



ABN 69 125 345 502

**HALF YEAR FINANCIAL REPORT
FOR THE HALF YEAR ENDED**

31 DECEMBER 2015

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CORPORATE DIRECTORY

DIRECTORS

Michael Scivolo (Non-Executive Chairman)
Robert John Collins (Non-Executive Director)
Hersh Solomon Majteles (Non-Executive Director)

COMPANY SECRETARY

Norman Grafton

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AUDITORS

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AUSTRALIAN SECURITIES EXCHANGE

Power Resources Limited shares (PWW) are listed on the Australian Securities Exchange.

WEBSITE

www.powerresources.com.au

DIRECTORS' REPORT

Your Directors present their report on the Company and its controlled entities ("Group") for the half year ended 31 December 2015.

1. DIRECTORS

The names of the Directors of the Company in office during the financial period and up to the date of this report are as follows.

Directors were in office from the beginning of the financial period until the date of this report unless otherwise stated.

Michael Scivolo	Non-Executive Chairman
Robert John Collins	Non-Executive Director
Hersh Solomon Majteles	Non-Executive Director

2. RESULTS

Operating Results

The Group incurred a net loss after income tax during the half year of \$33,643 (31 December 2014 – profit of \$6,465).

Financial Position

At 31 December 2015, the Group had cash reserves of \$21,362 (30 June 2015 – \$27,398).

Dividends

No dividends were paid during the period and no recommendation is made as to dividends.

3. SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

In the opinion of the directors, there were no other significant changes in the state of affairs of the Group that occurred during the half year under review not otherwise disclosed in this report or in the financial report.

4. EVENTS SUBSEQUENT TO REPORTING DATE

In the opinion of the Directors, there were no significant changes in the state of affairs of the Group that occurred during the half-year under review not otherwise disclosed in this report or in the financial statements.

5. ACTIVITIES REPORT

Linden (Good Hope) gold project, Western Australia

Power Resources Limited operates the Linden (Good Hope) gold project in the Eastern Goldfields of Western Australia.

Over the course of the reporting period, no field work was undertaken on the PL 39/5062 licence. Work has included reappraisal of the region using high resolution regional geophysical datasets over the greater Linden area in order to place the Good Hope prospect into its regional context. This analysis is yielding new possible controls on mineralisation and is ongoing. Increased activity in the gold sector was being monitored, particularly in the Linden area, for opportunities that may arise.

Linden (Good Hope) is located in the Eastern Goldfields of Western Australia. Government records show that 30 tons of ore yielded 1 oz (~31 grams) of gold per ton from a structure around 1 metre thick.



Location of the WA projects.

Historic sampling of quartz-pyrite altered rocks from local waste dumps recorded grades of up to 16 g/t Au. Linden (Good Hope) is located in the Linden mining district some 120 km southeast of the town of Leonora.

AUDITOR'S INDEPENDENCE DECLARATION

Section 307C of the *Corporations Act 2001* requires our auditors, HLB Mann Judd, to provide the Directors of the Company with an independence declaration in relation to the review of the half-year financial report. This independence declaration is set out on page 4 and forms part of the Directors' Report for the half-year ended 31 December 2015.

This report is signed in accordance with a resolution of the Board of Directors made pursuant to s306(3) of the *Corporations Act 2001*.

Signed in accordance with a resolution of directors.

Michael Scivolo
Non-Executive Chairman
Perth, 11 March 2016



Accountants | Business and Financial Advisers

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the consolidated financial report of Power Resources Limited for the half-year ended 31 December 2015, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

Perth, Western Australia
11 March 2016

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

M R W Ohm
Partner

**CONDENSED STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED 31 DECEMBER 2015**

	Consolidated 31 December 2015	Consolidated 31 December 2014
	\$	\$
Revenue		
Interest revenue	6	19
Other revenue	-	38,909
Accounting and audit fees	(15,179)	(15,112)
ASX/ASIC fees	(14,351)	(14,220)
Other expenses	(4,119)	(3,131)
	<hr/>	<hr/>
Profit/(loss) before income tax benefit	(33,643)	6,465
Income tax benefit		
Net profit/(loss) for the period	(33,643)	6,465
	<hr/>	<hr/>
Other comprehensive income, net of tax	-	-
	<hr/>	<hr/>
Total comprehensive income/(loss) for the period	(33,643)	6,465
	<hr/>	<hr/>
Basic earnings/(loss) per share (cents)	(0.07)	0.01

The accompanying notes form part of these financial statements.

**CONDENSED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2015**

	Note	Consolidated 31 December 2015	Consolidated 30 June 2015
		\$	\$
ASSETS			
Current Assets			
Cash and cash equivalents		21,362	27,398
Trade and other receivables		2,720	1,492
Total Current Assets		<u>24,082</u>	28,890
Non-Current Assets			
Other financial assets		555	724
Exploration and evaluation expenditure	3	23,863	22,703
Total Non-Current Assets		<u>24,418</u>	23,427
Total Assets		<u>48,500</u>	52,317
LIABILITIES			
Current Liabilities			
Trade and other payables		27,844	28,018
Total Current Liabilities		<u>27,844</u>	28,018
Non-Current Liabilities			
Borrowings	4	65,000	35,000
Total Non-Current Liabilities		<u>65,000</u>	35,000
Total Liabilities		<u>92,844</u>	63,018
Net Assets/(liabilities)		<u>(44,344)</u>	(10,701)
EQUITY			
Issued capital	5	4,813,977	4,813,977
Accumulated losses		(4,858,321)	(4,824,678)
Total Deficiency in Equity		<u>(44,344)</u>	(10,701)

The accompanying notes form part of these financial statements.

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

Consolidated	Issued Capital \$	Accumulated Losses \$	Total \$
Balance at 1 July 2014	4,813,977	(4,782,902)	31,075
Total comprehensive income for the period	-	6,465	6,465
Balance at 31 December 2014	4,813,977	(4,776,437)	37,540

Consolidated	Issued Capital \$	Accumulated Losses \$	Total \$
Balance at 1 July 2015	4,813,977	(4,824,678)	(10,701)
Total comprehensive loss for the period	-	(33,643)	(33,643)
Balance at 31 December 2015	4,813,977	(4,858,321)	(44,344)

The accompanying notes form part of these financial statements.

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

	Consolidated 31 December 2015 \$ Inflows/ (Outflows)	Consolidated 31 December 2014 \$ Inflows/ (Outflows)
Cash flows from operating activities		
Payments to suppliers and employees	(34,221)	(31,030)
Interest received	6	19
	<hr/>	<hr/>
Net cash (used in) operating activities	(34,215)	(31,011)
Cash flows from investing activities		
Exploration and evaluation expenditure	(1,821)	(3,464)
	<hr/>	<hr/>
Net cash (used in) investing activities	(1,821)	(3,464)
Cash flows from financing activities		
Loans from unrelated parties	30,000	25,000
	<hr/>	<hr/>
Net cash provided by financing activities	30,000	25,000
Net decrease in cash held	(6,036)	(9,475)
Cash at beginning of the half year	27,398	44,395
	<hr/>	<hr/>
Cash and cash equivalents at the end of the half year	21,362	34,920
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The accompanying notes form part of these financial statements.

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

1. Statement of Significant Accounting Policies

Statement of compliance

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

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

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2015 and any public announcements made by Power Resources Limited and its subsidiaries during the half-year in accordance with continuous disclosure requirements arising under the Corporations Act 2001 and the ASX Listing Rules.

Basis of preparation

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

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

Accounting policies and methods of computation

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

Significant accounting judgments and key estimates

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

Going concern

The financial report has been prepared on the basis of accounting principles applicable to a going concern, which assumes the commercial realisation of the future potential of the Group's assets and the discharge of its liabilities in the normal course of business. At balance date, the Group had working capital deficit of \$3,762, available cash of \$21,362 and had an outflow of cash from operating and investing activities of \$36,035.

Due to the financial conditions referred to above, the Group has forecast that it will need to seek additional funding in the coming year in order to meet its operating expenditure and planned exploration expenditure for the next twelve months from the date of signing these financial statements. These arrangements will include a further capital raising or entering into the sale or joint venture of assets.

Due to the risk that any capital raising or joint venture of assets may not eventuate to the extent the Directors consider necessary and/or on a sufficiently timely basis, there is a material uncertainty that may cast significant doubt about the Group's ability to continue as a going

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

concern and therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the Group not continue as a going concern.

3. Deferred exploration expenditure	Consolidated 31 December 2015 \$	Consolidated 30 June 2015 \$
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Costs carried forward in respect of areas of interest in the exploration and evaluation phase:

Exploration and evaluation phase		
Balance at beginning of period	22,703	36,607
Expenditure incurred during the period	1,821	5,655
Expenditure written off	(661)	(19,559)
	<u>23,863</u>	<u>22,703</u>
Balance at end of period		

The ultimate recoupment of the exploration and evaluation expenditure carried forward is dependent on the successful development and commercial exploitation and/or sale of the relevant areas of interest.

4. Borrowings

During the period, the Group was extended a further unsecured \$30,000 loan by an unrelated party to assist with working capital. The loan balance of \$65,000 as at 31 December 2015 is interest free and will not be called upon within twelve months..

5. Issued Capital

(a) Issued and paid up capital

Ordinary shares fully paid	<u>4,813,977</u>	4,813,977
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	Consolidated 31 December 2015		Consolidated 30 June 2015	
	Number	\$	Number	\$
(b) Movement in ordinary shares on issue				
Balance at beginning of period	<u>47,187,501</u>	<u>4,813,977</u>	<u>47,187,501</u>	<u>4,813,977</u>
Balance at end of period	<u>47,187,501</u>	<u>4,813,977</u>	<u>47,187,501</u>	<u>4,813,977</u>

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

6. Financial Reporting by Segments

The Group has adopted AASB 8 *Operating Segments* which requires operating segments to be identified on the basis of internal reports about components of the Group that are reviewed by the chief operating decision maker in order to allocate resources to the segment and assess its performance. The Board of Power Resources Limited reviews internal reports prepared as consolidated financial statements and strategic decisions of the Group are determined upon analysis of these internal reports. During the period, the Group operated predominantly in one business and geographical segment being the resources sector in Australia. Accordingly, under the 'management approach' outlined only one operating segment has been identified and no further disclosure is required in the notes to the consolidated financial statements.

7. Subsequent Events

In the opinion of the directors, there were no subsequent events that occurred during the half year under review not otherwise disclosed in this financial report.

8. Contingent Liabilities

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

9. Financial Instruments

The Directors consider that the carrying value of the financial assets and financial liabilities as recognised in the consolidated financial statements approximate their fair values.

DIRECTORS' DECLARATION

In the opinion of the directors of Power Resources Limited ("the Company"):

1. The attached financial statements and notes thereto are in accordance with the Corporations Act 2001 including:
 - a) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - b) giving a true and fair view of the Group's financial position as at 31 December 2015 and of its performance for the half year then ended.
2. There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is signed in accordance with a resolution of the Board of Directors made pursuant to s305(5) of the Corporations Act 2001.



Michael Scivolo
Non-Executive Chairman

Perth, 11 March 2016



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INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Power Resources Limited

Report on the Condensed Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Power Resources Limited ("the company") which comprises the condensed statement of financial position as at 31 December 2015, the condensed statement of comprehensive income, condensed statement of changes in equity and condensed statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory notes and the directors' declaration of the Group comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' responsibility for the half-year financial report

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

Auditor's responsibility


Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 31 December 2015 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the company, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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

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HLB Mann Judd (WA Partnership) is a member of  International, a worldwide organisation of accounting firms and business advisers.



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Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Power Resources Limited is not in accordance with the *Corporations Act 2001* including:

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

Emphasis of matter

Without modifying our conclusion, we draw attention to Note 1 to the financial report which indicates that as at 31 December 2015, the Group had a working capital deficit of \$3,762, available cash of \$21,362 and had an outflow of cash from operating and investing activities of \$36,035. These conditions, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern and therefore the Company may be unable to realise its assets and discharge its liabilities in the normal course of business.

HLB Mann Judd

HLB Mann Judd
Chartered Accountants

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

M R W Ohm
Partner

Perth, Western Australia
11 March 2016