17.5% per annum and was payable in advance.

12. CONTINGENT LIABILITIES

The Company intends to hold an Extraordinary General Meeting in the near future, at which time shareholder approval will be sought for at least four resolutions. Shareholder Approval is requested for 12,933,333 shares issued to various trade creditors including Samantha Douth (wife of Justin Douth) in February 2015. A second resolution seeks approval for 1,000,000 shares issued to Samantha Douth in June 2015. A third resolution shareholder will be requested to approve the \$1m Convertible Note (refer to note 11) and a fourth resolution will seek shareholder approval for the issue of 26m shares.

If the resolutions above to ratify the prior issue of shares to settle trade creditors including Samantha Douth are not approved, the Company may be required to cancel the issued shares and recognise a liability of \$175,000.

