



**Financial Report
For The Half Year Ended
31 December 2014**

For South East Asia Resources Limited

And Controlled Entities

ABN 66 009 144 503

*This Half-Year Report should be read in conjunction with the Company's
Annual Report for the year ended 30 June 2014.*

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Directors' Report

The Directors present their report together with the financial report of South East Asia Resources Limited (ASX: **SXI**) and its controlled entities (“the Company”, “SEA” or “consolidated entity”) for the half year ended 31 December 2014.

The Directors of the Company who held office during or since the end of the half year and until the date of this report were:

Mr. Gary Williams	Executive Director (appointed 29/11/2013)
Mr. Jakob Tsaban	Non –Executive Director (appointed 18/10/2013)
Mr. Wayne Knight	Non- Executive Director

Operating Results

During the period the Company made a loss of \$964,865 (profit of \$1,596,634 in 2014).

Review of Operations

The Consolidated entity’s activities are contained in releases to the ASX on a quarterly basis and can be obtained from our website www.southeastasiareources.com.au.

Throughout the half year, the Company has continued to execute its vision of finding, proving and extracting value from world class resource projects in South East Asia and while the Company continues to focus on its cornerstone asset the Malala Molybdenum Project in Sulawesi, Indonesia, the Company is expanding its focus in coal projects in East Kalimantan, Indonesia.

Key Highlights

No notable events during the six month period.

Matters subsequent to reporting date

Voluntary administrators appointed.

On 8 January 2015, Messers Richard Albarran, David Ingram and Cameron Shaw of Hallchadwick Chartered Accountants were appointed as Joint and Several Administrators of the Company pursuant to Section 436A of the Corporations Act 2001.

Deed of Company arrangement Execution

At the meeting of creditors held on 20 March 2015 pursuant to Section 439A of the Corporations Act 2001, creditors resolved for the Company to execute a Deed of Company Arrangement (DOCA). The DOCA was executed on 16 April 2015 and accordingly Messers Richard Albarran, David Ingram and Cameron Shaw of Hallchadwick were appointed as the Deed Administrators.

The terms of the DOCA were:

1. Richard Albarran, David Ingram and Cameron Shaw to administer the DOCA/Creditors' Trust.
2. A DOCA/Creditors' Trust fund of \$600,000 will be made available to all creditors of the Company. Olivest Pty Ltd ("Olivest") shall make the following payments to the DOCA/Creditors Trust Fund:
 - a) One (1) upfront payment of \$250,000 upon execution of the DOCA; and
 - b) \$350,000 to be paid no later than twelve (12) months after the execution of the DOCA; and
3. The agreement of the holders of all excluded creditors to convert their debt into shares into the Company at the price of five (5) cents per share with the total number of shares being issued 149,740,902. This conversion price is conditional on Olivest being satisfied that it can obtain title to the Moly project. In the event that this cannot be obtained prior to the shareholders meeting to approve this then the conversion price will revert to thirty (30) cents per share; and
4. 50% of the proceeds of the collection of outstanding amount from the Alluvia Mining loan.
5. The establishment of a Creditors' Trust as part of the recapitalization process.
6. Olivest to undertake a capital raising of \$2,000,000 at a maximum price of \$0.005 per share ("Public Raising").
7. Olivest to convert \$600,000 to equity via a share placement at a minimum \$0.001 per share.
8. A meeting of the Company's shareholders, the Company's Convertible Note, Bond and Loan holders may vote to accept their claims are converted into shares of the Company.
9. Interest will be charged on any overdue amounts at the rate of 12% pa.
10. Control and management of the Company will revert to the Directors of the Company upon effectuation of the DOCA/commencement of the Creditors' Trust.
11. The related creditors including the Directors of the Company and any entity associated with the Directors or their relatives (including in-laws) will subrogate their claims against the Company in their entirety, and will not participate in any distribution under the DOCA subject to shareholder approval to convert their debts into equity on the same terms and conditions as the excluded creditors.
12. The Company's own subsidiaries will retain all assets as agreed in the DOCA, specifically:
 - a) Any rights to the Moly Project will be retained by the Company as an asset, with the title to this asset still subject to legal confirmations; and

- b) Any right to the loan to Alluvia Mining loan on the basis that the Company will continue to try and collect this debt and in the event that any collection is made then 50% of that amount will be paid to the Administration under the DOCA.
- 13. Subject to point 11, all claims against the Company arising prior to the appointment of the Administrators will be admissible under the DOCA.
- 14. There shall be a moratorium on enforcement of pre-Administration creditor claims under the DOCA.
- 15. Any distribution paid to creditors/beneficiaries is to be in full and final satisfaction of their claims against the Company.
- 16. Upon wholly effectuation of the DOCA, the Company shall be release from all pre- Administration debts owed to creditors participating in the DOCA.
- 17. Pursuant to the Act, a Deed Administrator generally has the powers under the prescribed provisions provided under Schedule 8A of the Corporations Regulations, save for 3(c), 10 and 11.

Pursuant to the proposed Creditors' Trust, the Trustees' powers would be the powers and rights of a duly appointed Trustee under statute and law. In addition to those powers, the Trustee would have additional powers to enable the proper administration of the trust fund for the purpose of distributing the funds to creditors/beneficiaries. The important powers will be those related to the distribution of the funds, which will be included in the Creditors' Trust Deed.

- 18. The DOCA will commence upon its execution by Olivest and the Deed Administrators.
- 19. If Olivest or the Company are unable to comply with any fundamental provisions of the DOCA including payment of monies due pursuant to the DOCA, and/or the Administrators form the view that the Company is unlikely to be able to comply with the terms of the DOCA, then the Administrators are entitled to convene a meeting of the Company's creditors at which creditors may resolve to:
 - a) Vary the DOCA; or
 - b) Terminate the DOCA; or
 - c) Enforce the terms of the DOCA.
- 20. The DOCA/Creditors' Trust Fund will be distributed as follows:-
 - a) Administrators fees, expenses and trading liabilities;
 - b) Deed Administrators fees and expenses;
 - c) Creditors' Trustee fees and expenses;
 - d) Priority creditors/beneficiaries;
 - e) Unsecured creditors/beneficiaries.

Pursuant to the terms of the DOCA, the Company was to convene and hold a meeting of the Company's shareholders to obtain shareholders' approval of the following:

- a) The DOCA;
- b) The Recapitalization Proposal;
- c) Approval of the Share Issue to Trade Creditors and Related Party Creditors;
- d) Approval of the Share Issue to Convertible Note, Bond and Loan Holders and Related Party Loan Holders; and
- e) Approval of the Share Placement.

A general meeting of the Company's shareholders was convened and held on 1 December 2016 and the Company's shareholders approved all of the agenda items as outlined above at points (a) to (e).

Deed of Company arrangement Variation

From the date of execution of DOCA, the Deed Administrators received \$370,000 as contribution for the DOCA. On April 2017, the Deed Administrators advised that the Company is in default under the terms of the DOCA and the guarantor, Olivest Pty Ltd ("Olivest") had indicated that it is not in a position to remedy the default.

A DOCA variation has been submitted by Nelac Nominees Pty Ltd ("Nelac") for the recapitalization of the Company. As part of the proposal, Nelac will replace Olivest in relation to providing the security required with respect to guaranteeing the terms and conditions of the amended DOCA, including executing a new general security agreement.

The major terms of the variation are outlined below:

1. Richard Albarran, David Ingram and Cameron Shaw to administer the DOCA/Creditors' Trust.
2. The original established Deed Fund of \$600,000 (of which \$230,000 remains unpaid) be increased to \$760,000 ("the Deed Fund") and dealt with in accordance with the DOCA/ Creditors' Trust. Nelac shall make the following payments to the DOCA/Creditors Trust Fund:
 - a. \$20,000 to be paid before the meeting of creditors convened pursuant to section 445F of the Act;
 - b. A lump sum of \$370,000 to be paid before 15 September 2017.
 - c. 50% of the shares held by the Company in Amarant Mining AB as consideration for 50% of Alluvia Mining loan.
3. 50% of any right to the shares of Amarant Mining AB to be transferred and /or paid to the Administration under the DOCA.
4. The Company will do everything necessary to comply with Chapters 1 and 2 of the ASX Listing Rules to ensure the Company is in a position to be re-listed including attending to the following by 30 September 2017:
 - a) Complete its audited accounts for 2015, 2016 and 2017 financial years and half- years;
 - b) Convene a meeting of the Company's shareholders to seek shareholder approval for the acquisition of five (2) exploration licenses covering an area of 340.31km² in Serbia.
5. The establishment of a Creditors' Trust as part of the recapitalization process.
6. The Company's remaining shareholders, Convertible Note, Bond and or Loan holders who did not convert their claims into shares at the General Meeting held on 8 December 2016, may convert their claims into shares of the Company and or participate in any distribution under the DOCA as unsecured creditors.
7. Interest will be charged on any overdue amounts at the rate of 12% per annum.
8. Control and management of the Company will remain with the Directors until and upon effectuation of the amended DOCA and commencement of the Creditors' Trust.
9. The related creditors including the Directors, Mr Gary Williams, Mr Jakob Tsaban and Mr Wayne Knight and any entity associated with the Directors or their relatives (including in- laws) will subrogate their claims against the Company in their entirety, and will not participate in any distribution under the DOCA and will subject to shareholder approval, convert their debts into equity on the same terms and conditions as approved at the General Meeting held on 8 December 2016.
10. The Company's own subsidiaries will retain all assets as agreed in the DOCA, specifically:
 - a) Any rights to the Moly Project will be retained by the Company as an asset, with the title to this asset still subject to legal confirmations; and

- b) 50% of the shares held by the Company in Amarant Mining AB as consideration for 50% of Alluvia Mining loan.
11. Subject to point 9, all claims against the Company arising prior to the appointment of the Administrators will be admissible under the DOCA.
 12. There shall be a moratorium on enforcement of pre-Administration creditor claims under the DOCA.
 13. Any distribution paid to creditors/beneficiaries is to be in full and final satisfaction of their claims against the Company.
 14. Upon wholly effectuation of the DOCA, the Company shall be released from all pre- Administration debts owed to creditors participating in the DOCA.
 15. Pursuant to the Act, a Deed Administrator generally has the powers under the prescribed provisions provided under Schedule 8A of the Corporations Regulations, save for 3(c), 10 and Pursuant to the proposed Creditors' Trust, the Trustees' powers would be the powers and rights of a duly appointed Trustee under statute and law. In addition to those powers, the Trustee would have additional powers to enable the proper administration of the trust fund for the purpose of distributing the funds to creditors/beneficiaries. The important powers will be those related to the distribution of the funds, which will be included in the Trust Deed.
 16. If Nelac or the Company are unable to comply with any fundamental provisions of the DOCA including payment of monies due pursuant to the DOCA, and/or the Deed Administrators form the view that the Company is unlikely to be able to comply with the terms of the DOCA, then the Deed Administrators are entitled to terminate the DOCA and or convene a meeting of the Company's creditors at which creditors may resolve to:
 - a) Vary the DOCA; or
 - b) Terminate the DOCA; or
 - c) Enforce the terms of the DOCA.
 17. The DOCA/Creditors' Trust Fund will be distributed as follows; -
 - Firstly, in payment of the remuneration, costs, disbursements and expenses of the Administrators for acting in their capacity as the Deed Administrators of the Company including that of their partners and staff.
 - Secondly, in payment of the remuneration, costs, disbursements and expenses of the Trustees for acting in their capacity as the Trustees of the Company including that of their partners and staff.
 - Finally, in the order of priority as set out in Section 556 of the Act for payment of the claims of the creditors/beneficiaries, other than excluded creditors/beneficiaries, which are admitted to prove under the terms of the DOCA/Creditors' Trust by the Deed Administrators, with any reference to the winding up of the company to be read as the company being subject to the DOCA/Creditors' Trust and the relevant date being the date of appointment of the Administrator.

In payment of the claims of the creditors/beneficiaries, other than excluded creditors/beneficiaries, and to the extent that the funds available are insufficient to pay in full all such claims they will be paid proportionately.

At the meeting of creditors held on 8 June 2017 pursuant to Section 445F of the Corporations Act 2001, creditors resolved that the DOCA executed on 16 April 2015 be varied in accordance with the above terms and conditions.

The DOCA variation was executed on 15 August 2017.

Issue of Equity

On 8 July 2014, there was a conversion of bonds totaling \$200,000, which was the second conversion of the first bonds tranche for \$500,000 issued on 16 September 2013, 13,227,513 shares were issued at a deemed value of \$0.01512 per share for the conversion. Refer to note 20(d) for further information on these bonds.

On 7 August 2014, 779,000 shares were issued at \$0.018 for a placement of \$14,022 to raise working capital.

On 31 August 2014, 2,000,000 performance options expired.

On 9 December 2016 the shareholders approved conversion of liabilities and loans of the Consolidated Entity totaling \$8,854,253 for 177,085,060 fully paid ordinary shares. All of the shares were issued between 26 December 2016 and 15 August 2017.

On 7 March 2017, 305,000,000 shares were issued at \$0.001 per share for a placement of \$305,000 for to raise working capital.

On 26 June 2017, 50,000,000 shares were issued at \$0.001 per share for a placement of \$50,000 for to raise working capital.

On 15 August 2017, 100,000,000 shares were issued at \$0.001 per share for a placement of \$100,000 for to raise working capital.

Apart from the above mentioned, there have been no key events.

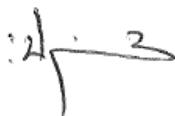
Dividends Paid or Recommended

No dividends were paid or proposed during the half-year ended 31 December 2014.

Auditor's Independence Declaration

The lead auditor's independence declaration under section 307C of the Corporations Act 2001 is set out on page 9 for the half-year ended 31 December 2014.

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.



Jakob Tsaban

Director

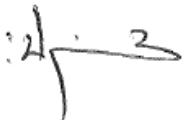
Dated this 25th day of August 2017

Directors' Declaration

In accordance with a resolution of the directors of South East Asia Resources Limited, I state that:

In the opinion of the directors:

1. The financial statements and notes of the consolidated entity are in accordance with the Corporations Act 2001, including:
 - (a) complying with Accounting Standard AASB 134 "Interim Financial Reporting" and the Corporations Regulations 2001; and
 - (b) give a true and fair view of the economic entity's financial position as at 31 December 2014 and the performance for the half-year ended on that date.
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.



Jakob Tsaban

Director

Dated this 25th day of August 2017

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**AUDITOR'S INDEPENDENCE DECLARATION
TO THE DIRECTORS OF SOUTH EAST ASIA RESOURCES LIMITED**

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the review of South East Asia Resources Limited for the half-year ended 31 December 2014, I declare that, to the best of my knowledge and belief, there have been:

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



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



M J Hillgrove
Partner - Audit & Assurance

Perth, 25 August 2017

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Statement of Profit or Loss and Other Comprehensive Income
For the Half-Year Ended 31 December 2014



	Note	Consolidated	
		31 December 2014	31 December 2013
Other revenue	3	-	3,466,022
Depreciation and amortization expense		-	(900)
Project evaluation costs not capitalised		(556,414)	(573,333)
Personnel, suppliers and consulting expenses		(67,441)	(342,200)
Listing expenses		(36,947)	(55,133)
Finance Costs	4	(193,659)	(727,079)
Insurance		-	(16,539)
Legal Fees		(18,273)	(42,364)
Professional Fees		-	(73,457)
Travel costs and accommodation		(3,464)	(23,597)
Net foreign exchange losses		-	(10,930)
Other expenses from ordinary activities		(5,625)	(3,856)
Profit/(loss) before income tax		(881,823)	1,596,634
Income tax expense		-	-
Profit/(loss) after tax		(881,823)	1,596,634
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Exchange difference on translation of foreign operations		(83,042)	(75,462)
Income tax relating to components of other comprehensive income		-	-
Other comprehensive(loss)/ income for the period, net of tax		(83,042)	(75,462)
Total comprehensive profit/(loss) for the period		(964,865)	1,521,172
Loss attributable to:			
Members of the parent entity		(881,823)	1,596,634
Non-controlling interest		-	-
		(881,823)	1,596,634
Total Comprehensive loss for the period attributable to:			
Members of the parent entity		(964,865)	1,521,172
Non-controlling interest		-	-
		(964,865)	1,521,172
Earnings/(Loss) per Share			
Basic earnings/(loss) per share (cents)		(0.29)	0.69
Diluted earnings/(loss) per share (cents)		(0.29)	0.28

The consolidated statement of profit or loss and other comprehensive income is to be read in conjunction with the notes to and forming part of the consolidated interim financial report.

Statement of Financial Position

As at 31 December 2014



		31 December 2014	30 June 2014
Current Assets			
Cash and cash equivalents		1,190	30,616
Trade and other receivables		27,721	35,335
Prepayments		9,400	9,400
Total Current Assets		38,311	75,351
Non-Current Assets			
Other financial assets		5,516	5,516
Total Non-Current Assets		5,516	5,516
Total Assets		43,827	80,867
Current Liabilities			
Trade & other payables	7	3,889,647	3,928,001
Borrowings	8	6,811,889	5,811,732
Derivative financial instruments		-	248,000
Other current liabilities	9	343,246	343,246
Total Current Liabilities		11,044,782	10,330,979
Non-current Liabilities			
Borrowings		-	-
Total Liabilities		11,044,782	10,330,979
Net Assets		(11,000,955)	(10,250,112)
Equity			
Issued capital	10	29,383,825	29,169,803
Reserves		(2,937,783)	(2,854,741)
Accumulated losses		(37,083,433)	(36,201,610)
Parent interest		(10,637,391)	(9,886,548)
Non-controlling interest		(363,564)	(363,564)
Total Equity		(11,000,955)	(10,250,112)

The consolidated statement of financial position is to be read in conjunction with the notes to and forming part of the consolidated interim financial report.

Statement of Changes in Equity
For the Half-Year Ended 31 December 2014

Consolidated							
	Issued capital	Accumulated Losses	Option Reserve	Foreign currency translation	Acquisition Reserve	Non-controlling Interest	Total
Note	\$	\$	\$	\$	\$	\$	\$
Balance at 1.7.2013	27,634,309	(24,194,344)	315,900	353,023	(3,350,000)	(363,564)	395,324
Loss attributable to members of parent entity	-	1,596,634	-	-	-	-	1,596,634
Other comprehensive income	-	-	-	(75,462)	-	-	(75,462)
Sub-total	27,634,309	(22,597,710)	315,900	277,561	(3,350,000)	(363,564)	1,916,496
Contributions to equity	625,000	-	-	-	-	-	625,000
Conversion of convertible notes	190,000	-	-	-	-	-	190,000
Balance at 31.12.2013	28,449,309	(22,597,710)	315,900	277,561	(3,350,000)	(363,564)	2,731,496
Balance at 1.7.2014	29,169,803	(36,201,610)	315,900	179,359	(3,350,000)	(363,564)	(10,250,112)
Loss attributable to members of parent entity	-	(881,823)	-	-	-	-	(881,823)
Other comprehensive income	-	-	-	(83,042)	-	-	(83,042)
Sub-total	29,169,803	(37,083,433)	315,900	96,317	(3,350,000)	(363,564)	(11,214,977)
Contributions to equity	14,022	-	-	-	-	-	14,022
Conversion of convertible notes	200,000	-	-	-	-	-	200,000
Balance at 31.12.2014	29,383,825	(37,083,433)	315,900	96,317	(3,350,000)	(363,564)	(11,000,955)

The consolidated statement of changes in equity is to be read in conjunction with the notes to and forming part of the consolidated interim financial report.

Statement of Cash Flows
For the Half-Year Ended 31 December 2014



	Note	Consolidated	
		31 December 2014	31 December 2013
Cash Flow from Operating Activities			
Payments to suppliers and employees		(857,108)	(987,407)
Interest received		-	123
Net cash flows (used in) operating activities		<u>(857,108)</u>	<u>(987,284)</u>
Cash Flow from Investing Activities			
Payment for exploration and evaluation expenditure		-	(828,637)
Net cash flows (used in) investing activities		<u>-</u>	<u>(828,637)</u>
Cash Flow from Financing Activities			
Proceeds from issue of shares and options		14,022	440,000
Proceeds from borrowings		823,660	1,646,000
Repayment of borrowings		(10,000)	(52,364)
Net cash flows provided/ (used in) by financing activities		<u>827,682</u>	<u>2,033,636</u>
Net decrease in cash and cash equivalents		(29,426)	217,715
Cash and cash equivalents at the beginning of the period		30,616	4,817
Cash and cash equivalents at the end of the period		<u>1,190</u>	<u>222,532</u>

The consolidated statement of cash flows is to be read in conjunction with the notes to and forming part of the consolidated interim financial report.

Notes to the consolidated interim financial report

(a) Reporting Entity

South East Asia Resources Limited (the Company) is a company domiciled in Australia. The consolidated interim financial statement of the Company as at and for the six months ended 31 December 2014 comprises the Company and its controlled entities (together referred to as the consolidated entity).

(b) Statement of Compliance

The half-year 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'.

These half-year financial statements do not include full disclosures of the type normally included in an annual financial report. Therefore, they cannot be expected to provide as full an understanding of the financial performance, financial position and cash flows of the Company as in the full financial report.

It is recommended that these financial statements be read in conjunction with the annual financial report for the year ended 30 June 2014 and any public announcements made by South East Asia Resources Limited during the half-year in accordance with continuous disclosure requirements arising under the Corporations Act 2001 and the ASX Listing Rules.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim period, except as contained within the following notes.

(c) Reporting Basis and Conventions

The half-year 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 half-year financial statements, the half-year has been treated as a discrete reporting period.

(d) Adoption of new and revised Accounting Standards

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

The adoption of all the new and revised Standards and Interpretations has not resulted in any changes to the Group's accounting policies and has no effect on the amounts reported for the current or prior half-years.

(e) **Going Concern**

The financial report has been prepared on a going concern basis, which contemplates the continuity of the normal business activities and the realization of assets and settlement of liabilities in the normal course of business.

For the half year ended 31 December 2014, the Group incurred an operating loss of \$881,824 (2013: \$1,596,634 profit) and an operating cash outflow of \$857,108 (2013: \$987,284). As at 31 December 2014, the Group had a net current and overall net asset deficiency of \$11,000,955.

At the meeting of creditors held on 20 March 2015 pursuant to Section 439A of the Corporations Act 2001, creditors resolved for the Company to execute a Deed of Company Arrangement (DOCA). The DOCA was executed on 16 April 2015. For further details please refer to Note 30 - Post reporting date events.

The Directors have reviewed the circumstances of the Company and believe that there are reasonable grounds to believe that the Consolidated Entity will be able to continue as going concern, after consideration of the following factors:

- On 8 December 2016 the shareholders approved conversion of liabilities and loans of the Consolidated Entity totaling \$8,854,253 for 177,085,060 fully paid ordinary shares. Of the approved conversion 16,116,121 shares were issued on 12 December 2016 and 122,119,938 shares were issued on 7 March 2017.
- The remaining balance of the interest bearing liabilities of \$500,000 and amounts to be converted of \$1,132,450 is expected to be converted after the next shareholders meeting on 31 July 2017. In case any the above amounts will not be converted its debt to equity it will be allocated to the Creditors' Trust Fund. The amount will be written off in the Company's account, with partial payment to occur from the Creditors' Trust.
- As at 31 July 2017, the Company liabilities is of \$305,000 (including \$210,000 DOCA liability), compare to \$10,330,979 as at 30 June 2014.
- As described in Note 11 'Events Subsequent to Reporting Date':
 - The Company has made payments of \$390,000 under the DOCA and the creditors approved variation of the DOCA on 31 May 2017. The Company is expecting to raise \$1,000,000 through a rights issuance to existing shareholders to pay the balance of the DOCA commitment and the remaining borrowing amount of \$277,500;
 - Subject the above, the Company will effectuate its DOCA and the Company will cease to be in administration.
- In addition, given the Consolidated Entity's history of successful raising of capital, the Directors are confident of the Company's ability to raise additional funds as and when they are required but will not require these funds to continue as a going concern. This is because the Company's expenditures can be curtailed and are discretionary based on whether these additional capital raises are successful.

Notwithstanding this, there is significant uncertainty whether the Company and the Group will be able to continue as going concerns.

Notes to and Forming Part of the Accounts (continued)

For the Half-Year Ended 31 December 2014

The ability for the Group to continue as a going concern is dependent upon, the group meeting the terms and requirements of the Deed of Company Administration (as amended), the significant requirements are as follows:

- Complete and lodge audited accounts for 30 June 2017 by 30 September 2017;
- Convene a meeting of shareholders to seek shareholder approval for the acquisition of exploration licenses in Serbia.
- The remaining claims by shareholders, convertible note holders and or loan holders convert their claims to shares in the company, once the above general meeting approval is obtained to issue the additional shares in accordance with ASX listing requirements.
- Raise, by 15 September 2017, \$1,000,000 in additional equity. From these proceeds, an amount of \$390,000 will be paid to the Creditors Trust on or before the 15 September 2017. The remaining funds from the equity raising will be used to fund the working capital requirements of the group.

Should the Company and the Group be unable to continue as going concerns, they may be required to realise their assets and extinguish liabilities other than in the normal course of business and at amounts different from those stated in the financial report. The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts nor to the amounts and classification of liabilities that may be necessary should the Company and the Group be unable to continue as a going concern.

2. Segment Information

The reportable segments have been re-designated during the prior year and it was identified that the Consolidated Entity has no material segment.

3. Other revenue

	Consolidated	
	31 December 2014	31 December 2013
	\$	\$
Interest income	-	122
Income from debt forgiveness	-	3,465,900
	-	3,466,022

4. Finance costs

In the finance cost for 31 December 2013 included \$300,000 which were issued in ordinary shares to PA Broad Opportunity IV Limited as a fee for the convertible bonds agreement signed on 18 September 2013.

5. Contingent Assets and Liabilities

At balance date the Company is not aware of any additional contingent assets or liabilities.

6. Exploration and evaluation expenditure

	Note	Consolidated	
		31 December 2014	30 June 2014
		\$	\$
Opening balance at 1 July		-	11,165,299
Increase for expenditure incurred		-	1,792,970
Increase through acquisition of South East Asia Energy Resources Pte Ltd	7	-	-
Impairment of exploration and evaluation expenditure		-	(12,958,269)
		-	-

7. Current Trade and Other Payables

	Note	Consolidated	
		31 December 2014	30 June 2014
		\$	\$
Unsecured liabilities			
Trade payables		1,655,940	1,660,479
Sundry payables and accrued expenses		1,004,167	1,052,111
Deferred consideration owing to Victory West Pty Ltd vendors		250,000	250,000
Deferred consideration owing to SEAER Pte Limited vendors	6	750,000	750,000
Other payables		229,540	215,411
		3,889,647	3,928,001

Payables are unsecured.

All other unsecured liabilities are interest free and have no fixed term of repayment.

8. Borrowings

	Note	Consolidated	
		31 December 2014	30 June 2014
		\$	\$
Current borrowings			
Convertible note – secured (a)		1,900,000	1,900,000
Convertible loans – unsecured (b)		360,000	370,000
Convertible loans – unsecured (c)		1,310,000	1,310,000
Convertible bonds – unsecured (d)		110,000	8,498
Short-term borrowings (e)		3,131,889	2,223,234
Current borrowings		6,811,889	5,811,732

(a) The convertible note bears interest at 12% per annum, and has matured. The note is convertible at the higher of 30 cents or the 5-day average market share price. The Company has the option to repay the note within 90 days upon receipt of a conversion notice. The convertible note is secured by a fixed and floating

Notes to and Forming Part of the Accounts (continued)

For the Half-Year Ended 31 December 2014



charge over all the assets of the Company and Victory West Pty Ltd. Subsequently to balance date the Company and Dempsey Resources have extended the repayment date to 30 June 2015.

- (b) The convertible loans bear interest at 10% per annum. The maturity date of \$100,000 of these convertible loans was extended to 30 June 2014. The company is discussing the extension of the maturity date for the remaining convertible loans holders. The loan is convertible at the lower of 5 cents per share or a price equal to 80% of the five (5) day VWAP immediately prior to the Conversion Date. The convertible loans are unsecured.
- (c) The convertible loans raised during the period bear interest at 13% per annum, and have a maturity date of 30 March 2015. The loans are convertible at the lower of 4 cents per share. The convertible loans are unsecured.
- (d) The Short-term borrowing includes loans provided by related parties. These loans do not have a maturity date.

	31 December 2014	30 June 2014
Short term borrowings	\$	\$
Loan from Domenal enterprises (i)	1,312,035	1,227,401
Loan from Karen Williams (ii)	375,043	375,043
Loan from Timriki Pty Ltd (ii)	250,000	250,000
Loan from Wide Bay (ii)	1,132,450	370,790
Other loans (ii)	62,000	-
Current borrowings	<u>3,131,528</u>	<u>2,223,234</u>

- i. Bear interest at 12% per annum. Does not have a maturity date.
- ii. Does not bear interest. Does not have a maturity date.

9. Other current liabilities

	Consolidated	
Note	31 December 2014	30 June 2014
Current borrowings	\$	\$
Commitment fee from CGGC	132,026	132,026
Finance fee and interest charge from CGGC	211,220	211,220
	<u>343,246</u>	<u>343,246</u>

The Company in the prior year had entered into a Memorandum of Understanding (“MOU”) with China Guangshou Group Corp (“CGGC”) that, subject to due diligence, CGGC is to acquire a 65% interest in the Malala Molybdenum Project in consideration for committing to sole fund 100% of all funding required to take the Malala Molybdenum Project into large scale commercial production by 2016.

The outstanding balance at 31 December 2014 is \$US324,000. The balance outstanding is not interest bearing.

10. Share Capital

	Note	Consolidated	
		31 December 2014 \$	30 June 2014 \$
312,520,518 (30 June 2014: 298,514,005) fully paid ordinary shares (a)		23,833,825	23,619,803
120,000,000 (30 June 2014: 120,000,000) performance shares (b)		5,550,000	5,550,000
		<u>29,383,825</u>	<u>29,169,803</u>

Movements in:

a) Ordinary Shares

	No. of Shares	\$
At 1 July 2014	298,514,005	23,619,803
Issue of shares – placement (i)	779,000	14,022
Lapsing of share options (ii)	-	23,850
Issue of shares – conversion of bonds (iii)	13,227,513	200,000
At 31 December 2013	<u>312,520,518</u>	<u>23,857,675</u>

b) Performance Shares

	Note	No. of Shares	\$
At 1 July 2014		120,000,000	5,550,000
Shares issuable		-	-
At 31 December 2014		<u>120,000,000</u>	<u>5,550,000</u>

- i. On 7 August 2014, the Company issued 779,000 ordinary shares at a deemed value of \$0.018 per share for placement.
- ii. On 31 August 2014, 2,000,000 milestones A and B lapsed.
- iii. On 8 July 2014, the Company issued 13,227,513 shares at a deemed value of \$0.0152 per share for conversion of convertible bonds.

Ordinary shares have no par value and participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of 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.

Performance shares do not entitle the holder to any dividends and shall participate in the proceeds of surplus profits or assets on winding up of the parent entity only to the extent of \$0.0001 per performance share. Performance shares do not entitle the holder to vote on any resolutions proposed at a general meeting of shareholders.

11. Events Subsequent to Balance Date

Voluntary administrators appointed

On 8 January 2015, Messers Richard Albarran, David Ingram and Cameron Shaw of Hallchadwick Chartered Accountants were appointed as Joint and Several Administrators of the Company pursuant to Section 436A of the Corporations Act 2001.

Deed of Company arrangement Execution

At the meeting of creditors held on 20 March 2015 pursuant to Section 439A of the Corporations Act 2001, creditors resolved for the Company to execute a Deed of Company Arrangement (DOCA). The DOCA was executed on 16 April 2015 and accordingly Messers Richard Albarran, David Ingram and Cameron Shaw of Hallchadwick were appointed as the Deed Administrators.

The terms of the DOCA were:

1. Richard Albarran, David Ingram and Cameron Shaw to administer the DOCA/Creditors' Trust.
2. A DOCA/Creditors' Trust fund of \$600,000 will be made available to all creditors of the Company. Olivest Pty Ltd ("Olivest") shall make the following payments to the DOCA/Creditors Trust Fund:
 - a) One (1) upfront payment of \$250,000 upon execution of the DOCA; and
 - b) \$350,000 to be paid no later than twelve (12) months after the execution of the DOCA; and
3. The agreement of the holders of all excluded creditors to convert their debt into shares into the Company at the price of five (5) cents per share with the total number of shares being issued 149,740,902. This conversion price is conditional on Olivest being satisfied that it can obtain title to the Moly project. In the event that this cannot be obtained prior to the shareholders meeting to approve this then the conversion price will revert to thirty (30) cents per share; and
4. 50% of the proceeds of the collection of outstanding amount from the Alluvia Mining loan.
5. The establishment of a Creditors' Trust as part of the recapitalization process.
6. Olivest to undertake a capital raising of \$2,000,000 at a maximum price of \$0.005 per share ("Public Raising").
7. Olivest to convert \$600,000 to equity via a share placement at a minimum \$0.001 per share.
8. A meeting of the Company's shareholders, the Company's Convertible Note, Bond and Loan holders may vote to accept their claims are converted into shares of the Company.
9. Interest will be charged on any overdue amounts at the rate of 12% pa.
10. Control and management of the Company will revert to the Directors of the Company upon effectuation of the DOCA/commencement of the Creditors' Trust.

Notes to and Forming Part of the Accounts (continued)

For the Half-Year Ended 31 December 2014

11. The related creditors including the Directors of the Company and any entity associated with the Directors or their relatives (including in-laws) will subrogate their claims against the Company in their entirety, and will not participate in any distribution under the DOCA subject to shareholder approval to convert their debts into equity on the same terms and conditions as the excluded creditors.
12. The Company's own subsidiaries will retain all assets as agreed in the DOCA, specifically:
 - a) Any rights to the Moly Project will be retained by the Company as an asset, with the title to this asset still subject to legal confirmations; and
 - b) Any right to the loan to Alluvia Mining loan on the basis that the Company will continue to try and collect this debt and in the event that any collection is made then 50% of that amount will be paid to the Administration under the DOCA.
13. Subject to point 11, all claims against the Company arising prior to the appointment of the Administrators will be admissible under the DOCA.
14. There shall be a moratorium on enforcement of pre-Administration creditor claims under the DOCA.
15. Any distribution paid to creditors/beneficiaries is to be in full and final satisfaction of their claims against the Company.
16. Upon wholly effectuation of the DOCA, the Company shall be release from all pre- Administration debts owed to creditors participating in the DOCA.
17. Pursuant to the Act, a Deed Administrator generally has the powers under the prescribed provisions provided under Schedule 8A of the Corporations Regulations, save for 3(c), 10 and 11.

Pursuant to the proposed Creditors' Trust, the Trustees' powers would be the powers and rights of a duly appointed Trustee under statute and law. In addition to those powers, the Trustee would have additional powers to enable the proper administration of the trust fund for the purpose of distributing the funds to creditors/beneficiaries. The important powers will be those related to the distribution of the funds, which will be included in the Creditors' Trust Deed.
18. The DOCA will commence upon its execution by Olivest and the Deed Administrators.
19. If Olivest or the Company are unable to comply with any fundamental provisions of the DOCA including payment of monies due pursuant to the DOCA, and/or the Administrators form the view that the Company is unlikely to be able to comply with the terms of the DOCA, then the Administrators are entitled to convene a meeting of the Company's creditors at which creditors may resolve to:
 - a) Vary the DOCA; or
 - b) Terminate the DOCA; or
 - c) Enforce the terms of the DOCA.
20. The DOCA/Creditors' Trust Fund will be distributed as follows:-
 - a) Administrators fees, expenses and trading liabilities;
 - b) Deed Administrators fees and expenses;
 - c) Creditors' Trustee fees and expenses;
 - d) Priority creditors/beneficiaries;
 - e) Unsecured creditors/beneficiaries.

Pursuant to the terms of the DOCA, the Company was to convene and hold a meeting of the Company's shareholders to obtain shareholders' approval of the following:

- a) The DOCA;
- b) The Recapitalization Proposal;
- c) Approval of the Share Issue to Trade Creditors and Related Party Creditors;
- d) Approval of the Share Issue to Convertible Note, Bond and Loan Holders and Related Party Loan Holders; and
- e) Approval of the Share Placement.

A general meeting of the Company's shareholders was convened and held on 1 December 2016 and the Company's shareholders approved all of the agenda items as outlined above at points (a) to (e).

Deed of Company arrangement Variation

From the date of execution of DOCA, the Deed Administrators received \$370,000 as contribution for the DOCA. On April 2017, the Deed Administrators advised that the Company is in default under the terms of the DOCA and the guarantor, Olivest Pty Ltd ("Olivest") had indicated that it is not in a position to remedy the default.

A DOCA variation has been submitted by Nelac Nominees Pty Ltd ("Nelac") for the recapitalization of the Company. As part of the proposal, Nelac will replace Olivest in relation to providing the security required with respect to guaranteeing the terms and conditions of the amended DOCA, including executing a new general security agreement.

The major terms of the variation are outlined below:

1. Richard Albarran, David Ingram and Cameron Shaw to administer the DOCA/Creditors' Trust.
2. The original established Deed Fund of \$600,000 (of which \$230,000 remains unpaid) be increased to \$760,000 ("the Deed Fund") and dealt with in accordance with the DOCA/ Creditors' Trust. Nelac shall make the following payments to the DOCA/Creditors Trust Fund:
 - a. \$20,000 to be paid before the meeting of creditors convened pursuant to section 445F of the Act;
 - b. A lump sum of \$370,000 to be paid before 15 September 2017.
 - c. 50% of the shares held by the Company in Amarant Mining AB as consideration for 50% of Alluvia Mining loan.
3. 50% of any right to the shares of Amarant Mining AB to be transferred and /or paid to the Administration under the DoCA.
4. The Company will do everything necessary to comply with Chapters 1 and 2 of the ASX Listing Rules to ensure the Company is in a position to be re-listed including attending to the following by 30 September 2017:
 - a) Complete its audited accounts for 2015, 2016 and 2017 financial years and half- years;
 - b) Convene a meeting of the Company's shareholders to seek shareholder approval for the acquisition of five (2) exploration licenses covering an area of 340.31km² in Serbia.

Notes to and Forming Part of the Accounts (continued)

For the Half-Year Ended 31 December 2014

5. The establishment of a Creditors' Trust as part of the recapitalization process.
6. The Company's remaining shareholders, Convertible Note, Bond and or Loan holders who did not convert their claims into shares at the General Meeting held on 8 December 2016, may convert their claims into shares of the Company and or participate in any distribution under the DOCA as unsecured creditors.
7. Interest will be charged on any overdue amounts at the rate of 12% per annum.
8. Control and management of the Company will remain with the Directors until and upon effectuation of the amended DOCA and commencement of the Creditors' Trust.
9. The related creditors including the Directors, Mr Gary Williams, Mr Jakob Tsaban and Mr Wayne Knight and any entity associated with the Directors or their relatives (including in- laws) will subrogate their claims against the Company in their entirety, and will not participate in any distribution under the DOCA and will subject to shareholder approval, convert their debts into equity on the same terms and conditions as approved at the General Meeting held on 8 December 2016.
10. The Company's own subsidiaries will retain all assets as agreed in the DOCA, specifically:
 - a) Any rights to the Moly Project will be retained by the Company as an asset, with the title to this asset still subject to legal confirmations; and
 - b) 50% of the shares held by the Company in Amarant Mining AB as consideration for 50% of Alluvia Mining loan.
11. Subject to point 9, all claims against the Company arising prior to the appointment of the Administrators will be admissible under the DOCA.
12. There shall be a moratorium on enforcement of pre-Administration creditor claims under the DOCA.
13. Any distribution paid to creditors/beneficiaries is to be in full and final satisfaction of their claims against the Company.
14. Upon wholly effectuation of the DOCA, the Company shall be released from all pre- Administration debts owed to creditors participating in the DOCA.
15. Pursuant to the Act, a Deed Administrator generally has the powers under the prescribed provisions provided under Schedule 8A of the Corporations Regulations, save for 3(c), 10 and Pursuant to the proposed Creditors' Trust, the Trustees' powers would be the powers and rights of a duly appointed Trustee under statute and law. In addition to those powers, the Trustee would have additional powers to enable the proper administration of the trust fund for the purpose of distributing the funds to creditors/beneficiaries. The important powers will be those related to the distribution of the funds, which will be included in the Trust Deed.
16. If Nelac or the Company are unable to comply with any fundamental provisions of the DOCA including payment of monies due pursuant to the DOCA, and/or the Deed Administrators form the view that the Company is unlikely to be able to comply with the terms of the DOCA, then the Deed Administrators are entitled to terminate the DOCA and or convene a meeting of the Company's creditors at which creditors may resolve to:
 - a) Vary the DOCA; or
 - b) Terminate the DOCA; or
 - c) Enforce the terms of the DOCA.

Notes to and Forming Part of the Accounts (continued)

For the Half-Year Ended 31 December 2014

17. The DOCA/Creditors' Trust Fund will be distributed as follows; -

- Firstly, in payment of the remuneration, costs, disbursements and expenses of the Administrators for acting in their capacity as the Deed Administrators of the Company including that of their partners and staff.
- Secondly, in payment of the remuneration, costs, disbursements and expenses of the Trustees for acting in their capacity as the Trustees of the Company including that of their partners and staff.
- Finally, in the order of priority as set out in Section 556 of the Act for payment of the claims of the creditors/beneficiaries, other than excluded creditors/beneficiaries, which are admitted to prove under the terms of the DOCA/Creditors' Trust by the Deed Administrators, with any reference to the winding up of the company to be read as the company being subject to the DOCA/Creditors' Trust and the relevant date being the date of appointment of the Administrator.

In payment of the claims of the creditors/beneficiaries, other than excluded creditors/beneficiaries, and to the extent that the funds available are insufficient to pay in full all such claims they will be paid proportionately.

At the meeting of creditors held on 8 June 2017 pursuant to Section 445F of the Corporations Act 2001, creditors resolved that the DOCA executed on 16 April 2015 be varied in accordance with the above terms and conditions.

The DOCA variation has been executed on 15 August 2017.

Apart from the above mentioned, there have been no key events.

Issue of Equity

On 9 December 2016 the shareholders approved conversion of liabilities and loans of the Consolidated Entity totaling \$8,854,253 for 177,085,060 fully paid ordinary shares. Most of the shares were issued between 26 December 2016 and 23 May 2017

On 7 March 2017, 305,000,000 shares were issued at \$0.001 per share for a placement of \$305,000 for to raise working capital.

On 26 June 2017, 50,000,000 shares were issued at \$0.001 per share for a placement of \$50,000 for to raise working capital.

On 15 August 2017, 100,000,000 shares were issued at \$0.001 per share for a placement of \$100,000 for to raise working capital.

12. Related Party Transactions

During six months ended 31 December 2014 transactions of \$30,000 were made with United Pastoral Pty Limited, a related entity which Mr Gary Williams is a director, for provision of professional consulting services. These services were provided on normal commercial terms and conditions and at market rates.. There was \$196,986 outstanding as at 31 December 2013.

During six months ended 31 December 2014 transactions of \$37,500 were made with Jackori Consulting, a related entity which Mr Jakob Tsaban is a director, for provision of professional consulting services. These services were provided on normal commercial terms and conditions and at market rates. There was \$181,500 outstanding as at 31 December 2014.

Notes to and Forming Part of the Accounts (continued)

For the Half-Year Ended 31 December 2014



During the six months ended 31 December 2014 payments of \$593,400 were made with PT United Mining Energy Services, a related entity which Mr Gary Williams is a commissioner, for financing development and production costs to PAR project and provision of professional consulting services. These services were provided on normal commercial terms and conditions and at market rates.

Indian Ocean Advisory Group Pty Ltd, an entity which Mr. Luke Martino is a director of, provided consulting and administrative services, including rent to the group. During December 2013, the company agreed with Indian Ocean Advisory Group Pty Ltd on debt forgiveness of its outstanding balance for \$372,912. There \$2,200 outstanding balance as at 31 December 2014.

Payments of \$7,334 (2013: \$10,340) were made to a related party of Mr Wayne Knight for corporate services provided during the period.

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INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF SOUTH EAST ASIA RESOURCES LIMITED

We have reviewed the accompanying half-year financial report of South East Asia Resources Limited (the Company), which comprises the consolidated financial statements being the statement of financial position as at 31 December 2014, and the 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, notes comprising a statement or description of accounting policies, other explanatory information and the directors' declaration of the consolidated entity, comprising both the Company and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' Responsibility for the Half-year Financial Report

The Directors of South East Asia Resources 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 and the *Corporations Act 2001* and for such controls 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 consolidated half-year financial report based on our review. We conducted our review in accordance with the 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 consolidated entity's financial position as at 31 December 2014 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 South East Asia Resources Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

Grant Thornton Audit Pty Ltd ACN 130 913 594
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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 complied with the independence requirements of the *Corporations Act 2001*.

Basis for Disclaimed Conclusion

As noted in Note 1(e) to the financial statements, the directors state that the consolidated entity's financial statements have been prepared on a going concern basis. In assessing the going concern basis of preparation, the consolidated entity has made a number of assumptions including the assumption that the consolidated entity is able to raise capital of \$1,000,000 by the 15th of September 2017 to settle its obligations under the Deed of Company Arrangement. As at the date of this signed report, we have been unable to obtain sufficient audit evidence that the consolidated entity will raise capital of \$1,000,000 by the 15th of September in order for us to form an opinion on the financial report.

Disclaimed Conclusion

Based on our review, which is not an audit, because of the matters described in the Basis for Disclaimed Conclusion paragraph, we have not been able to obtain sufficient appropriate evidence to provide a basis for our conclusion. Accordingly, we do not express a conclusion on the financial report.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



M J Hillgrove
Partner - Audit & Assurance

Perth, 25 August 2017