# eve investments

(FORMERLY ENERGY VENTURES LTD)

ABN 89 106 523 611

Appendix 4E preliminary final report

In compliance with ASX Listing Rule 4.3A

For the year ended 30 June 2016

## Results for Announcement to the Market

| | 2016 AUD | Up / Down | % Movement |
|---|---|---|---|
| Revenue from ordinary activities | 5 | Down | -97.57% |
| Loss from ordinary activities after tax attributable to members | (1,103,529) | Down | -82.67% |
| Net loss for the period attributable to members | (1,103,529) | Down | -82.67% |

## Dividends / distributions

No dividends were declared or paid during the period.

## Net tangible assets per security

| | 2016 AUD | Represented 2015 AUD |
|---|---|---|
| Net tangible assets per ordinary security | 0.0016 | 0.0049 |

## Details of entities over which control has been gained or lost during the period

During the year the Company's shareholders approved an in-specie distribution of wholly owned subsidiary Aurora Uranium Limited (which wholly owned Oregon Energy LLC). The in-specie distribution was completed in early December 2015 at which stage the Company ceased control of these entities.

Neither entity contributed materially to the profit or loss during the period. In the corresponding period an impairment of exploration expenditure in these entities accounted for $5,893,170 of the $6,368,817 loss from ordinary activities.

## Details of associates and joint venture entities

| | Ownership Interest | |
|---|---|---|
| | 2016 % | 2015 % |
| Omniblend Innovation Pty Ltd | 24.24% | 0.0% |
| Agricola Resources Plc | 29.8% | 29.8% |
| Wayland Copper Ltd | 34.8% | 50.0% |

| | Contribution to Gain / (Loss) | |
|---|---|---|
| | 2016 AUD | Represented 2015 AUD |
| Omniblend Innovation Pty Ltd | (69,982) | - |
| Agricola Resources Plc | - | - |
| Wayland Copper Ltd | - | - |

## Compliance Statement

Additional information supporting the Appendix 4E disclosure requirements can be found in the Directors' Report and the consolidated financial statements for the year ended 30 June 2016. This report is based on the consolidated financial statements for the year ended 30 June 2016 of EVE Investments Limited and its controlled entities, which have been audited by BDO. The Independent Auditor's Report provided is included in the consolidated financial statements for the year ended 30 June 2016.

# eve investments

(Formerly Energy Ventures Ltd)

ABN 89 106 523 611

Financial Report

30 June 2016

| | |
|---|---|
| **Directors** | Mr Alasdair Cooke<br>Executive Chairman<br><br>Mr Gregory (Bill) Fry<br>Executive Director<br><br>Mr George Cameron-Dow<br>Non-Executive Director |
| **Company Secretary** | Mr Steven Jackson |
| **Principal Registered Office in Australia** | Suite 1<br>245 Churchill Avenue<br>Subiaco WA 6008 |
| **Share Registry** | Link Market Services<br>Level 4 Central Park<br>152 St Georges Terrace, Perth WA 6000 |
| **Stock Exchange Listing** | EVE Investments Limited shares are listed on the Australian Securities Exchange (ASX: EVE) |
| **Auditor** | BDO Audit (WA) Pty Ltd<br>38 Station Street<br>Subiaco WA 6008 |
| **Solicitors** | Fairweather Corporate Lawyers<br>595 Stirling Highway<br>Cottesloe WA 6011 |
| **Bankers** | HSBC Bank Australia Limited<br>190 St Georges Terrace<br>Perth WA 6000 |
| **Website** | www.eveinvestments.com.au |

The Directors of the Company present their report together with the financial report of EVE Investments Limited ("the Company" or "EVE") and the Company and its controlled entities ("Group" or "Consolidated Entity"), for the financial year ended 30 June 2016.

## 1. Directors and Company Secretary

The Directors and Company Secretary in office at any time during or since the end of the financial year are:

Mr Alasdair Cooke – Executive Chairman
Mr Gregory (Bill) Fry – Executive Director
Mr Michael Curnow – Non-Executive Director (resigned 31 March 2016)
Mr George Cameron-Dow – Non-Executive Director (appointed 31 March 2016)
Mr Steven Jackson – Company Secretary

**Directors' Meetings**

| | Board of Directors | | Remuneration Committee | | Audit Committee | |
|---|---|---|---|---|---|---|
| | Present | Held | Present | Held | Present | Held |
| Alasdair Cooke | 2 | 2 | - | - | - | - |
| Gregory Fry | 2 | 2 | - | - | - | - |
| Michael Curnow | 1 | 1 | - | - | - | - |
| George Cameron-Dow | 1 | 1 | - | - | - | - |

**Biographies**

**Mr Alasdair Cooke BSc (Hons) | Executive Chairman**

Mr Cooke is a qualified geologist and has been involved throughout his career in mineral exploration and corporate development, including eight years spent with BHP Minerals Business Development Group and over fifteen years managing public resource companies.

Mr Cooke is a founding partner of the Mitchell River Group, which over the past fifteen years has established a number of successful mining projects and resources companies, developing greenfield mines in Australia, Africa and South America.

*Other current directorships*

African Energy Resources Limited

Anova Metals Limited

*Special responsibilities*

Executive Chairman

Member of the remuneration committee

*Former directorships in the last three years*

n/a

*Interests in shares and options*

143,644,046 ordinary shares

3,000,000 performance rights

**Mr Gregory Fry | Executive Director**

Mr Fry has more than 20 years corporate experience in the mining and resources industry, specialising in accounting, management, business development and general corporate activities. He has vast experience in project evaluation and development, project funding, management, finance and operations. Over the past 15 years, Mr Fry has been a Director of several private and public companies with activities ranging from funds management, minerals exploration, mining and quarrying.

*Other current directorships*

African Energy Resources Limited

Anova Metals Limited

*Special responsibilities*

Member of the audit committee

*Former directorships in the last three years*

n/a

*Interests in shares and options*

28,294,049 ordinary shares

12,000,000 performance rights

**Mr George Cameron-Dow | Non-Executive Director**

Mr Cameron-Dow has extensive board experience spanning a range of industries including the pharmaceutical and health care sectors. In addition to his extensive experience with large corporations, he has also been chair of a number of retirement funds including that of a private health insurance fund. Mr Cameron-Dow has a Master of Management (cum laude) from Wits University and in 1998 attended the Stanford Executive Program at Stanford University, USA. He is a fellow of the Australian Institute of Management, and fellow of the Australian Institute of Company Directors. He is a founding director of investment fund manager Fleming Funds Management (previously St George Capital Pty Ltd) and investment advisory firm Fleming Capital Pty Ltd.

| *Other current directorships* | *Special responsibilities* |
|---|---|
| Bioxyne Limited | - |
| Windward Resources Limited | |
| ***Former directorships in the last three years*** | ***Interests in shares and options*** |
| - | 3,000,000 performance rights |

**Mr Michael Curnow | Non-Executive Director**

Mr Curnow brings extensive and valuable experience in the resources sector to the Company with his past positions including gold, platinum and mineral sands exploration. He has been involved in the ownership and management of a range of businesses in his native South Africa and Australia, including being the founding Director of Gallery Gold Limited and AGR Limited, along with being a Director of a number of other public mining companies, three of which are now producing.

| *Other current directorships* | *Special responsibilities* |
|---|---|
| Namibian Copper Limited | - |
| ***Former directorships in the last three years*** | ***Interests in shares and options*** |
| African Energy Resources Limited (2006-2014) | - |
| Citation Resources Limited (2012-2015) | |

**Mr Steven Jackson BEc CPA | Company Secretary**

Mr Jackson is a member of CPA Australia who graduated from the University of Western Australia in 2008 with a Bachelor of Economics having majored in International Business Economics and Money and Banking. Mr Jackson has been with EVE Investments since 2008 and was appointed to the role of Company Secretary in May 2012.

## 2. Review of Operations

EVE Investments is an Australian Securities Exchange Listed Investment Company that invests in technology companies. With a preference for companies that have global scale, EVE is an investment partner that wants to help build ground breaking and enduring technology. At the Company's AGM shareholders voted to change the Company's name from Energy Ventures Limited, to EVE Investments. This was another change in the Company's refocussing from investments in mineral exploration to technology investment.

### First medical technology investment

EVE announced its first medical technology investment during the year, entering into a binding agreement to acquire a ~40% stake in Omniblend Innovation Pty Ltd for a consideration amount of $3.25 million, with a staged payment across two equal tranches. Through the agreement, EVE has secured the right to publicly list Omniblend within two years, providing EVE shareholders with preferential entitlement to participate in the listing.

Omniblend Innovation's flagship product is a patented food-grade pre-meal drink called GlucoControl, which helps to manage type 2 diabetes and pre-diabetes. The drink has been clinically shown to reduce blood glucose level peaks by 35 per cent after carbohydrate containing meals. Globally, the type 2 market is worth US$60 billion, with over 387 million people living with type 2 diabetes. With a marketing and distribution agreement already in place for Australia and New Zealand, GlucoControl is currently being rolled out across pharmacies. A representation deal has also been entered into with Global Brand Consulting LLC to seek distribution agreements for Omniblend Innovation in other territories under the trademark GlucoSmooth.

### Corporate Review

During the year the Company completed two placements at $0.005 per share to raise approximately AU$883,000 before costs. After completing due diligence on Omniblend Innovation to the Company's satisfaction, the Company conducted a Non-Renounceable Entitlement Issue raising AU$1.85 million at the same pricing as the placements.

**In-specie Distribution**

At the Company's AGM, the Company's shareholders approved an in-specie distribution of wholly owned subsidiary, Aurora Uranium Limited. Aurora Uranium is an Australian registered public company which, through its US subsidiary Oregon Energy LLC, holds 100% of the Aurora Uranium Project in southeast Oregon. EVE shareholders at the record date of 26 November 2015, were allotted 1 Aurora share for each EVE share held. The process was completed in early December 2015.

**Other Investments**

EVE has a 35% interest in Wayland Copper, which holds the Ballek copper-gold in Northern Sweden. Beowulf Mining Plc, the joint venture partner/manager of the project, is currently conducting a review of the project. EVE also holds an approximately 30% interest in UK incorporated Agricola Resources Plc. Agricola is intending to undergo a corporate restructure and is seeking a new project.

## 3. Remuneration Report – Audited

This Remuneration Report outlines the remuneration arrangements which were in place during the year, and remain in place as at the date of this report, for the key management personnel of EVE Investments Limited. During the period the Company's Directors were the only key management personnel of EVE Investments Limited.

The information provided in this remuneration report has been audited as required by section 308(3C) of the Corporations Act 2001.

**Principles of compensation**

The objective of the Group's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with achievement of strategic objectives and the creation of value for shareholders, and conforms with market practice for delivery of reward. The Board ensures that executive reward satisfies the following key criteria for good reward governance practices:

- competitiveness and reasonableness;
- acceptability to shareholders;
- performance linkage / alignment of executive compensation;
- transparency; and
- capital management.

The Group has structured an executive remuneration framework that is market competitive and complementary to the reward strategy of the organisation.

Alignment to shareholders' interests:

- has economic profit as a core component of plan design;
- focuses on sustained growth in shareholder wealth, consisting of dividends and growth in share price, and delivering constant return on assets as well as focusing the executive on key non-financial drivers of value; and
- attracts and retains high calibre executives.

Alignment to program participants' interests:

- rewards capability and experience;
- reflects competitive reward for contribution to growth in shareholder wealth;
- provides a clear structure for earning rewards; and
- provides recognition for contribution.

The framework provides a mix of fixed and variable pay, and a blend of short and long-term incentives. As executives gain seniority with the group, the balance of this mix shifts to a higher proportion of ''at risk'' rewards. Currently no remuneration consultants are used by the Company in formulating remuneration policies.

**Role of the Remuneration Committee**

The Remuneration Committee is a committee of the Board. It is primarily responsible for making recommendations to the Board on:

- Non-Executive Director Fees;
- Remuneration levels of Executive Directors and other key management personnel;
- The over-arching executive remuneration framework and operation of the incentive plan; and
- Key performance indicators and performance hurdles for the executive team.

Their objective is to ensure that remuneration policies and structures are fair and competitive and aligned with the long-term interests of the Company.

### Non-Executive Directors

Fees and payments to Non-Executive Directors reflect the demands which are made on, and the responsibilities of, the Directors. Non-Executive Directors' fees and payments are reviewed annually by the Board. The Chairman's fees are determined independently to the fees of Non-Executive Directors based on comparative roles in the external market.

### Non-Executive Directors' fees

On appointment to the Board, all Non-Executive Directors enter into an agreement with the Company in the form of a letter of appointment. The letter summarises the Board policies and terms, including compensation, relevant to the office of Director.

The current base remuneration for Non-Executive Directors is $35,000 per annum, which has been effective since 1 April 2016.

### Executive pay

An executive's total remuneration comprises base pay and benefits, including superannuation, and long-term incentive through participation in the EVE Employee Incentive Plans.

### Base pay

Base pay is structured as a total employment cost package which may be delivered as a combination of cash and prescribed non-financial benefits at the executive's discretion.

Executives are offered a competitive base pay that comprises the fixed component of pay and rewards. Base pay for executives is reviewed annually to ensure the executive's pay is competitive with the market. An executive's pay is also reviewed on promotion. There is no guaranteed base pay increases included in any executives' contracts.

### Long-term incentives

Long-term incentives are provided to certain Non-Executive Directors and executives under the EVE Employee Incentive Plans.

### Share trading policy

The trading of shares issued to participants under the Company's employee option plan is subject to, and conditional upon, compliance with the Company's employee share trading policy. Executives are prohibited from entering into and hedging arrangements over unvested options under the Company's employee option plan. The Company would consider a breach of this policy as gross misconduct which may lead to disciplinary action and potential dismissal.

### Service contracts

On appointment to the Board, all Non-Executive Directors enter into an agreement with the Company in the form of a letter of appointment. The letter summarises the Board policies and terms, including compensation, relevant to the office of Director.

The Company currently has Executive Service Agreements in place with the Executive Directors. Details of the executive's agreements are listed below.

| Name | Term of Agreement | Base Salary* | Termination Benefit** |
|---|---|---|---|
| Gregory (Bill) Fry | On-going commencing 1 July 2009 | $165,000 | 3 months base salary |
| Alasdair Cooke | On-going commencing 8 January 2007 | $75,000 | 3 months base salary |

* Base salaries quoted are inclusive of superannuation for the year ended 30 June 2016; they are reviewed annually by the Remuneration Committee. Effective 1 January 2016 Alasdair Cooke's base salary was reduced from $100,000 to $75,000 per annum

** Termination benefits are payable on early termination by the company, other than for gross misconduct.

### Voting and comments made at the Company's 2016 Annual General Meeting

The Company received 100% of "yes" votes on its remuneration report for the 2015 financial year. The Company did not receive any specific feedback at the AGM or throughout the year on its remuneration practices.

### Director and Key Management Personnel remuneration

Details of the remuneration of the Directors and key management personnel of the Group (as defined in AASB 124 Related Party Disclosures) are set out in the following tables.

There are no key management personnel of the Group besides the Directors of EVE Investments Limited for 30 June 2016.

### Details of remuneration

The following tables set out remuneration paid to Directors and key management personnel of the Consolidated Entity during the year.

Key management personnel of the Group

| 2016 | Cash salary AUD | Superannuation AUD | Share based payments AUD | Total AUD |
|---|---|---|---|---|
| **Non-Executive Director** | | | | |
| George Cameron-Dow[1] | 7,991 | 759 | 3,862 | 12,612 |
| Michael Curnow[2] | 6,250 | - | 11,198 | 17,448 |
| **Executive Directors** | | | | |
| Alasdair Cooke | 37,500 | - | 44,748 | 82,248 |
| Gregory Fry | 146,119 | 13,881 | 39,511 | 199,511 |
| **Total** | 197,860 | 14,640 | 99,319 | 311,819 |

| | | | Represented | |
|---|---|---|---|---|
| 2015 | AUD | AUD | AUD | AUD |
| **Non-Executive Director** | | | | |
| Michael Curnow | - | - | 17,846 | 17,846 |
| **Executive Directors** | | | | |
| Alasdair Cooke | - | - | 66,982 | 66,982 |
| Gregory Fry | 77,779 | 1,569 | 63,297 | 142,645 |
| **Total** | 77,779 | 1,569 | 148,125 | 227,473 |

1, 2 George Cameron was appointed effective 31 March 2016 and Michael Curnow resigned effective 31 March 2016.

The Group currently has no performance based remuneration built into Director or key management personnel packages; the total remuneration shown in the table above is fixed, the lack of performance based remuneration is due to the size of the Company.

**Share-based compensation**

Shares in EVE Investments Limited are issued under the EVE Investments Shan Plan which was approved by shareholders at the 2015 Annual General Meeting. The Employee Share Plan is designed to reduce the cash costs of the Company by providing Directors and key management personnel with shares in lieu of accrued fees. Participation in the plan is at the Board's discretion and no individual has a contractual right to participate in the plan or to receive any guaranteed benefits.

During the period the following shares were issued under the Share Plan:

| Date shares issued | Issue price of shares (cents) | No. of shares |
|---|---|---|
| 7-Jul-15 | 0.70 | 8,645,834 |
| 2-Oct-15 | 0.70 | 8,645,834 |
| 4-Jan-16 | 0.50 | 3,125,000 |
| | | 20,416,668 |

| | Shares received No | Value of shares received AUD | Rights received No | Value of rights received AUD |
|---|---|---|---|---|
| **Non-Executive Director** | | | | |
| George Cameron-Dow | - | - | 3,000,000 | 3,862 |
| Michael Curnow | 2,864,584 | 11,198 | - | - |
| **Executive Directors** | | - | | |
| Gregory Fry | 6,875,000 | 24,063 | 3,000,000 | 3,862 |
| Alasdair Cooke | 10,677,084 | 40,885 | 12,000,000 | 15,449 |
| Total | 20,416,668 | 76,146 | 18,000,000 | 23,173 |

Performance rights in EVE Investments Limited are granted under the EVE Investments Performance Rights Plan which was approved by shareholders at the 2014 Annual General Meeting. The Performance Rights Plan is designed to provide long-term incentives for Directors and key management personnel to deliver long-term shareholder returns. Participation in the plan is at the Board's discretion and no individual has a contractual right to participate in the plan or to receive any guaranteed benefits.

Rights are granted under the plan for no consideration. Rights granted under the plan carry no dividend or voting rights. When exercisable, each right is convertible into one ordinary share.

On 31 May 2016, the Company issued 18,000,000 new performance rights to Directors following shareholder approval at a General Meeting of the Company.

| Director | Issue date | Expiry date | Tranche | Number of rights issued | Number of unvested rights |
|---|---|---|---|---|---|
| George Cameron-Dow | 31-May-16 | 31-May-21 | A | 1,500,000 | 1,500,000 |
| George Cameron-Dow | 31-May-16 | 31-May-21 | B | 1,500,000 | 1,500,000 |
| Alasdair Cooke | 31-May-16 | 31-May-21 | A | 1,500,000 | 1,500,000 |
| Alasdair Cooke | 31-May-16 | 31-May-21 | B | 1,500,000 | 1,500,000 |
| Gregory Fry | 31-May-16 | 31-May-21 | A | 6,000,000 | 6,000,000 |
| Gregory Fry | 31-May-16 | 31-May-21 | B | 6,000,000 | 6,000,000 |
| **Total** | | | | 18,000,000 | 18,000,000 |

| Tranche | Hurdle |
|---|---|
| A | EVE completing the second tranche investment into Omniblend Innovation in accordance with the Subscription Terms Sheet between the two parties. |
| B | Omniblend Innovation completing an IPO or RTO on the ASX or an alternative Board approved exchange or the Trade Sale of Omniblend Innovation's main business |

| Director | Number granted | Year granted | Fair value per right | Value at grant date | Expiry date | Expected vesting year | Maximum value yet to vest |
|---|---|---|---|---|---|---|---|
| George Cameron-Dow | 1,500,000 | 2016 | 0.008 | 12,000 | 31-May-21 | 2017 | 9,049 |
| George Cameron-Dow | 1,500,000 | 2016 | 0.008 | 12,000 | 31-May-21 | 2017 | 11,089 |
| Alasdair Cooke | 1,500,000 | 2016 | 0.008 | 12,000 | 31-May-21 | 2017 | 9,049 |
| Alasdair Cooke | 1,500,000 | 2016 | 0.008 | 12,000 | 31-May-21 | 2017 | 11,089 |
| Gregory Fry | 6,000,000 | 2016 | 0.008 | 48,000 | 31-May-21 | 2017 | 36,197 |
| Gregory Fry | 6,000,000 | 2016 | 0.008 | 48,000 | 31-May-21 | 2017 | 44,354 |

### Equity instruments held by key management personnel

#### Share holdings

| | Balance at 1/07/2015 | Purchases / Sales | Shares issued in lieu of fees | Balance at 30/06/2016 |
|---|---|---|---|---|
| **Non-Executive Director** | | | | |
| George Cameron-Dow[1] | - | - | - | - |
| Michael Curnow[2] | 7,019,188 | - | 2,864,584 | 9,883,772 |
| **Executive Director** | | | | |
| Gregory Fry | 26,169,049 | (4,750,000) | 6,875,000 | 28,294,049 |
| Alasdair Cooke | 132,966,962 | - | 10,677,084 | 143,644,046 |
| | 166,155,199 | (4,750,000) | 20,416,668 | 181,821,867 |

#### Performance rights holdings

| | Balance at 1/07/2015 | Issued | Balance at 30/06/2016 | Vested and exercisable | Unvested |
|---|---|---|---|---|---|
| **Non-Executive Director** | | | | | |
| George Cameron-Dow[1] | - | 3,000,000 | 3,000,000 | - | 3,000,000 |
| Michael Curnow[2] | - | - | - | - | - |
| **Executive Director** | | | | | |
| Gregory Fry | - | 12,000,000 | 12,000,000 | - | 12,000,000 |
| Alasdair Cooke | - | 3,000,000 | 3,000,000 | - | 3,000,000 |
| | - | 18,000,000 | 18,000,000 | - | 18,000,000 |

1, 2 George Cameron was appointed effective 31 March 2016 and Michael Curnow resigned effective 31 March 2016. Balance for Michael Curnow are as at the date of resignation.

**Loans to key management personnel**

There were no loans made to key management personnel during the year ended 30 June 2016 (2015: nil).

**Other transactions with related parties**

The terms and conditions of the transactions with Directors, key executives and associates and their related entities were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non-Director related entities on an arm's length basis.

| | Charges from: | | Charges to: | |
|---|---|---|---|---|
| | 2016 AUD | Represented 2015 AUD | 2016 AUD | Represented 2015 AUD |
| **Mitchell River Group Pty Ltd** | 157,886 | 56,944 | - | - |
| Provision of a serviced office and admin staff (Alasdair Cooke, Gregory Fry) | | | | |
| **African Energy Resources Ltd** | 48,000 | - | 132 | 129 |
| Recharge of overheads and wages (Alasdair Cooke, Gregory Fry) | | | | |
| **Anova Metals Ltd** | - | 7,293 | 2,935 | 42,473 |
| Recharge of overheads and wages (Alasdair Cooke, Gregory Fry) | | | | |
| **Omniblend Innovation Pty Ltd** | - | - | 48,103 | - |
| Recharge of overheads and wages (Gregory Fry) | | | | |

**Assets and liabilities arising from the above transactions**

| | 2016 AUD | Represented 2015 AUD |
|---|---|---|
| Trade debtors | 4,889 | 12,560 |
| Trade creditors | 69,478 | 7,672 |

This is the end of the audited remuneration report.

## 4. Principal Activities

The principal activity of the Group during the financial year was to hold various investments with a view to add value and eventually realise these for a profit.

There were no significant changes in the nature of the Group's principal activities during the financial year.

## 5. Operating Results

The operating loss of the Group attributable to equity holders of the Company for the financial year ended 30 June 2016 amounted to $1,103,529 (2015: loss of $6,368,817).

## 6. Loss per Share

The basic loss per share for the Group for the year was 0.14 cents (2015: 1.21 cents) per share.

## 7. Dividends Paid or Recommended

The Directors do not recommend the payment of a dividend and no amount has been paid or declared by way of a dividend to the date of this report.

## 8. Events Since the End of the Financial Year

There are no matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

## 9. Likely Developments and Expected Results of Operations

The Group will continue to review its current investment portfolio and new investment opportunities in order to maximise shareholder returns through appropriate strategic investment decisions.

## 10. Significant Changes in State of Affairs

In the opinion of the Directors, other than stated under Review of Operations, and Events Subsequent to Reporting Date, there were no significant changes in the state of affairs of the Group that occurred during the financial year under review and subsequent to the financial year end.

## 11. Corporate Governance Statement

The Company's Corporate Governance Statement for the year ended 30 June 2016 can be accessed from the Company's website at www.eveinvestments.com.au/corporate-governance.

## 12. Environmental Regulations

The Group's operations are not subject to any significant environmental regulations under either Commonwealth or State legislation. However the Board believes there are adequate systems in place for the management of its environmental requirements and is not aware of any breach of those environmental requirements as they apply.

The Group is not subject to the reporting requirements of both the Energy Efficiency Opportunities Act 2006 and the National Greenhouse and Energy Reporting Act 2007.

## 13. Share Options/Rights

As at the date of this report, the following unlisted options or performance rights were on issue:

| No. of instruments | Type of instrument | Strike price (cents) | Expiry date |
|---|---|---|---|
| 80,000,000 | Unlisted options | 2.00 | 31-Dec-16 |
| 36,000,000 | Performance rights | - | Various |
| 116,000,000 | | | |

## 14. Non-Audit Services

The company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the company and/or the group are important.

During the year, there were no non-audit services provided by BDO Audit (WA) Pty Ltd.

## 15. Lead Auditors Independence Declaration under Section 307c of the Corporations Act 2001

The lead auditor's independence declaration is set out on page 13 and forms part of the Directors' Report for the year ended 30 June 2016.

## 16. Indemnifying Officers

Since the end of the previous financial year, the Group has paid insurance premiums in respect of Directors' and officers' liability, legal expenses' and insurance contracts, for current Directors and Executives of the Group. The premiums were paid in respect of the following officers of the Group: Alasdair Cooke, Gregory Fry, George Cameron-Dow, Michael Curnow and Steven Jackson.

*On behalf of the Board of*

*EVE Investments Limited*

Dated at Perth this 31 August 2016.

Signed in accordance with a resolution of the Directors.

Gregory William Fry

Executive Director

The Directors of the Company declare that:

1) The financial statements, comprising the Consolidated Statement of Profit or Loss and Other Comprehensive Income, Consolidated Statement of Financial Position, Consolidated Statement of Cash Flows, Consolidated Statement of Changes in Equity and accompanying notes, are in accordance with the Corporations Act 2001; and

   a) comply with Accounting Standards and the Corporations Regulations 2001 and other mandatory professional reporting requirements; and

   b) give a true and fair view of the financial position as at 30 June 2016 and of the performance for the year ended on that date of the Consolidated Entity.

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.

3) In the Directors' opinion, the financial statements and notes are prepared in compliance with International Financial Reporting Standards and interpretations adopted by the International Accounting Standards Board, as described in Note 2(a).

4) The Directors have been given the declarations by the Chief Executive Officer and Chief Financial Officer required by section 295A of the Corporations Act 2001.

This declaration is made in accordance with a resolution of the Board of Directors and is signed on behalf of the Directors by:

Gregory William Fry

Executive Director

Perth

31 August 2016

BDO

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Subiaco, WA 6008
PO Box 700 West Perth WA 6872
Australia

**DECLARATION OF INDEPENDENCE BY JARRAD PRUE TO THE DIRECTORS OF EVE INVESTMENTS LIMITED**

As lead auditor of EVE Investments Limited for the year ended 30 June 2016, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of EVE Investments Limited and the entities it controlled during the period.

JPrue

**Jarrad Prue**

Director

**BDO Audit (WA) Pty Ltd**

Perth, 31 August 2016

BDO

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Fax: +61 8 6382 4601
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Australia

**INDEPENDENT AUDITOR'S REPORT**

To the members of EVE Investments Limited

## Report on the Financial Report

We have audited the accompanying financial report of EVE Investments Limited, which comprises the consolidated statement of financial position as at 30 June 2016, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

### Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 2(a), the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

### Auditor's Responsibility

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

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

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

**Independence**

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of EVE Investments Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

**Opinion**

In our opinion:

(a) the financial report of EVE Investments Limited is in accordance with the *Corporations Act 2001*, including:

  (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2016 and of its performance for the year ended on that date; and

  (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

(b) the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 2(a).

**Emphasis of matter**

Without modifying our opinion, we draw attention to Note 2(e) in the financial report, which describes the events and conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the entity's ability to continue as a going concern and therefore the entity may be unable to realise its assets and discharge its liabilities in the normal course of business.

## Report on the Remuneration Report

We have audited the Remuneration Report included in pages 6 to 10 of the directors' report for the year ended 30 June 2016. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

**Opinion**

In our opinion, the Remuneration Report of EVE Investments Limited for the year ended 30 June 2016 complies with section 300A of the *Corporations Act 2001*.

**BDO Audit (WA) Pty Ltd**

BDO

J Prue

**Jarrad Prue**
**Director**

Perth, 31 August 2016

## Consolidated Statement of Profit or Loss & Other Comprehensive Income
## For the year ended 30 June 2016

| | Note | 30-Jun-16 AUD | Represented 30-Jun-15 AUD |
|---|---|---|---|
| Revenue from continuing operations | | 5 | 198 |
| Professional fees | 7 | (131,317) | (60,732) |
| Employee benefit expense | 7 | (535,315) | (277,215) |
| Share-based payments | 7 | (66,355) | (21,284) |
| Impairment of exploration expenditure | 7 | - | - |
| Fair value gain / (loss) on financial assets at fair value through profit or loss | 7 | - | - |
| Other expenses | 7 | (147,491) | (57,209) |
| Share of net loss of associates accounted for using the equity method | 4 | (69,982) | - |
| FX gain / (loss) | 7 | (143) | 1,158 |
| FX gain / (loss) on loss of control of subsidiary | | (57,408) | - |
| **Loss before income tax** | | (1,008,006) | (415,084) |
| Income tax benefit / (expense) | 8 | - | - |
| **Loss after income tax for the year from continuing operations** | | (1,008,006) | (415,084) |
| **Discontinued operations** | | | |
| Loss for the year from discontinued operations | 3 | (95,523) | (5,953,733) |
| **Loss for the year** | | (1,103,529) | (6,368,817) |
| **Other comprehensive income** | | | |
| **Items that will be reclassified to profit or loss** | | | |
| Foreign currency translation reserve | | 1,487,114 | 57,709 |
| **Total other comprehensive income / (loss) for the year** | | 383,585 | (6,311,108) |
| **Total comprehensive income / (loss) attributable to:** | | | |
| Equity holders of the Company | | 383,585 | (6,311,108) |
| **Total comprehensive income / (loss) for the year** | | 383,585 | (6,311,108) |
| **Loss per share for loss attributable to the ordinary equity holders of the Company:** | | | |
| Basic and diluted loss per share (cents per share) | 9 | (0.14) | (1.21) |
| Basic and diluted loss per share from continuing operations (cents) | 9 | (0.13) | (0.08) |

*The consolidated statement of profit or loss & other comprehensive income is to be read in conjunction with the accompanying notes.*

## Consolidated Statement of Financial Position
As at 30 June 2016

| | Note | 30-Jun-16 AUD | Represented 30-Jun-15 AUD |
|---|---|---|---|
| **Assets** | | | |
| *Current assets* | | | |
| Cash and cash equivalents | *10* | 332,483 | 138,394 |
| Trade and other receivables | *11* | 35,139 | 30,341 |
| Financial assets at fair value through profit or loss | | - | 309,522 |
| **Total current assets** | | 367,622 | 478,258 |
| *Non-current assets* | | | |
| Equity accounted investments | *4* | 1,421,688 | - |
| Convertible notes | *6* | 133,330 | - |
| Property, plant and equipment | *13* | - | 261,621 |
| Exploration and evaluation expenditure | *14* | - | 2,033,261 |
| **Total non-current assets** | | 1,555,018 | 2,294,882 |
| **Total assets** | | 1,922,640 | 2,773,139 |
| **Liabilities** | | | |
| *Current Liabilities* | | | |
| Trade and other payables | *12* | 171,288 | 129,079 |
| **Total current liabilities** | | 171,288 | 129,079 |
| **Total liabilities** | | 171,288 | 129,079 |
| **Net assets** | | 1,751,352 | 2,644,060 |
| **Equity** | | | |
| Issued capital | *15* | 14,179,157 | 14,222,851 |
| Reserves | *16* | 66,355 | (1,520,522) |
| Accumulated losses | | (12,494,160) | (10,058,269) |
| **Total equity attributable to shareholders of the Company** | | 1,751,352 | 2,644,060 |

*The consolidated statement of financial position is to be read in conjunction with the accompanying notes.*

## Consolidated Statement of Changes in Equity
## For the year ended 30 June 2016

| | Issued capital | Accumulated losses | Reserves | Total equity |
|---|---|---|---|---|
| | AUD | AUD | AUD | AUD |
| **Total equity at 1 July 2015** | 14,222,851 | (10,058,269) | (1,520,522) | 2,644,060 |
| Loss for the year | - | (1,103,529) | - | (1,103,529) |
| Foreign currency translation | - | - | 1,487,114 | 1,487,114 |
| **Total comprehensive income / (loss) for the year** | - | (1,103,529) | 1,487,114 | 383,585 |
| **Transactions with owners in their capacity as owners:** | | | | |
| Share issue net of issue costs | 2,696,711 | - | - | 2,696,711 |
| Share based payments | - | - | 66,355 | 66,355 |
| Transfer of share based payments on exercise/expiry | - | 24,000 | (24,000) | - |
| Deconsolidation of subsidiary | - | (1,356,362) | 57,408 | (1,298,954) |
| In specie distribution of Aurora Uranium | (2,740,405) | - | - | (2,740,405) |
| | (43,694) | (1,332,362) | 99,763 | (1,276,293) |
| **Total equity at 30 June 2016** | **14,179,157** | **(12,494,160)** | **66,355** | **1,751,352** |
| | | Represented | | |
| **Total equity at 1 July 2014** | 14,094,807 | (3,689,452) | (1,602,231) | 8,803,124 |
| Loss for the year | - | (6,368,817) | - | (6,368,817) |
| Foreign currency translation | - | - | 57,709 | 57,709 |
| **Total comprehensive income / (loss) for the year** | - | (6,368,817) | 57,709 | (6,311,108) |
| **Transactions with owners in their capacity as owners:** | | | - | |
| Share issue net of issue costs | 118,044 | - | - | 118,044 |
| Share based payments | - | - | 24,000 | 24,000 |
| Shares to be issued in future period | 10,000 | - | - | 10,000 |
| | 128,044 | - | 24,000 | 152,044 |
| **Total equity at 30 June 2015** | **14,222,851** | **(10,058,269)** | **(1,520,522)** | **2,644,060** |

*The consolidated statement of changes in equity is to be read in conjunction with the accompanying notes.*

Consolidated Statement of Cash Flows
For the year ended 30 June 2016

| | *Note* | 30-Jun-16 AUD | Represented 30-Jun-15 AUD |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Cash paid to suppliers and employees | | (677,326) | (276,695) |
| Interest received | | 180 | 225 |
| Other income received | | 31,383 | 36,007 |
| **Net cash used in operating activities** | *24* | (645,763) | (240,463) |
| | | | |
| **Cash flows from investing activities** | | | |
| Investment in associates | | (1,491,670) | - |
| Acquisition of a convertible note in associate | | (133,330) | - |
| Payment for exploration and evaluation expenditure | | (32,949) | (51,996) |
| Proceeds from return of bonds | | - | 62,300 |
| Cash transferred on deconsolidation of subsidiaries | | (65,788) | - |
| **Net cash provided / (used) by investing activities** | | (1,723,737) | 10,304 |
| | | | |
| **Cash flows from financing activities** | | | |
| Proceeds from the issue of share capital | | 2,732,129 | 8,606 |
| Payment for share issuance costs | | (172,085) | (6,182) |
| **Net cash provided by financing activities** | | 2,560,044 | 2,424 |
| | | | |
| **Net increase / (decrease) in cash and cash equivalents** | | 190,544 | (227,735) |
| | | | |
| **Cash and cash equivalents at 1 July** | | 138,394 | 367,326 |
| Effect of exchange rates on cash holdings in foreign currencies | | 3,545 | (1,197) |
| **Cash and cash equivalents at 30 June** | *10* | 332,483 | 138,394 |

*The consolidated statement of cash flows is to be read in conjunction with the accompanying notes.*

## 1. Reporting entity

EVE Investments Limited (the "Company") is a company domiciled in Australia. The consolidated financial report of the Company for the financial year ended 30 June 2016 comprises the Company and its subsidiaries (together referred to as the "Group").

The consolidated financial report was authorised for issue by the Directors on 31 August 2016.

## 2. Basis of preparation

### a) Statement of compliance

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards ('AASBs') (including Australian Interpretations) adopted by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001. The financial report of the Consolidated Entity also complies with IFRSs and interpretations as issued by the International Accounting Standards Board. EVE Investments Ltd is a for-profit entity for the purpose of preparing the financial statements.

Separate financial statements for EVE Investments Limited, as an individual entity, are no longer presented as a consequence of a change to the Corporations Act 2001. Financial information for EVE Investments Limited as an individual entity is included in note 25.

### b) New and amended standards adopted by the Group

None of the new standards and amendments to standards that are mandatory for the first time for the financial year beginning 1 July 2015 affected any of the amounts recognised in the current period or any prior period.

### c) Basis of measurement

The financial report is prepared on the historical cost basis, as modified by the revaluation of financial assets at fair value through the profit or loss.

### d) Functional and presentation currency

These consolidated financial statements are presented in Australian dollars which is also the functional currency. The Group previously presented the consolidated financial statements in US dollars and the comparative figures have been represented in Australian dollars.

### e) Going concern

For the year ended 30 June 2016 the entity recorded a loss from continuing operations of $1,008,006 and had net cash outflows from operating activities of $645,763 and had working capital of $196,334. Furthermore, the entity has commitments of $1.6 million pertaining to the Tranche 2 investment in Omniblend Innovation Pty Ltd to increase the entity's stake to approximately 40% (see notes 4 and 20). The ability of the entity to continue as a going concern and being able to continue to funds its operating and marketing activities is dependent on securing additional funding through a share placement to new or existing investors, or by raising equity by conducting an entitlement issue with existing shareholders.

These conditions indicate a material uncertainty that may cast a significant doubt about the entity's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

Management believe there are sufficient funds to meet the entity's working capital requirements and as at the date of this report. Subsequent to year end the entity expects to raise additional funds via either a placement to new or existing investors or by conducting an entitlement issue with existing shareholders.

The financial statements have been prepared on the basis that the entity is a going concern, which contemplates the continuity of normal business activity, realisation of assets and settlement of liabilities in the normal course of business for the following reasons:

- The directors have prepared cash flow projections that support the ability of the entity to continue as a going concern, subject to raising additional funds through equity as detailed above; and
- The entity also has the ability to reduce its expenditure to conserve cash.

Should the company not be able to continue as a going concern, it may be required to realise its assets and discharge its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements and that the financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or liabilities that might be necessary should the entity not continue as a going concern.

### f) Use of estimates and judgments

The preparation of a financial report in conformity with Australian Accounting Standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. These accounting policies have been consistently applied by each entity in the Consolidated Entity.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods. In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in the following notes:

- Note 28 – Financial assets at fair value through Profit or Loss – The Group's accounting policy for Impairment is set out in note 26(h). If, after having losses are taken into account under this policy, the Directors conclude that the Group is unlikely to recover the investment, then the relevant capitalised amount will be written off to the Profit or Loss.

- Note 4 – Investments in associates – When necessary, the entire carrying amount of the investment is tested for impairment in accordance with AASB 136 Impairment of Assets by comparing its recoverable amount (fair value less costs to sell) with its carrying amount.

- Note 7 – Convertible note – The Group considers the recoverability of convertible notes it has been issued at each balance date and the asset is tested for impairment in accordance with AASB 136 Impairment of Assets.

- Note 14 – Exploration & evaluation expenditure – The Group's accounting policy for exploration and evaluation is set out in note 26(n). If, after having capitalised expenditure under this policy, the Directors conclude that the Group is unlikely to recover the expenditure by future exploration or sale, then the relevant capitalised amount will be written off to the Profit or Loss.

- Note 22 – Share-based payment arrangements - The Group measures the cost of equity settled share based payments at fair value at the grant date using the Black-Scholes model taking into account the exercise price, the term of the instrument, the impact of dilution, the share price at grant date, the expected volatility of the underlying share, the expected dividend yield and risk free interest rate for the term of the instrument.

## 3. Discontinued operations

At the Company's AGM, the Company's shareholders approved an in-specie distribution of wholly owned subsidiary, Aurora Uranium Limited ("Aurora"). Aurora is an Australian registered public company which, through its US subsidiary Oregon Energy LLC, holds 100% of the Aurora Uranium Project in southeast Oregon. EVE shareholders at the record date of 26 November 2015, were allotted 1 Aurora share for each EVE share held.

The financial performance of the discontinued operation to the date of disposal, which is included in loss from discontinued operations per the statement of profit or loss and other comprehensive income, is as follows:

| | 2016<br>AUD | Represented<br>2015<br>AUD |
|---|---|---|
| **Discontinued operations** | | |
| Revenue from continuing operations | 31,558 | 36,034 |
| Fair value gain/(loss) on financial assets | (72,829) | (34,145) |
| Professional fees | - | (13,542) |
| Employee benefit expense | (3,608) | (2,128) |
| Impairment expense | - | (5,893,170) |
| Other expenses | (6,461) | (45,590) |
| Finance costs | - | (1,192) |
| Loss before income tax | (51,340) | (5,953,733) |
| Loss on disposal | (44,183) | - |
| Income tax expense | - | - |
| Loss after tax attributable to discontinued operations | (95,523) | (5,953,733) |
| Total loss after tax attributable to discontinued operations | (95,523) | (5,953,733) |

The net cash flows of the discontinued operations, which have been incorporated into the statement of cash flows, are as follows:

| | 2016<br>AUD | Represented<br>2015<br>AUD |
|---|---|---|
| **Discontinued operations** | | |
| Net cash (used) in / provided by operating activities | 28,364 | 2,215 |
| Net cash (used) in / provided by investing activities | (98,738) | 10,304 |
| Net (decrease) / increase in cash and cash equivalents attributable to discontinued operations | (70,374) | 12,519 |

The carrying value of assets and liabilities as at the date of the in-specie distribution were:

| | 26-Nov-15 AUD |
|---|---|
| *Current Assets* | |
| Cash and cash equivalents | 65,788 |
| Trade and other receivables | 32,938 |
| Financial assets at fair value through profit or loss | 236,694 |
| **Total current assets** | 335,420 |

| | 26-Nov-15 AUD |
|---|---|
| *Non-current Assets* | |
| Property, plant and equipment | 275,094 |
| Exploration and evaluation expenditure | 2,181,607 |
| **Total non-current assets** | 2,456,701 |
| **Total assets** | 2,792,120 |
| Trade and other payables | 7,533 |
| **Total liabilities** | 7,533 |
| **Net assets** | 2,784,588 |
| **Fair value of net assets disposed** | 2,740,405 |
| **Loss on disposal** | (44,183) |

## 4. Investment in Associates

### a) Movements in carrying amounts

| | 2016 AUD | Represented 2015 AUD |
|---|---|---|
| ***Investments in associates*** | | |
| **Balance at the beginning of the year** | - | - |
| Investment in Omniblend Innovation | 1,491,670 | |
| Share of losses after income tax | (69,982) | - |
| **Balance at the end of the year** | 1,421,688 | - |

### b) Summarised financial information of associates

The tables below provide summarised financial information for Omniblend Innovation. The information disclosed reflects the amounts presented in the financial statements of the relevant associates and joint ventures and not EVE Investments Limited's share of those amounts.

| | Ownership interest % | Company's share of: Assets AUD | Liabilities AUD | Revenues AUD | Losses AUD |
|---|---|---|---|---|---|
| Omniblend Innovation | 24.24% | 311,386 | 7,357 | - | 69,982 |

| **Summarised statement of financial position** | 2016 AUD |
|---|---|
| *Current Assets* | |
| Cash and cash equivalents | 835,363 |
| Trade and other receivables | 99,341 |
| **Total current assets** | 934,704 |
| *Non-current Assets* | |
| Patents | 177,711 |
| Development Costs | 172,180 |
| **Total non-current assets** | 349,891 |
| **Total assets** | 1,284,595 |

| | |
|---|---|
| *Current Liabilities* | |
| Trade and other payables | 30,351 |
| **Total current liabilities** | 30,351 |
| *Non-current Liabilities* | |
| Convertible Notes | 333,330 |
| **Total non-current liabilities** | 333,330 |
| **Total liabilities** | 363,681 |
| **Net assets** | 920,914 |

| **Summarised statement of comprehensive income** | **2016 AUD** |
|---|---|
| Revenue | 15,734 |
| Interest income | 4,037 |
| | |
| **Loss from operating activities** | (588,619) |
| Other comprehensive income | - |
| **Total comprehensive income** | (588,619) |

## 5. Segment reporting

The Company's Board receives segment information across one reportable business segment, Investment. Discontinued operations relates to the in-specie distribution of Aurora Uranium Limited and its subsidiary.

| **For the year ended 30 June 2016** | **Investment AUD** | **Discontinued operations AUD** | **Consolidated AUD** |
|---|---|---|---|
| Total segment revenue | 5 | - | 5 |
| Loss before income tax | (1,008,006) | (95,523) | (1,103,529) |
| | | | |
| **Segment Assets** | | | |
| Investments in associates | 1,421,688 | - | 1,421,688 |
| Convertible notes | 133,330 | - | 133,330 |
| Other | 367,622 | - | 367,622 |
| **Total Segment Assets** | **1,922,640** | - | **1,922,640** |
| | | | |
| **Segment Liabilities** | | | |
| Other | 171,288 | - | 171,288 |
| **Total Segment Liabilities** | **171,288** | - | **171,288** |

| **For the year ended 30 June 2015** | **AUD** | **Represented AUD** | **AUD** |
|---|---|---|---|
| Total segment revenue | 198 | - | 198 |
| Loss before income tax | (415,084) | (5,953,733) | (6,368,817) |
| | | | |
| **Segment Assets** | | | |
| Property, plant and equipment | - | 261,621 | 261,621 |
| Exploration and evaluation expenditure | - | 2,033,261 | 2,033,261 |
| Other | 106,961 | 371,297 | 478,258 |
| **Total Segment Assets** | **106,961** | **2,666,179** | **2,773,139** |
| | | | |
| **Segment Liabilities** | | | |
| Other | 113,759 | 15,320 | 129,079 |
| **Total Segment Liabilities** | **113,759** | **15,320** | **129,079** |

## 6. Convertible notes

| | 2016 AUD | Represented 2015 AUD |
|---|---|---|
| *Convertible notes* | | |
| **Balance at the beginning of the year** | - | - |
| Convertible note in Omniblend Innovation | 133,330 | - |
| **Balance at the end of the year** | 133,330 | - |

The convertible note receivable held by EVE Investments Limited in Omniblend Innovation Pty Ltd is non-interest bearing and is redeemable/convertible upon certain trigger events occurring. The convertible note receivable has been accounted for at amortised cost.

## 7. Expenses from continuing operations

| | 2016 AUD | Represented 2015 AUD |
|---|---|---|
| **Professional fees** | | |
| Audit fees | 27,723 | 20,496 |
| Tax consulting services | 2,930 | 2,894 |
| Legal costs | 99,344 | 29,372 |
| Other professional fees | 1,320 | 7,970 |
| | 131,317 | 60,732 |
| **Employee benefit expense** | | |
| Wages | 111,670 | 39,385 |
| Corporate consultants | 135,000 | 10,357 |
| Directors fees | 212,500 | 79,348 |
| Directors fees - equity settled | 76,145 | 148,126 |
| Share based payments expense | 66,355 | 21,284 |
| | 601,670 | 298,500 |
| **Other expenses** | | |
| Corporate costs | 40,347 | 27,564 |
| Premises and insurance | 49,242 | 28,164 |
| Travelling costs | 31,103 | - |
| Depreciation | - | - |
| Other operating expenses | 26,799 | 1,481 |
| | 147,491 | 57,209 |
| **Foreign currency gains & losses** | | |
| Foreign currency gain / (loss) | (143) | 1,158 |
| | (143) | 1,158 |

## 8. Income taxes

| | 2016 AUD | Represented 2015 AUD |
|---|---|---|
| **Income tax expense / (benefit):** | | |
| Current tax | - | - |
| Deferred tax | - | - |
| | - | - |
| **Reconciliation of income tax expense/ (benefit) to prima facie income tax payable / (refundable):** | | |
| Loss before income tax for the year from continuing operations | (1,008,006) | (6,368,817) |
| Loss before tax from discontinued operations | (95,523) | - |
| Loss before income tax | (1,103,529) | (6,368,817) |
| Prima facie income tax at 30% | (331,059) | (1,910,645) |
| Tax effect of permanent differences | 95,649 | 1,766,628 |
| | (235,410) | (144,017) |

| | 2016 AUD | Represented 2015 AUD |
|---|---|---|
| Difference in overseas tax rates | - | 1,098 |
| Utilisation of income tax loss not recognised as deferred tax assets | - | - |
| Effect of tax loss not recognised as deferred tax assets | 235,410 | 142,919 |
| Income tax expense / (benefit) | - | - |
| | | |
| **Unrecognised deferred tax assets:** | | |
| Losses - revenue | 883,989 | 1,025,854 |
| Provisions, accruals and other | 54,711 | 51,348 |
| | 938,700 | 1,077,202 |

The tax benefits of the above deferred tax assets will only be obtained if:

i. the consolidated entity derives future assessable income of a nature and of an amount sufficient to enable the benefits to be utilised;

ii. the consolidated entity continues to comply with the conditions for deductibility imposed by law; and

iii. no changes in income tax legislation adversely affect the consolidated entity from utilising the benefits.

## 9. Loss per share

The calculation of basic loss per share at 30 June 2016 was based on the loss attributable to ordinary shareholders of $1,103,529 (2015: $6,368,817) and a weighted average number of ordinary shares outstanding during the financial year ended 30 June 2016 of 788,992,970 (2015: 527,928,147) calculated as follows:

| | 2016 AUD | Represented 2015 AUD |
|---|---|---|
| ***Loss attributable to ordinary shareholders*** | | |
| Loss for the year | (1,103,529) | (6,368,817) |
| Loss for the year from continuing operations | (1,008,006) | (415,084) |
| | | |
| ***Basic loss per share*** | | |
| Basic loss per share (cents) | (0.1399) | (1.2064) |
| Basic loss per share from continuing operations (cents) | (0.1278) | (0.0786) |
| | | |
| ***Diluted loss per share*** | | |
| Diluted loss per share (cents) | n/a | n/a |
| Diluted loss per share from continuing operations (cents) | n/a | n/a |

| | 2016 | 2015 |
|---|---|---|
| Weighted average number of shares | 788,992,970 | 527,928,147 |
| Options | - | - |
| Weighted average number of shares diluted EPS | 788,992,970 | 527,928,147 |

## 10. Cash and cash equivalents

### a) Reconciliation to cash at the end of the year

| | 2016 AUD | Represented 2015 AUD |
|---|---|---|
| Cash at bank & on hand | 332,483 | 138,394 |
| | 332,483 | 138,394 |

The Group's exposure to interest rate risk is discussed in note 27.

## 11. Trade and other receivables

| | 2016 AUD | Represented 2015 AUD |
|---|---|---|
| Trade debtors | 4,889 | 12,560 |
| Other receivable | 30,250 | 17,781 |
| | 35,139 | 30,341 |

Information about the Group's exposure to credit risk, foreign exchange and interest rate risk is provided in note 27. No receivables held by the Group are past due or impaired.

## 12. Trade and other payables

| | 2016 AUD | Represented 2015 AUD |
|---|---|---|
| Trade creditors | 121,526 | 38,311 |
| Other payables | 49,762 | 90,768 |
| | 171,288 | 129,079 |

Information about the Group's exposure to credit risk, foreign exchange and interest rate risk is provided in note 27.

## 13. Property, plant and equipment

| | 2016 AUD | Represented 2015 AUD |
|---|---|---|
| *Plant and equipment at cost:* | | |
| **Balance at the beginning of the year** | 312,140 | 411,614 |
| Disposals | (19,415) | (167,628) |
| Deconsolidation of subsidiary | (295,807) | - |
| Effect of movements in foreign exchange | 3,082 | 68,154 |
| **Balance at the end of the year** | - | 312,140 |
| *Plant and equipment – depreciation and impairment losses* | | |
| **Balance at the beginning of the year** | (50,520) | (162,018) |
| Depreciation charge for the year | (1,777) | (39,232) |
| Disposals | 19,416 | 167,628 |
| Deconsolidation of subsidiary | 37,551 | - |
| Effect of movements in foreign exchange | (4,670) | 84,142 |
| **Balance at the end of the year** | - | (50,520) |
| *Carrying amounts* | | |
| Balance at the beginning of the year | 261,620 | 249,596 |
| Balance at the end of the year | - | 261,620 |

## 14. Exploration and evaluation expenditure

| | 2016 AUD | Represented 2015 AUD |
|---|---|---|
| **Balance at the beginning of the year** | 2,033,261 | 7,160,676 |
| Additions | 37,786 | 46,132 |
| Deconsolidation of subsidiary | (2,181,607) | - |
| Impairment of exploration expenditure | - | (5,870,115) |
| Effect of movements in foreign exchange | 110,560 | 696,568 |
| **Balance at the end of the year** | - | 2,033,261 |
| Carrying amounts | | |
| Balance at the beginning of the year | 2,033,261 | 7,160,676 |
| Balance at the end of the year | - | 2,033,261 |

The prior period impairment of exploration expenditure at Aurora relates to the Company's decision to reduce the value of the project in line with an agreement the Company executed for the project's disposal in the period, the sale of the project did not proceed.

The ultimate recoverability of exploration expenditure carried forward is dependent on successful development and commercial exploitation, or alternatively sale of respective areas.

## 15. Contributed equity

| | 2016<br>AUD | Represented<br>2015<br>AUD |
|---|---|---|
| Issued capital | 14,972,821 | 14,844,431 |
| Cost of share issue | (793,664) | (621,580) |
| | 14,179,157 | 14,222,851 |

### a) Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in the proportion to the number and amount paid on the shares held.

### b) Capital risk management

The Group's objectives when managing capital are to safeguard their ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

**Movement in share capital**

| 2016 | | Number of shares | Issue price | AUD |
|---|---|---|---|---|
| 01 Jul 2015 | Opening balance | 540,657,657 | | 14,222,851 |
| 07 Jul 2015 | Placement | 80,000,000 | 0.005 | 400,000 |
| 07 Jul 2015 | Shares issued in lieu of fees | 8,645,834 | 0.007 | 60,521 |
| 7 Jul 2015 | Conversion of performance rights | 6,000,000 | - | - |
| 02 Oct 2015 | Shares issued in lieu of fees | 8,645,834 | 0.007 | 60,521 |
| 04 Jan 2016 | Placement | 96,592,398 | 0.005 | 482,962 |
| 04 Jan 2016 | Shares issued in lieu of fees | 3,125,000 | 0.005 | 15,625 |
| 23 Mar 2016 | Entitlement issue | 371,833,400 | 0.005 | 1,859,167 |
| | Reversal of shares to be issued in future period | | | (10,000) |
| | In-specie distribution | | | (2,740,405) |
| | Capital raising costs | | | (172,085) |
| **30 June 2016** | **Closing balance** | 1,115,500,123 | | 14,179,157 |

| 2015 | | Number of shares | Issue price | AUD |
|---|---|---|---|---|
| 01 Jul 2014 | Opening balance | 512,990,989 | | 14,094,807 |
| 01 Jul 2014 | Shares issued in lieu of fees | 5,187,500 | 0.004 | 20,750 |
| 01 Oct 2014 | Shares issued in lieu of fees | 5,187,500 | 0.005 | 25,937 |
| 13 Jan 2015 | Shares issued in lieu of fees | 8,645,834 | 0.006 | 51,875 |
| 10 Apr 2015 | Shares issued in lieu of fees | 8,645,834 | 0.003 | 25,937 |
| | Shares to be issued in future period | | | 10,000 |
| | Capital raising costs | | | (6,455) |
| **30 June 2015** | **Closing balance** | 540,657,657 | | 14,222,851 |

Shares in EVE Investments Limited are issued under the EVE Investments Shan Plan which was approved by shareholders at the 2015 Annual General Meeting. The Employee Share Plan is designed to reduce the cash costs of the Company by providing Directors and key management personnel with shares in lieu of accrued fees. Participation in the plan is at the Board's discretion and no individual has a contractual right to participate in the plan or to receive any guaranteed benefits.

## 16. Reserves

| | 2016 AUD | Represented 2015 AUD |
|---|---|---|
| ***Share-based payments reserve*** | | |
| Balance at the beginning of the year | 24,000 | - |
| Equity settled share-based payment transactions | 66,355 | 24,000 |
| Transfer of share-based payments on exercise/lapse of options | (24,000) | - |
| Balance at 30 June | 66,355 | 24,000 |
| ***Foreign currency translation reserve*** | | |
| Balance at the beginning of the year | (1,544,522) | (1,602,231) |
| Effect of translation of foreign currency operations to group presentation currency upon completion of in specie distribution and loss of control of subsidiary | 1,544,522 | 57,709 |
| Balance at 30 June | - | (1,544,522) |

**Share based payments reserve**
The share based payments reserve is used to recognise the grant date fair value of options and rights issued to employees but not exercised.

**Foreign currency translation reserve**
The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations where their functional currency is different to the presentation currency of the Consolidated Entity.

## 17. Dividends
The Directors do not recommend the payment of a dividend and no amount has been paid or declared by way of a dividend to the date of this report.

## 18. Remuneration of auditor
During the year the following fees were paid or payable for services provided by the auditor of the Company, its related practices and non-related audit firms:

| Auditors of the Company and unrelated entities | 2016 AUD | Represented 2015 AUD |
|---|---|---|
| *BDO Audit (WA) Pty Ltd:* | | |
| Audit and review of financial reports | 27,723 | 20,496 |
| *Whiting & Partners Ltd: (Non BDO firm)* | | |
| Audit of subsidiary financial report | - | 2,500 |
| Total auditors' remuneration | 27,723 | 22,996 |

## 19. Contingent assets and liabilities
There were no contingent liabilities or contingent assets at 30 June 2016 (2015: nil).

## 20. Capital and other commitments
The Company is required to invest $1.625m by 30 September 2016 into Omniblend Innovation to increase the Group's stake to approximately 40%. There were no other commitments at 30 June 2016.

## 21. Related parties

### a) Parent entity
The parent entity of the Group is EVE Investments Limited, it is incorporated in Australia.

### b) Subsidiaries
The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described under note 26(a).

| *Direct subsidiaries of the parent* | Country of incorporation | Equity holding 30-Jun-16 % | Equity holding 30-Jun-15 % |
|---|---|---|---|
| Amaroo Resources Ltd | UK | - | 100 |
| Aurora Uranium Ltd | AUS | - | 100 |
| ***Indirect subsidiaries*** | | | |
| *Direct subsidiaries of Aurora Uranium Limited* | | | |
| Oregon Energy LLC | USA | - | 100 |

**c) Loans to key management personnel**

There were no loans made to key management personnel during the year ended 30 June 2016 (2015: nil).

**d) Key management personnel compensation**

| | 2016 AUD | Represented 2015 AUD |
|---|---|---|
| Short-term employee benefits | 197,860 | 77,779 |
| Post-employment benefits | 14,640 | 1,569 |
| Equity compensation benefits | 99,319 | 148,126 |
| | 311,819 | 227,474 |

**e) Other transactions with related parties**

The terms and conditions of the transactions with Directors, key executives and associates and their related entities were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non-Director related entities on an arm's length basis.

| | Charges from: | | Charges to: | |
|---|---|---|---|---|
| | 2016 AUD | Represented 2015 AUD | 2016 AUD | Represented 2015 AUD |
| **Mitchell River Group Pty Ltd** | 157,886 | 56,944 | - | - |
| Provision of a serviced office and admin staff (Alasdair Cooke, Gregory Fry) | | | | |
| **African Energy Resources Ltd** | 48,000 | - | 132 | 129 |
| Recharge of overheads and wages (Alasdair Cooke, Gregory Fry) | | | | |
| **Anova Metals Ltd** | - | 7,293 | 2,935 | 42,473 |
| Recharge of overheads and wages (Alasdair Cooke, Gregory Fry) | | | | |
| **Omniblend Innovation Pty Ltd** | - | - | 48,103 | - |
| Recharge of overheads and wages (Gregory Fry) | | | | |

**f) Assets and liabilities arising from the above transactions**

| | 2016 AUD | Represented 2015 AUD |
|---|---|---|
| Trade debtors | 4,889 | 12,560 |
| Trade creditors | 69,478 | 7,672 |

## 22. Share-based payments

**a) Performance rights plan**

The EVE Performance Rights Plan is designed to provide long-term incentives for senior managers and above (including executive Directors) to deliver long-term shareholder returns. Participation in the plan is at the Board's discretion and no individual has a contractual right to participate in the plan or to receive any guaranteed benefits.

Performance Rights are granted under the plan for no consideration. Performance Rights granted under the plan carry no dividend or voting rights. When vested, each performance right is convertible into one ordinary share.

| Issue Date | Expiry date | Tranche | Number granted | Value at grant date | Vested in year | Unvested at 30 June 2016 |
|---|---|---|---|---|---|---|
| 3-May-16 | 3-May-21 | A | 6,000,000 | 75,273 | - | 6,000,000 |
| 3-May-16 | 3-May-21 | B | 6,000,000 | 75,273 | - | 6,000,000 |
| 31-May-16 | 31-May-21 | A | 9,000,000 | 72,000 | - | 9,000,000 |
| 31-May-16 | 31-May-21 | B | 9,000,000 | 72,000 | - | 9,000,000 |
| 31-May-16 | 31-May-21 | C | 3,000,000 | 24,000 | - | 3,000,000 |
| 31-May-16 | 31-May-21 | D | 3,000,000 | 24,000 | - | 3,000,000 |
| | | | **36,000,000** | **342,546** | **-** | **36,000,000** |

| Tranche | Hurdle |
|---|---|
| A | EVE completing the second tranche investment into Omniblend Innovation in accordance with the Subscription Terms Sheet between the two parties. |
| B | Omniblend Innovation completing an IPO or RTO on the ASX or an alternative Board approved exchange or the Trade Sale of Omniblend Innovation's main business |
| C | Continuous service until 1 March 2017 |
| D | Continuous service until 1 March 2018 |

The fair value of the performance rights granted during the year is $342,546 (2015: $21,284). The value is based off the underlying share price on the date of issue and likelihood of the performance right hurdle being met. At each reporting date the likelihood of each performance right hurdle is reviewed by management and the share-based payment adjusted accordingly. During the period $66,355 of expense was recorded. In the prior year an expense of $21,284 was recorded. This value was based off the underlying share price on the date of issue and likelihood of the performance right hurdle being met. These 6,000,000 rights were issued to a consultant and vested upon issue of a metallurgical report to the Company's satisfaction.

**b) Shares in lieu**

| | 2016 | | | | 2015 | | | |
|---|---|---|---|---|---|---|---|---|
| | Shares received No | Value of shares received AUD | Rights received No | Value of rights received AUD | Shares received No | Value of shares received AUD | Rights received No | Value of rights received AUD |
| **Non-Executive Director** | | | | | | | | |
| George Cameron-Dow | - | - | 3,000,000 | 3,862 | - | - | - | - |
| Michael Curnow | 2,864,584 | 11,198 | - | - | 3,333,334 | 17,846 | - | - |
| **Executive Directors** | | | | | | | | |
| Gregory Fry | 6,875,000 | 24,063 | 3,000,000 | 3,862 | 11,000,000 | 66,982 | - | - |
| Alasdair Cooke | 10,677,084 | 40,885 | 12,000,000 | 15,449 | 13,333,334 | 142,645 | - | - |
| **Other Employees** | - | - | 18,000,000 | 43,181 | - | - | 6,000,000 | 21,284 |
| Total | 20,416,668 | 76,146 | 36,000,000 | 66,355 | 27,666,668 | 227,474 | 6,000,000 | 21,284 |

During the period the Directors received shares in the Company in lieu of accrued director fees, as approved by the Company's shareholders at the 2015 AGM.

**c) Fair value of performance rights granted**

Detailed remuneration disclosures are provided in the remuneration report on page 6 - 10.

## 23. Events occurring after reporting date

There are no matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

## 24. Reconciliation of loss after income tax to net cash inflow from operating activities

| | | 30-Jun-16 AUD | Represented 30-Jun-15 AUD |
|---|---|---|---|
| **Loss for the year from continuing operations** | | (1,008,006) | (415,084) |
| *Adjustments for:* | | | |
| Discontinued operations - non cash transactions | *3* | 70,374 | (12,519) |
| Share of losses in associates | | 69,982 | - |
| Depreciation expense | | 1,777 | 39,232 |
| Net foreign exchange gains | | 143 | 32 |
| Equity-settled share-based payment expenses | | 142,500 | 139,222 |
| **Operating loss before changes in working capital and provisions** | | (723,230) | (249,117) |
| (Increase)/decrease in trade and other receivables | | (4,798) | (4,946) |
| (Decrease)/increase in trade and other payables | | 82,265 | 13,600 |
| **Net cash used in operating activities** | | (645,763) | (240,463) |

There were no non-cash investing and financing activities during the period.

## 25. Parent company disclosures

| | 2016 AUD | Represented 2015 AUD |
|---|---|---|
| Current assets | 367,622 | 106,960 |
| Non-current assets | 1,555,017 | 2,651,053 |
| **Total assets** | 1,922,639 | 2,758,013 |
| | | |
| Current liabilities | 171,288 | 113,759 |
| **Total liabilities** | 171,288 | 113,759 |
| | | |
| Contributed equity | 14,179,157 | 15,106,361 |
| Reserves | 66,355 | 100,525 |
| Accumulated losses | (12,494,160) | (12,562,632) |
| **Total equity** | 1,751,352 | 2,644,254 |
| | | |
| Loss for the year | (915,538) | (4,635,407) |
| Other comprehensive income / (loss) for the year | - | - |
| **Total comprehensive loss for the year** | (915,538) | (4,635,407) |

There were no commitments, contingent liabilities or contingent assets at the parent level at 30 June 2016.

## 26. Significant accounting policies

### a) Basis of consolidation

*i. Subsidiaries*

The consolidated financial statements incorporate the assets and liabilities of all controlled entities of EVE Investments Limited ("Company" or "Parent Company") as at 30 June 2016 and the results of all controlled entities for the year then ended. EVE Investments Limited and its controlled entities together are referred to in this financial statement as the Group or the Consolidated Entity.

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

*ii. Transactions eliminated on consolidation*

Intragroup balances, and any unrealised gains and losses or income and expenses arising from intragroup transactions, are eliminated in preparing the consolidated financial statements.

*iii. Associates (equity accounted investees)*

Associates are all entities over which the Group has significant influence but not control or joint control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for in the parent entity financial statements using the cost method and in the consolidated financial statements using the equity method of accounting, after initially being recognised at cost. The Group's investment in associates includes goodwill (net of any accumulated impairments loss) identified on the acquisition.

The Group's share of its associates post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in reserves is recognised in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment, thereafter gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associate.

### b) Discontinued operations

A discontinued operation is a component of the entity that either has been disposed of, or is classified as held for sale, and:

- represents a separate major line of business or geographical area of operations;
- is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or
- is a subsidiary acquired exclusively with a view to re-sale.

The profit or loss from discontinued operations, including prior year components of profit or loss, are presented in a single amount in the statement of profit or loss and other comprehensive income. This amount, which comprises the after tax profit or loss of discontinued operations and the after tax gain or loss is further disclosed in note 3.

The disclosures for discontinued operations in the prior year relate to all operations that have been discontinued by the reporting date for the latest period presented.

**c) Segment reporting**
AASB 8 Operating Segments requires a 'management approach', under which segment information is presented on the same basis as that used for internal reporting purposes. The segments are reported in a manner that is consistent with the internal reporting provided to the chief operating decision maker.

**d) Foreign currency translation**

*i. Functional and presentation currency*

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in AUD dollars. The Directors resolved to change the presentation currency and present the consolidated financial statements in AUD dollars from 1 July 2015. The presentation in AUD dollars is consistent with internal management reporting. The change in presentational currency was applied retrospectively and the comparative represented.

*ii. Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions.

Monetary assets and liabilities denominated in the foreign currencies at the reporting date are translated to the functional currency at the foreign exchange ruling at that date. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction.

Foreign exchange differences arising on the translation of monetary items are recognised in the Statement of Profit or Loss and Other Comprehensive Income.

*iii. Group Companies*

The functional currency of the Company is Australian dollars and foreign operations in the Group had a functional currency of US Dollars.

The financial results and position of operations with a functional currency different from the Group's presentation currency are translated as follows:

- Assets and liabilities are translated at exchange rates prevailing at the reporting date; and
- Income and expenses are translated at the exchange rates prevailing at the date of transaction.

Exchange differences arising on translation of foreign operations are transferred directly to the Group's foreign currency translation reserve in the Statement of Financial Position. These differences are recognised in the Statement of Profit or Loss and Other Comprehensive Income in the period the operation is disposed.

Exchange differences arising within the foreign currency translation reserve from the translation of foreign operations of entities which were discontinued by way of in-specie distribution during the year have been recognised against retained earnings as the transfer of entities was to members in whom there was common control.

**e) In-specie distribution**
The share capital of the Company is reduced by the fair value of the Investment that was returned to shareholders.

**f) Revenue recognition**
Revenue is measured at the fair value of the consideration received or receivable. Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

- Interest – Control of the right to receive the interest payment must exist.

**g) Income tax**
The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset when the entity has a legally enforceable right to offset and intends either to settle on a new basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity, respectively.

### h) Impairment of assets

At each reporting date, the Group assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, the Group makes a formal estimate of recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount. Recoverable amount is the greater of fair value less costs to sell and value in use. It is determined for an individual asset, unless the asset's value in use cannot be estimated to be close to its fair value less costs to sell and it does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

### i) Contributed equity

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options for the acquisition of a business are not included in the cost of the acquisition as part of the purchase consideration.

If the entity reacquires its own equity instruments, e.g. as a result of a share buy-back, those instruments are deducted from equity and the associated shares are cancelled. No gain or loss is recognised in the profit or loss and the consideration paid including any directly attributable incremental costs (net of income taxes) is recognised directly in equity.

### j) Cash and cash equivalents

Cash on hand and in banks and short-term deposits are stated at nominal value.

For the purposes of the Statement of Cash Flows, cash includes cash on hand and in banks, and money market investments readily convertible to cash within two working days, net of any outstanding bank overdrafts.

### k) Trade and other receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Trade receivables are generally due for settlement within 30 days.

### l) Financial assets

The Group classifies its investments in the following categories: financial assets at cost, financial assets at fair value through profit or loss and loans and receivables. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at each reporting date.

*i. Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of selling the receivable. They are included in current assets, except for those with maturities greater than 12 months after the reporting date which are classified as non-current assets. Loans and receivables are included in receivables in the Statement of Financial Position. Convertible note receivables are carried at amortised cost.

*ii. Financial assets at fair value through profit or loss*

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in the category if it is held principally for the purpose of selling in the short term. Assets in the category are classified as current assets.

*iii. Impairment*

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

*iv. Subsequent measurement*

Loans and receivables are carried at amortised cost using the effective interest method.

Details on how the fair value of financial instruments is determined are disclosed in note 28.

**m) Property, plant and equipment**

Items of property, plant and equipment are stated at cost or deemed cost less accumulated depreciation and impairment losses.

With the exception of mining property and development assets, depreciation is charged to profit or loss on a diminishing value basis over the estimated useful lives of each part of an item of property, plant and equipment.

The estimated useful lives in the current and comparative periods are as follows:

- Plant and equipment 3-10 years

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss. When revalued assets are sold, it is group policy to transfer any amounts included in other reserves in respect of those assets to retained earnings.

**n) Exploration and evaluation costs**

Exploration and evaluation costs, including the costs of acquiring licences, are capitalised as exploration and evaluation assets on an area of interest basis. Costs incurred before the entities of the Group have obtained the legal rights to explore an area are recognised in the profit or loss.

Exploration and evaluation assets are only recognised if the rights of the area of interest are current and either:

i. the expenditures are expected to be recouped through successful development and exploitation of the area of interest; or

ii. activities in the area of interest have not at the reporting date, reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves and active and significant operations in, or in relation to, the area of interest are continuing.

Exploration and evaluation assets are assessed for impairment if (i) sufficient data exists to determine technical feasibility and commercial viability, and (ii) facts and circumstances suggest that the carrying amount exceeds the recoverable amount (see impairment accounting policy (h)). For the purposes of impairment testing, exploration and evaluation assets are allocated to cash-generating units to which the exploration activity relates. The cash generating unit shall not be larger than the area of interest.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified from intangible assets to mining property and development assets within property, plant and equipment.

Costs of site restoration are provided over the life of the facility from when exploration commences and are included in the costs of that stage. Site restoration costs include the dismantling and removal of mining plant, equipment and building structures, waste removal, and rehabilitation of the site in accordance with clauses of the mining permits. Such costs have been determined using estimates of future costs, current legal requirements and technology on an undiscounted basis.

Any changes in the estimates for the costs are accounted for on a prospective basis. In determining the costs of site restoration, there is uncertainty regarding the nature and extent of the restoration due to community expectations and future legislation. Accordingly, the costs have been determined on the basis that the restoration will be completed within one year of abandoning the site.

**o) Trade and other payables**

Liabilities for trade creditors and other amounts are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Group. The amounts are unsecured and are usually payable within 30 days of recognition.

**p) Dividends**

Dividends are recognised as a liability in the period in which they are declared.

**q) Employee benefits**

Provision is made for the Group's liability for employee benefits arising from services rendered by employees to reporting date. Employee benefits have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs.

**r) Provisions**

Provisions are recognised when the Group has a legal, equitable or constructive obligation to make a future sacrifice of economic benefits to other entities as a result of past transactions or other past events, it is probable that a future sacrifice of economic benefits will be required and a reliable estimate can be made of the amount of the obligation.

**s) Earnings per share**

*i. Basic earnings per share*

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company, excluding any costs of servicing equity other than ordinary shares, by weighted average number of ordinary shares outstanding during the financial year, adjusted for the bonus elements in ordinary shares issued during the year.

*ii. Diluted earnings per share*

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

**t) Share-based payments**

Equity-settled share-based payments are measured at fair value at the date of grant. Fair value is measured by use of a Black-Scholes option pricing model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Consolidated Entity's estimate of shares that will eventually vest.

For cash-settled share-based payments, a liability equal to the portion of the goods or services received is recognised at the current fair value determined at each reporting date.

**u) Goods and services tax**

Revenues, expenses and assets are recognised net of the amount of GST except:

where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

Cash flows are included in the Cash Flow Statement on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

**v) Comparative figures**

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

**w) New standards and interpretations not yet adopted**

Australian Accounting Standards and Interpretations that have been recently issued or amended but are not yet effective have not been adopted by the Group for the annual reporting period ended 30 June 2016.

**AASB 9 Financial Instruments**

AASB 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities and introduces new rules for hedge accounting. AASB 9 must be applied for financial years commencing on or after 1 January 2018. The standard is not expected to have a material impact on the Group.

**AASB 15 Revenue from Contracts with Customers**

AASB has issued a new standard for the recognition of revenue. This will replace AASB 118 which covers contracts for goods and services and AASB 111 which covers construction contracts. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer – so the notion of control replaces the existing notion of risks and rewards. The standard is not expected to have a material impact on the Group.

**AASB 16 Leases**

AASB 16 eliminates the operating and finance lease classifications for lessees currently accounted for under AASB 117 Leases. It instead requires an entity to bring most leases onto its statement of financial position in a similar way to how existing finance leases are treated under AASB 117. An entity will be required to recognise a lease liability and a right of use asset in its statement of financial position for most leases. There are some optional exemptions for leases with a period of 12 months or less and for low value leases. The application date of this standard is for annual reporting periods beginning on or after 1 January 2019. The standard is not expected to have a material impact on the Group.

## 27. Financial risk management

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group uses different methods to measure different types of risk to which it is exposed.

Risk management is carried out by a central treasury department (Group Treasury) under policies approved by the Board of Directors. Group Treasury identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units.

**a) Market risk**

*i. Foreign currency risk*

The Group previously operated internationally and had exposure to foreign exchange risk arising from various currency exposures, primarily with respect to the United states dollar. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis (see table below) and cash flow forecasting.

The Group's risk management policy is to form a natural hedge to foreign exchange fluctuations by holding funds in the currency the costs are forecast to be expended in. The Group's exposure to foreign currency risk at the end of the reporting period was has been assessed and there is no material impact to the Group.

*ii. Price risk*

The Group is exposed to share price movements on financial assets at fair value through profit or loss. Group sensitivity to movement in the share prices of listed investments is shown in the summarised sensitivity analysis table below. The sensitivity is based on movements in the ASX Small Ordinaries Index (XSO).

| | | 8% | | -10% | |
|---|---|---|---|---|---|
| | Carrying amount | Profit AUD | Equity AUD | Profit AUD | Equity AUD |
| 30 June 2016 | | | | | |
| Financial assets at fair value through profit or loss | - | - | - | - | - |

| | | Represented | | | |
|---|---|---|---|---|---|
| | | 8% | | -10% | |
| | Carrying amount | Profit AUD | Equity AUD | Profit AUD | Equity AUD |
| 30 June 2015 | | | | | |
| Financial assets at fair value through profit or loss | 309,522 | 24,762 | 24,762 | (30,952) | (30,952) |

*iii. Interest rate risk*

The Group's exposure to interest rate risk and the effective weighted average interest rate for classes of financial assets and liabilities is set out below:

| | 2016 | | Represented 2015 | |
|---|---|---|---|---|
| | Weighted average interest rate | Balance AUD | Weighted average interest rate | Balance AUD |
| *Floating interest rate:* | | | | |
| Cash and cash equivalents | 0.00% | 332,483 | 0.00% | 138,394 |
| *Fixed interest rate:* | | | | |
| Term deposits | n/a | - | n/a | - |
| | | 332,483 | | 138,394 |

The Group's sensitivity to interest rate movements, either positive or negative, are immaterial to the Group's financial performance.

**b) Credit risk**

The carrying amount of cash and cash equivalents, financial assets, trade and other receivables (excluding prepayments), represent the Group's maximum exposure to credit risk in relation to financial assets.

Cash and short term liquid investment are placed with reputable banks, so no significant credit risk is expected.

The Group does not have any material exposure to any single debtor or group of debtors, so no significant credit risk is expected.

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit rates:

| | 2016 AUD | Represented 2015 AUD |
|---|---|---|
| Cash and cash equivalents A-1+ | 14,093 | 45,444 |
| Cash and cash equivalents A-1 | 318,390 | 92,850 |

### c) Liquidity risk
Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The Group manages liquidity risk by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Due to the dynamic nature of the underlying businesses, Group Treasury aims at maintaining flexibility in funding by keeping committed credit lines available with a variety of counterparties. Surplus funds are only invested in instruments that are tradeable in highly liquid markets.

The table below analyses the Group's financial liabilities into relevant maturity groupings. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying amounts as the impact of discounting is not significant.

**Contractual maturities of financial liabilities**

| 2016 | Less than 6 months | 6 - 12 months | Total contractual cash flows |
|---|---|---|---|
| Trade Payables | 171,288 | - | 171,288 |
| | 171,288 | - | 171,288 |
| | | | |
| **2015** | | | |
| Trade Payables | 129,079 | - | 129,079 |
| | 129,079 | - | 129,079 |

### d) Fair value estimation
The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. The quoted market price used for financial assets held by the Group is the current closing price.

Total gains or losses for the period included in revenue from continuing operations that related to assets held at the end of the reporting period are set out below:

| | 2016 AUD | Represented 2015 AUD |
|---|---|---|
| Financial assets at fair value through profit or loss | - | (39,577) |

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each reporting date.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values due to their short-term nature. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

Refer to note 28(c) for details of the Consolidated Entity's assets measured and recognised at fair value as at 30 June 2016.

## 28. Determination of fair values
A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and / or disclosure purposes based on the following methods. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

### a) Trade and other receivables
The fair value of trade and other receivables is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date.

### b) Share-based payment transactions
The fair value of employee share options and performance rights is measured using a Black-Scholes pricing model. Measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility (based on weighted average historic volatility adjusted for changes expected due to publicly available information), weighted average expected life of the instruments (based on historical experience and general option/right holder behaviour), expected dividends, and the risk-free interest rate (based on government bonds). Service and non-market performance conditions attached to the transactions are not taken into account in determining fair value.

**c) Fair value of financial instruments**

AASB 13: Fair Value Measurement, requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

i. quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);

ii. inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly (level 2); and

iii. inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

The following presents the Group's applicable financial assets and financial liabilities measured and recognised at fair value at 30 June 2016 and 30 June 2015 on a recurring basis

| | 2016<br>AUD | Represented<br>2015<br>AUD |
|---|---|---|
| **Financial Assets at Fair Value through Profit or Loss** | | |
| Listed equity securities - level 1 | - | 309,522 |
| | - | 309,522 |

The carrying amounts of trade receivables and trade payables are assumed to approximate their fair values due to their short-term nature.