ePAT Technologies Limited

ABN 21 146 035 127

2017 Annual Report

Corporate directory

Board of Directors

Mr John Murray	Non-Executive Chairman
Mr Philip Daffas	Managing Director
Mr Adam Davey	Non-Executive Director
Mr Ross Harricks	Non-Executive Director

Company Secretary
Mr Ian Hobson

Registered Office
Suite 5, 95 Hay Street
Subiaco, Western Australia 6008
Tel: +61 8 9388 8290
Fax: +61 8 9388 8256

Principal Place of Business
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Sydney NSW 2000

Postal Address
PO Box 226
Subiaco, Western Australia 6904

Website
Website: www.epattechnologies.com

Auditors
BDO Audit Pty Ltd

Share Registry
Boardroom Pty Ltd
Grosvenor Place
Level 12, 225 George Street
Sydney, NSW 2000
Tel: +61 2 9290 9600
Fax: +61 2 9290 9655

Stock Exchange
Australian Securities Exchange
20 Bridge Street
Sydney, NSW 2000

ASX Code
EPT

Improving the quality of life for people in pain through novel, cost effective pain assessment tools

ePAT Technologies Limited
ABN 21 146 035 127

Dear Shareholders,

The 2017 Financial Year was pivotal for the Company, as ePAT Technologies Pty Ltd completed a reverse takeover of Minquest Ltd on 26 September 2016, and changed its name to ePAT Technologies Limited ("ePAT"). ePAT is an innovative medical device technology company, that has developed the world's first, regulatory approved, pain assessment and monitoring mobile application (the "App"). The App works on smartphones and mobile devices, and enables carers of people who cannot communicate effectively to more accurately and effectively assess and document pain.

Since completing the reverse takeover, a new CEO supported by a new Board has made significant progress in commercializing the Company's technology including:

- renegotiating our technology license with nViso, a global leader in facial recognition technology, into an exclusive arrangement;
- progressing with our patent filing process to protect our intellectual property;
- recruiting a chief technical officer;
- developing a first iOS App ready for commercial release;
- achieving regulatory approval as a Class 1 Medical Device in Australia (TGA) and Europe (CE Mark); and
- developing contacts and relationships in the health care industry in Australia and UK.

Subsequent to the year end, the Company has signed it's first commercial agreement with Dementia Support Australia, whose consultants will use the App to educate carers of dementia sufferers on how to better assess pain. This is a significant and growing problem in the global aged care and home care industry, and is our initial target market.

As a pre-revenue company, your Board also took the opportunity of favorable capital market conditions in September 2017 to complete a secondary placement, raising $3.75 million. This provides certainty of funding for increased commercialization activity during 2018 including recruitment, sales & marketing expenditure and further product development; and enables us to introduce our technology to global markets. We have significant market opportunities ahead of us, and must continue to build our capability to execute on our plans to develop profitable revenue streams.

On behalf of the Board of Directors, I would like to thank all of our shareholders for continuing to support the Company.

Yours sincerely,

John Murray

Chairman

Managing Director Report

The following were the original key milestones set for the Company and the dementia App development during 2016/17.

Milestone	Dates
Complete validation studies in aged care homes	Fourth quarter of 2016
Lodgement of registration application in Australia and the European Union	Second quarter of 2017
Complete implementation studies in aged care homes	Third quarter of 2017
Target for approval of registration in Australia and the European Union	Third quarter of 2017
Lodgement of registration application in the United States	Fourth quarter of 2017

These milestones were all achieved ahead of the original planned dates along with additional key business goals; details are summarized below:

Product development:

The Company completed the development of the IOS version dementia pain assessment app and received TGA and CE Mark regulatory clearance during July 2017. This regulatory clearance provides the platform for commercialization in Australia and the European Economic region that collectively compromises 30% of the global market opportunity. The company is now developing the Android version of the dementia app to broaden the market accessibility and will be finalizing FDA approval strategy as the basis to enter the US market during 2018.

Technology License Agreements:

In June 2017 the Company acquired a global, perpetual, exclusive license for use of the nViso artificial intelligence (AI) technology for pain assessment. This license provides ePAT with a perpetual access to nViso's market leading facial emotion pain assessment technology and the ability to fast track new developments working with nViso and our contracted software development team and data scientists. In the process nViso took an equity stake and became a shareholder in ePAT. There are no royalty payments to nViso on future sales revenues.

Clinical Studies and Publications:

During the first half of 2017 the Company completed a number of clinical studies to validate the performance of the dementia app. These studies were presented at scientific conferences including the Pain Society conference in April 2017 and were submitted for publication. In July 2017 a research article titled "Pain Assessment in Dementia: Evaluation of a Point-of-Care Technological Solution" was published in the prestigious peer reviewed Journal of Alzheimer's Disease. This confirmed the dementia app is a valid and reliable pain assessment tool for people with moderate to severe dementia, who can no longer self-report their pain and that it has additional benefits over the current paper based technology.

Branding:

The Company has registered the PainChek™ trademark for the ePAT dementia and children's app. We have registered the trademark for the PainChek™ name and the uniquely designed PainChek™ fonts and app icon in Australia and international markets including UK and USA.

PainChek™
Intelligent Pain Assessment

We believe the naming and related designs achieve the brand values we want to communicate with our pain assessment technology that includes;

- Clarity on the core value proposition to our global customer base
- Be seen as a confident and trustworthy partner
- Positioned as an intelligent solution that provides ongoing benefits to multiple customer groups
- Simple and instantly recognizable across all multi-media modes – including mobile and desktop mobile apps

In addition, the design allows for the use of multiple colours and sub branding for future new products e.g. the children's version. We also own the domain site painchek.com.
ePAT will be launching the PainChek™ brand at the Alzheimer's conference in Melbourne on October 17^{th}-20^{th} along with the new marketing collateral – including promotional materials and the painchek.com website. The PainChek™ branding will be used across both the business-to-business and consumer markets.

Establishing a strong global brand was a key strategic objective to support the market entry and as we continue negotiations with potential customers. In today's global market, positive brand recognition is critical to successful commercialization and can also create significant business value in its own right.

The PainChek™ branding is best in class and it is more than a logo. To our customers, it communicates who we are, what we do and what they can expect from us. It helps us stand out in the market and generate customer loyalty and referrals. Finally, it keeps us focused on delivering on our mission – to be the world leader in intelligent pain assessment technology".

ePAT and Dementia Support Australia Agreement:

In August 2017 we finalized our first commercial agreement with Dementia Services Australia (DSA). The DSA agreement is a key business milestone as it provides ePAT with two core benefits. Firstly, it is a first commercial agreement with a recognized Australian government sponsored body that has been tasked with the goal of improving the quality of life for people with Dementia. This provides great credibility to PainChek™.

Secondly, DSA's 150 consultants across Australia will be using PainChek™ as a baseline tool to assess pain in up to 5000 people with Dementia each year who reside within the 1500 aged care and home care providers in Australia. Each consultation lasts for a 4-6 week period dependent on the severity of the case. At the conclusion of the DSA consultation, the aged care or community care group will have the option to continue to use PainChek™ for their residents for the longer term through a separate license negotiated with ePAT.

This agreement is designed to help fast track the market awareness and take up of PainChek™ with the carers of the 400,000 people with dementia in Australia. For further information about DSA, go to www.dementia.com.au

Capability development:

The Company entered into a consultancy agreement with Curtin University to maintain the support of Professor Jeff Hughes and Mustafa Atee, and part time consultancy agreement with Kreshnik Hoti. Jeff, Mustafa and Kreshnik were the core scientific team involved in the original development of the pain assessment app.

In April 2017 the Company also hired Scott Robertson as a full time Chief Technology Officer.

The Company has a number of consultants supporting the day to day business in the areas of marketing, regulatory, media, PR, legal, patents and commercialization.

Commercialization strategy:

ePAT is now working with healthcare professionals and third-party software suppliers to commercialize an enterprise version of PainChek™ in the residential aged care and community care sectors. Our goal is to provide PainChek™ as a cost effective solution to professional carers of people who cannot verbalise their pain, typically suffering from dementia. We have commenced sales and marketing activities in Australia in Q4 of 2017 and will commence in Europe during 2018. We have built a good level of relationships and credibility with our target aged care customer base in Australia and see strong demand for the product. We have also made some positive contacts with operators in the UK as a basis for European market entry.

Having successfully raised new capital, we are now funded to effectively commercialize PainChek™ within both the enterprise and consumer markets and will be recruiting sales and clinical personnel to support the sales drive. In addition, we will continue to develop PainChek™ for Children and ensure new regulatory approvals are achieved on time.

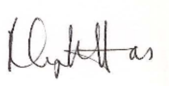
Next year key milestones outlook:

In 2017 we established PainChek™ as the world's first pain assessment app using artificial intelligence and with regulatory clearance. The market has responded very positively and we now ideally positioned to build on the solid foundations created over the past year.

Key objectives for calendar year 2018 year are:

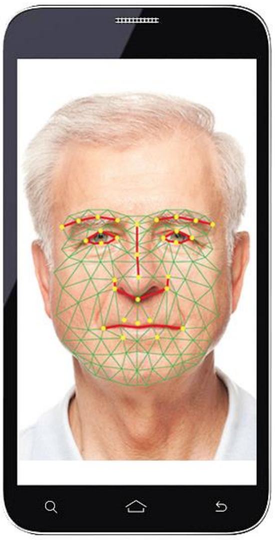
- successful commercialization of the enterprise version of PainChek™ for Dementia in Australia and selected European markets;
- obtaining FDA regulatory clearance of PainChek™ for Dementia in the USA;
- developing and launching a consumer version of PainChek™ for Dementia;

- developing a consumer version of PainChek™ for Children and commence the regulatory processes for TGA, CE and FDA clearances
- building evidence of a sustainable and profitable business model including revenues across Australia and Europe that are aligned to the strategic plan;
- building internal capability to effectively support expected growth in business; and
- maintaining and growing our reach with technology partners for ongoing research and development.

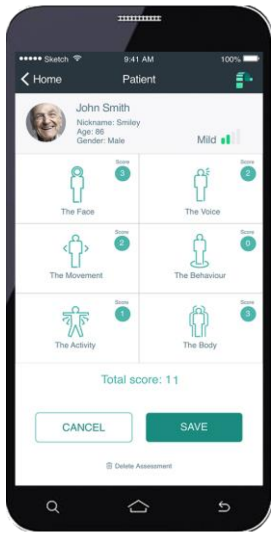


Philip Daffas
Managing Director

The PainChek™ Technology:
PainChek™ uses cameras in smartphones and tablets to capture a brief video of the person, which is analysed in real time using facial recognition software to detect the presence of facial micro- expressions that are indicative of the presence of pain.



PainChek™ artificial intelligence assesses facial micro-expressions that are indicative of the presence of pain



PainChek™ six domains of pain assessment that calculates pain severity score

This data is then combined with other indicators of pain, such as vocalisations, behaviours and movements captured to calculate a pain severity score. Due to its speed, ease of use and it's reproducibility, PainChek™ will be able to be used to detect and measure a person's pain, and then further measurements can be used to monitor the effectiveness of pain management.

PainChek™ will be rolled out globally in two phases: first, PainChek™ for Dementia for people who are unable to communicate effectively, and second, PainChek™ for Children who have not yet learnt to speak.

Annual Financial Report for the year ended 30 June 2017

Contents

Directors' report

The directors of ePAT Technologies Limited formerly MinQuest Limited ("ePAT Technologies" or "the Company") submit herewith the financial report of the Company and its subsidiary ("Group" or "Consolidated Entity") for the year ended 30 June 2017. In order to comply with the provisions of the *Corporations Act 2001*, the directors report as follows:

Names of Directors

The names of the directors of the Company during or since the end of the year are noted below. Directors were in office for the entire period unless otherwise stated:

Mr John Murray (appointed 30 September 2016) **LLB (Hons), CA, MAICD**

Mr Murray has 25 years' experience in private equity and venture capital, and was a co-founder and Managing Partner of Technology Venture Partners; one of the original and leading venture capital firms in Australia. Mr Murray is a past chairman of the Australian Venture Capital Association. Mr Murray has considerable experience as a director of high growth, technology-based companies. He possesses a broad understanding of global trends in technology and its impact on a variety of industries. He was until recently Chairman of a private aged care business and is currently a non-executive director or board advisor of several private companies in the technology, education and business services sectors. Mr Murray also brings 12 years' experience in executive roles in corporate banking (Bank America Vice President), accounting and IT services industries.

Mr Murray has been on the Board of a number of successful technology rollouts and exits including online travel play Viator, which was acquired by TripAdvisor for approximately US$200 million in 2014. He is a chartered accountant with an Honour degree in Law, and is a member of the Australian Institute of Company Directors. Mr Murray has not been a director of an ASX listed company in the past 3 years.

Mr Philip Daffas (appointed 30 September 2016) **BSc, Dip EENG, MBA, GAICD**

Philip is a highly accomplished global business leader and people manager with an international career spanning more than 25 years with leading blue-chip healthcare corporates and novel technology start-up companies.

Philip has held senior global business leader positions in Europe, US and Australia. He has been instrumental in building businesses, growing market share and developing extensive high-level customer and industry relationships in each sector on a global basis.

Philip's earlier experience was gained in Europe with market leaders such as IVAC infusion systems and Shiley cardiopulmonary products. He subsequently joined Boehringer Mannheim, initially in the UK managing their diagnostics business and subsequently was promoted to a Global Marketing role in the Diabetes Care business based in Mannheim, Germany.

In 1997 Philip joined Cochlear in the UK as the European Sales and Marketing Manager and subsequently was promoted in 2000 to the VP Global Marketing role based in Sydney, Australia

Other roles in Australia have included General Manager with Roche Diagnostics, Managing Director at Bio-Rad Laboratories and CEO of Applied Physiology, an Australian software start up company in the intensive care monitoring sector.

Graduated in the UK with a BSc and Diploma in Electronic Engineering, Philip also has an MBA and is a Graduate of the Australian Institute of Company Directors (GAICD). Mr Daffas has not been a director of an ASX listed company in the past 3 years.

Mr Ross Harricks (appointed 30 September 2016) **BE, MBA**

Mr Harricks' experience in the commercialisation of medical products spans over forty years and over three continents. His experience includes the marketing and commercialising of the computed technology scanner (CT or CAT scanner) in Australia, where he headed up the EMI Electronics Group as General Manager. His remit included developing EMI's medical business in this region.

In 1983, Mr Harricks joined the Nucleus Group and became President the Nucleus Group subsidiaries in United States in marketing medical equipment and scientific and engineering computing products.

In 1989, Mr Harricks was the CEO of a venture capital-backed start-up company developing specialist scientific and medical lasers.

Mr Harricks has been a director of ResMed Limited and cofounder of AtCor Medical where he completed an Australian initial public offering in 2005 leading the company until 2009. Otherwise, Mr Harricks has not been a director of an ASX listed company in the past 3 years.

Mr Harricks works with Australian medical and technology companies assisting in commercialisation of their products into the US and EU markets. His unique expertise and experience includes strategic advising on the best path to early market endorsement and on providing hands-on help with implementation in the American and European market.

Mr Adam Davey

Mr Davey's expertise spans over 25 years and includes capital raising (both private and public), mergers and acquisition, ASX listings, asset sales and purchases, transaction due diligence and director duties. Mr Davey is a Director of Wealth Management at Patersons Securities. Mr Davey has been involved in significantly growing businesses in both the industrial and mining sector. This has been achieved through holding various roles within different organisations, including chairman, managing director, non-executive director, major shareholder and corporate adviser to the board

Mr Davey is a non-executive director of Ensurance Limited and Ausnet Financial Services Ltd. Otherwise, Mr Davey has not been a director of an ASX listed company in the past 3 years.

Mr Paul Niardone (resigned 30 September 2016)

Mr Niardone is currently the CEO of the Ausnet Group, a real estate and financial services group of companies. Paul was also the Executive Director and founder of Professional Public Relations (WA), the largest PR and communications firm in Western Australia, and the founding Chairman of Bellevue Resources Limited.

Mr Niardone has experience in marketing, investor relations and strategic planning in both the public and private sectors. He has been a member of the Australian Marketing Institute, the Institute of Management Consultants and the Institute of Company Directors.

Mr Niardone is formerly a Non-Executive Director of Avalon Minerals Limited.

Mr Jeremy Read (resigned 30 September 2016)

Mr Read has 26 years domestic and international minerals exploration experience and was previously the Manager of BHP's Australian Exploration Team. He has extensive exploration experience for copper, nickel and gold mineral deposits having played a critical role in the discovery of Cairn Hill Cu-Fe deposit in South Australia and the Kabanga North Ni deposit in Tanzania.

Mr Read was the founding managing director of Discovery Metals Limited (Discovery) from its incorporation in May 2003, until his appointment as a non-executive director on 1 February 2008. Mr Read secured the Boseto Copper Project for the Discovery Metals and was responsible for all Discovery Metals' fund raising activities and for listing Discovery Metals on the Australian Securities Exchange, Botswana Stock Exchange and the Alternative Investment Market in London.

Mr Read was also the founding managing director of Meridian Minerals Limited, obtained the Lennard

Shelf Zn-Pb Project for Meridian and led the company until its takeover by the Chinese mining company NWME.

In the past three years Mr Read has served as a Director of Discovery Metals Limited, Avalon Minerals Limited and Oresearch Limited.

Mr Frank Terranova (resigned 5 September 2016)

Mr. Terranova is a senior executive with extensive experience in corporate finance and company management across sectors including mining, agriculture and manufacturing. Mr. Terranova is a Chartered Accountant and his most recent position was as Managing Director and CEO of Polymetals Mining Limited ("Polymetals") (ASX:PLY) where he was instrumental in the successful merger of Polymetals and Southern Cross Goldfields Limited (ASX:SXG). In addition, Mr. Terranova was formerly the Managing Director and CEO of Allied Gold Mining PLC, where he presided over its successful +$500 million M & A transaction with St Barbara Mines (ASX:SBM). Mr. Terranova had a major role in the strategic and operational development of Allied Gold.

Company Secretary

Mr Ian Hobson was appointed to the positions of Company Secretary and Chief Financial Officer on 30 September 2016.

A Fellow Chartered Accountant and Chartered Secretary, Mr Hobson previously has more than 30 years' experience in the areas of corporate finance, governance, corporate accounting, company secretarial and restructuring advice. Mr Hobson was a director of PricewaterhouseCoopers and Ferrier Hodgson Chartered Accountants before specializing in providing company secretarial and corporate accounting services to listed entities. Mr Hobson is a Director of Castle Minerals Limited.

Mr Stephen Kelly resigned as Company Secretary and Chief Financial Officer on 7 October 2016.

OPERATIONS REPORT

Principal Activities

On 23 September 2016, the Company completed the acquisition of Electronic Pain Assessment Technologies (EPAT) Pty Ltd ("ePAT"). Since that time, the principal activity of the Company has been development of mobile medical device applications that provide pain assessment for individuals that are unable to communicate with their carers.

For accounting purposes, ePAT has been identified as the accounting acquirer of the consolidated group. The accompanying consolidated financial statements represent a continuation of ePAT's financial statements. The consolidated results reflect a full period of ePAT plus ePAT Technologies from the date of acquisition, 23 September 2016 to 30 June 2017. The comparative period results are stated under the "Company" columns for 2016 but reflect ePAT.

Financial and operational review

The loss of the Group for the year ended 30 June 2017, after accounting for income tax benefit, amounted to $8,473,802. The loss after tax for ePAT was $157,861 for the year ended 30 June 2016. The year ended 30 June 2017 operating results are attributed to the following:

- Corporate restructure cost (non-cash) of $4,574,424 following the acquisition (30 June 2016: $ nil);
- Share based payments in respect of options issued to Directors and employees of $2,220,842 (non-cash) (30 June 2016: $ nil);
- Corporate and administration expenses of $962,971 (30 June 2016: $78,242); and
- Research & Development expense of $821,427 (30 June 2016: $83,511)

Review of operations – pre-acquisition

- On 18 July 2016, the Company announced that it had completed an issue of 300,000 convertible notes to raise $300,000 to assist in meeting the costs of the proposed acquisition of ePAT and to provide working capital. The convertible notes were converted to ordinary shares at a conversion price of $0.02 per share on 26 September 2016.
- On 18 July 2016, the Company advised Pacific Ridge Exploration that it had elected to not make any further ownership payments under the Fyre Lake farm in joint venture agreement, effectively bringing that agreement to an end. The Company fully impaired all capitalised exploration expenditure relating to the Fyre Lake Project in the year ended 30 June 2016.
- On 25 July 2016 the Company executed a share purchase agreement for the acquisition of one hundred percent of the issued capital of ePAT. The significant terms of the agreement were:
  - Completion of the sale and purchase of 100% of the issued capital of ePAT is to occur on a date and time agreed by the parties, following the satisfaction or waiver of the latest condition precedent to be satisfied or waived. The conditions precedents were:
    - the Company obtaining all necessary Shareholder approvals;
    - the Company obtaining conditional approval for the re-quotation of the Company's Shares following Completion of the Acquisition and re-compliance with Chapters 1 and 2 of the Listing Rules;
    - the Company divesting its entire legal and beneficial interests in its mineral projects;
    - completion of a capital consolidation by the Company on terms to be mutually agreed;
    - the Company completing a capital raising of at least $4,000,000;
    - Curtin University selling all of its ePAT shares; and
    - to the extent required by ASX or the Listing Rules, each person entering into a restriction agreement imposing such restrictions as mandated by the Listing Rules in respect of any other securities to be issued in relation to the transaction.
  - In exchange for the Company acquiring ePAT, the Company agreed to issue the following consideration to ePAT shareholders:

    (i) 213,219,616 shares to be issued at completion; and

    (ii) $1,000,000 worth of shares to be issued if the Company announces that either of the following milestones have been met within 12 months from the date of completion of the acquisition:

      (A) Regulatory approval having been received to enable commercial use of the ePAT App in Australia, the United States of America or Europe. (In this context, "Regulatory Approval" means approval by the Therapeutic Goods Administration of Australia, Food and Drug Administration of the United States, or a CE mark from the relevant authority in Europe); or

      (B) the execution of a binding licence agreement to licence the ePAT App to:

      - one or more residential aged care facility owners managing in total in excess of 150 beds;
      - one or more medical clinics which service in total in excess of 2,000 patients per year;
      - a metropolitan hospital with in excess of 200 beds;
        (each an "End User") or
      - a global distribution partner with multiple End Users as existing

customers.

- On 25 August 2016, the Company issued a Prospectus for the purposes of raising between $4,000,000 and $5,750,000 through the issue of up to 287,500,000 fully paid ordinary shares at an issue price of $0.02 per share and satisfying the requirements of Chapters 1 and 2 of the ASX Listing Rules. The offer under the Prospectus was underwritten to the amount of $4,500,000.
- On 31 August 2016, an Extraordinary General Meeting of the Company's shareholders approved a number of resolutions in respect to the proposed acquisition of ePAT and related matters as summarised below:
  - the Company changing the nature and scale of its activities as a result of the acquisition. Upon completion of the acquisition, the Company will effectively change from a mineral explorer to a health and technology company.
  - the Company changing its name from "MinQuest Limited" to "ePAT Technologies Limited", with effect from the date that ASIC alters the details of the Company's registration.
  - the Company consolidating its shares on the basis of every seven shares being consolidated into four Shares.
  - the Company issuing the consideration shares to the ePAT shareholders in consideration for the acquisition of 100% of the shares of ePAT.
  - the Company issuing up to 287,500,000 shares to the public under a Prospectus to raise up to $5,750,000.
  - the Company issuing up to 45,000,000 Underwriter Options to the Underwriters (or their nominees).
  - the election of Mr John Murray, Mr Ross Harricks and Mr Philip Daffas as Directors of the Company subject to the completion of the acquisition.
- On 5 September 2016 Mr Frank Terranova resigned as director of the Company and Mr Paul Niardone assumed the role of Non-Executive Chairman.
- On 7 September 2016 the Company announced that the consolidation of the Company's capital on the basis of every seven shares being consolidated into four shares had been completed.
- On 16 September 2016 the Company was advised by the ASX that the Company's application for relisting of the Company's shares had been conditionally approved.
- On 16 September 2016 the offer under the Prospectus dated 25 August 2016 closed with the Company receiving applications for 236,625,000 shares to raise $4,732,500 before transaction costs. The shares were allotted on 27 September 2016.

Review of operations – post-acquisition

- On 23 September 2016, the Company was advised that Curtin University had completed the sale of its shareholding in ePAT. This represented the fulfilment of the final condition precedent under the share purchase agreement dated 25 July 2016.
- On 23 September 2016 and 26 September 2016, the Company completed the allotment of the various equity securities required as a consequence of the acquisition of ePAT.
- On 27 September 2016, the Company changed its name to ePAT Technologies Ltd and allotted the shares pursuant to the prospectus.
- On 30 September 2016, John Murray was appointed non-executive chairman, Philip Daffas was appointed managing director, Ross Harricks was appointed non-executive director and Ian Hobson was appointed company secretary.
- On 30 September 2016 Jeremy Read and Mr Paul Niardone resigned as directors.

- On 7 October 2016, the Company issued 2,475,000 at $0.02 per share in lieu of remuneration to Stephen Kelly, the former company secretary. Mr Kelly resigned as company secretary on the same day.
- On 21 December 2016, the Company issued 90,198,155 options exercisable at 2 cents and expiring 24 November 2019 to the directors as approved by shareholders at the annual general meeting on 23 November 2016.
- The Group has continued to develop its mobile application (**ePAT App**), publishing the results of its studies, peer review and securing regulatory approval.

Likely Developments and Overview of Group Strategy

The Group’s strategy is to continue to develop the ePAT App which uses cameras in smartphones and tablets to capture a brief video of the person, which is analysed in real time using facial recognition software to detect the presence of facial micro-expressions that are indicative of the presence of pain.

This data is then combined with other indicators of pain, such as vocalisations, behaviours and movements captured through the ePAT App to calculate a pain severity score.

Due to its ease of use and its reproducibility, it is intended that the ePAT App will be able to be used in the first instance to detect and measure a person’s pain, and then further measurements can be used to monitor the effectiveness of pain management provided to the person.

The ePAT App is being developed and will be rolled out globally in two phases: first, the ePAT App for Dementia for persons who have lost the ability to communicate with their carers, and the second, the ePAT App for Children who have not yet learnt to speak.

Subsequent events

On 19 July 2017, the Company announced the ePAT App is now cleared for use as a medical device in Australia (TGA) and CE marked for European markets. This milestone triggered the ePAT vendors’ entitlement to deferred consideration shares to the value of $1,000,000 AUD calculated at a 5-day VWAP, which has been calculated at 2.6 cents – resulting in 38,461,538 ePAT shares to be issued.

On 24 July 2017 the Company announced on ASX that it has reached a key agreement with nViso which will see ePAT secure a perpetual, exclusive, global license for the Pain Assessment Software Development Kit (SDK) for use in the field of pain assessment and pain monitoring for mobile applications. Under the terms of the agreement, ePAT has paid $300,000 cash and issued 31,250,000 fully paid ordinary shares to nViso (escrowed to 31 December 2018). A further $92,500 is payable on 31 December 2018.

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

REMUNERATION REPORT (AUDITED)

Remuneration Policy

The remuneration policy of ***the Group*** has been designed to align director objectives with shareholder and business objectives by providing a fixed remuneration component which is assessed on an annual basis in line with market rates. The Board of ***the Company*** believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best Directors to run and manage the Company, as well as create goal congruence between Directors and shareholders.

The Board's policy for determining the nature and amount of remuneration for board members is as follows:

- The remuneration policy, setting the terms and conditions for the executive Directors and other senior staff members, was developed and approved by the Board.

- In determining competitive remuneration rates, the Board considers local and international trends among comparative companies and the industry generally so that executive remuneration is in line with market practice and is reasonable in the context of Australian executive reward practices.

- All executives receive a base salary (which is based on factors such as length of service and experience), superannuation and fringe benefits.

Performance Based Remuneration

The Company was an exploration entity and is now a technology development entity and therefore speculative in terms of performance. Consistent with attracting and retaining talented executives, Directors and senior executives are paid market rates associated with individuals in similar positions within the same industry. Options and equity based performance incentives have been and may be further issued to provide a performance-linked incentive component in the remuneration package for the Directors and for the future performance by the Directors and key management personnel in managing the operations and strategic direction of the Company. All remuneration paid to Directors is valued at the cost to the Company and expensed. Options are valued using an appropriate valuation methodology. For details of Directors' and executives' interests in options and performance rights at year end, refer to section (d) of this remuneration report.

Company Performance, Shareholder Wealth and Directors' and Executives' Remuneration

The remuneration policy has been tailored to align the strategic goals of the Company to create value for shareholders, Directors and executives. The Company believes the policy has been effective in in aligning the interests of the Company's key management personnel with the interests of its shareholders. For details of Directors' and executives' interests in equity securities at year end, refer to section (c) of this remuneration report.

	2013 (formerly MinQuest Limited)	**2014 (formerly MinQuest Limited)**	**2015 (formerly MinQuest Limited)**	**2016 (formerly MinQuest Limited)**	**2017**
Share price at 30 June	$0.10	$0.02	$0.02	$0.01	$0.025
Loss for the year (continuing and discontinued operations)	($1,099,373)	($792,267)	($1,703,733)	($5,047,449)	($8,473,802)
Loss for the year (continuing operations)	($1,099,373)	($792,267)	($911,349)	($1,680,796)	($8,473,802)
EPS for the year (continuing and discontinued operations)	(4.2) cents	(2.9) cents	(2.4) cents	(2.1) cents	(1.63) cents
EPS for the year (continuing operations)	(4.2) cents	(2.9) cents	(1.3) cents	(0.7) cents	(1.63) cents

Performance Income as a Proportion of total compensation

No discretionary performance based bonus was paid during the year. In 2016, a discretionary performance based bonuses totaling $37,500 was paid to Mr Jeremy Read, the Company's managing director.

Remuneration Policy of Key Management Personnel

The objective of the Company's executive reward framework is set to attract and retain the most qualified and experienced Directors and senior executives. The Board ensures that executive reward satisfies the following key criteria for good reward governance practices:

- Competitiveness
- Acceptability to shareholders
- Performance linkage
- Capital management

Non-executive Directors

The Board's policy is to remunerate non-executive Directors at market rates for comparable companies for time, commitment and responsibilities. The Board determines payments to the non-executive Directors and reviews their remuneration annually based on market practice, duties and accountability. The maximum aggregate amount of fees that can be paid to non-executive Directors is subject to approval by shareholders at the Annual General Meeting and is currently set at $250,000. Fees for non-executive Directors are not linked to the performance of the Company.

As at 30 June 2017, Non-Executive Directors fees were payable as follows:

- Non-Executive Chairman receives a fee of $80,000 per annum including superannuation.
- Non-Executive Directors receive a fee of $40,000 per annum including superannuation.

As at 30 June 2016, Non-Executive Directors fees were payable as follows:

- Non-Executive Chairman receives a fee of $60,000 per annum excluding superannuation.
- Non-Executive Directors receive a fee of $30,000 per annum excluding superannuation.

Directors' Fees

A Director may be paid fees or other amounts as the Directors determine where a Director performs special duties or otherwise performs services outside the scope of the ordinary duties of a Director. A Director may also be reimbursed for reasonable out of pocket expenses incurred as a result of their Directorship or any special duties.

Service Agreements

Philip Daffas, Managing Director (appointed 30 September 2016)

The Company entered into an Executive Services Agreement ("Agreement") with Mr Philip Daffas pursuant to which Mr Daffas was appointed as Managing Director of the Company as at 30 September 2016. The key terms of the Agreement are:

- During the initial term expiring on 31 January 2017, during which Mr Daffas will work 3 days per week, Mr Daffas will receive a pro-rated salary of $135,000;
- Beyond the initial term, Mr Daffas will receive a salary of $225,000 per annum and work full time;
- Subject to shareholder approval, the Mr Daffas will be issued options equivalent to 5% of the Company's fully diluted securities on issue at the time of the acquisition of Electronic Pain Assessment Technologies (EPAT) Pty Ltd.

The Agreement may be terminated by either party at any time on the giving of not less than three (3) months' notice in writing.

Jeremy Read, Managing Director (resigned 30 September 2016)
The Company entered into an Employment Agreement ("Agreement") with Mr Jeremy Read pursuant to which Mr Read was appointed as Managing Director of the Company effective 1 October 2014. The key terms of the Agreement are:

- The Agreement has a fixed term of three years.
- Mr Read is to be paid a salary of $20,830 per month, exclusive of superannuation from 1 January 2015.
- The Agreement may be terminated by either party at any time on the giving of not less than three (3) months' notice in writing.

Mr Read resigned on 30 September 2016.

Stephen Kelly, Company Secretary and Chief Financial Officer (resigned 7 October 2016)
The Company entered into a Consultancy Agreement ("Agreement") with KCG Advisors Pty Ltd pursuant to which Mr Kelly was engaged to provide Company Secretarial and Chief Financial Officer services to the Company effective from 1 June 2015. The key terms of the Agreement are:

- KCG Advisors Pty Ltd is to receive $225 per hour, exclusive of GST, for services provided by Mr Kelly.
- Unless otherwise agreed between the parties, a monthly cap of $15,000 exclusive of GST, will apply to payments to KCG Advisors Pty Ltd.
- The Agreement may be terminated by either party at any time on the giving of not less than one (1) months' notice in writing.

Mr Kelly resigned on 7 October 2016.

Ian Hobson, Company Secretary and Chief Financial Officer (appointed 30 September 2016)
The Company entered into a Consultancy Agreement ("Agreement") with Churchill Services Pty Ltd pursuant to which Mr Hobson was engaged to provide Company Secretarial and Chief Financial Officer services to the Company effective from 30 September 2016. Churchill Services Pty Ltd is to receive $200 per hour, exclusive of GST, for services provided by Mr Hobson. The agreement may be terminated by either party at any time with no notice period.

Retirement Benefits
Other retirement benefits may be provided directly by the Company if approved by shareholders. However, no retirement benefits other than statutory superannuation are currently paid.

DIRECTORS' AND EXECUTIVE OFFICERS' EMOLUMENTS

(a) Details of Key Management Personnel

Directors	
Mr John Murray	Non-Executive Chairman *(appointed 30 September 2016)*
Mr Philip Daffas	Managing Director *(appointed 30 September 2016)*
Mr Adam Davey	Non-Executive Director
Mr Ross Harricks	Non-Executive Director *(appointed 30 September 2016)*
Paul Niardone	Non-Executive Chairman *(Appointed Non-Executive Chairman 2 September 2016, resigned 30 September 2016)*
Jeremy Read	Managing Director (*resigned 30 September 2016)*

Frank Terranova	Non-Executive Director (*Appointed Non-Executive Chairman 20 January 2016, resigned 5 September 2016)*
David DeLoub	Non-Executive Chairman *(Resigned 20 January 2016)*

Other Key Management Personnel

Ian Hobson	Chief Financial Officer and Company Secretary (*Appointed 30 September 2016)*
Chris Doornbos	Vice –President Exploration *(Resigned 30 October 2015)*
Stephen Kelly	Chief Financial Officer and Company Secretary (*Appointed 1 June 2015, resigned 7 October 2016)*

Except as detailed in Notes (b) – (d) to the Remuneration Report, no key management personnel have received or become entitled to receive, during or since the financial year, a benefit because of a contract made by the Company or a related body corporate with key management personnel, a firm of which a member of key management personnel is a member or an entity in which a member of key management has a substantial financial interest.

(b) Compensation of Key Management Personnel

Remuneration Policy
The Board of Directors, comprising a majority of Non-Executive Directors, is responsible for determining and reviewing compensation arrangements for the key management personnel. The Board will assess the appropriateness of the nature and amount of emoluments of such officers on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high-quality Board and executive team. Remuneration of Directors is set out below.

The value of remuneration received, or receivable, by key management personnel for the financial year to 30 June 2017 is as follows:

(i) for ePat Technologies Limited (the Legal Parent)

2017	**Primary**		**Equity Compensation**		**Post-employment**		**Performance related %**
Directors	**Base Salary and Fees (i, ii, iii,iv, v,vi) $**	**Bonus $**	**Value of Options (d) $**	**Shares (d) $**	**Superannuation Contributions $**	**Total $**	
John Murray (1)	54,795	-	600,539	-	5,205	660,539	67%
Philip Daffas(2)	126,712	-	1,000,898	-	12,038	1,139,648	65%
Ross Harricks(4)	27,397	-	300,269	-	2,603	330,269	67%
Paul Niardone(7)	7,500	-	-	-	-	7,500	-
Jeremy Read (6)	154,006	-	-	-	5,938	159,944	-
Adam Davey(3)	37,500	-	300,269	-	-	337,769	66%
Frank Terranova(10)	15,000	-	-	-	-	15,000	-
Total Directors	**422,910**	**-**	**2,201,975**	**-**	**25,784**	**2,650,669**	-
Stephen Kelly(9)	105,000	-	-	49,500	-	154,500	-
Ian Hobson (11)	80,119	-	-	-	-	80,119	-
Total	**608,029**	**-**	**2,201,975**	**49,500**	**25,784**	**2,885,288**	56%

2016	Primary		Equity Compensation		Post-employment		Performance related %
Directors	Base Salary and Fees (i, ii, iii,iv, v,vi) $	Bonus $	Value of Options (d) $	Shares (d) $	Superannuation Contributions $	Total $	
Paul Niardone[7]	30,000	-	-	-	-	30,000	-
Jeremy Read [6]	250,000	37,500	-	-	23,750	311,250	12%
Adam Davey[3]	30,000	-	-	-	-	30,000	-
Frank Terranova[10]	27,500	-	-	-	-	27,500	-
David DeLoub[5]	35,000	-	-	-	3,325	38,325	-
Total Directors	**372,500**	**37,500**	**-**	**-**	**27,075**	**437,075**	
Chris Doornbos[8]	56,627	-	-	-	4,670	61,297	-
Stephen Kelly[9]	180,000	-	-	-	-	180,000	-
Total	**609,127**	**37,500**	**-**	**-**	**31,745**	**678,372**	

(ii) for Electronic Pain Assessment Technologies (EPAT) Pty Ltd (the Accounting Parent) which includes remuneration for the year ended 30 June 2017 including the legal parent from the 23 September 2016 (acquisition date).

2017	Primary		Equity Compensation		Post-employment		Performance related %
Directors	Base Salary and Fees (i, ii, iii,iv, v,vi) $	Bonus $	Value of Options (d) $	Shares (d) $	Superannuation Contributions $	Total $	
John Murray [1]	54,795	-	600,539	-	5,205	660,539	67%
Philip Daffas[2]	126,712	-	1,000,898	-	12,038	1,139,648	65%
Ross Harricks[4]	27,397	-	300,269	-	2,603	330,269	67%
Paul Niardone[7]	-	-	-	-	-	-	-
Jeremy Read [6]	112,339	-	-	-	1,979	114,318	-
Adam Davey[3]	30,000	-	300,269	-	-	330,269	67%
Total Directors	**351,243**	**-**	**2,201,975**	**-**	**21,825**	**2,575,043**	-
Stephen Kelly[9]	60,000	-	-	49,500	-	109,500	-
Ian Hobson [11]	80,119	-	-	-	-	80,119	-
Total	**491,362**	**-**	**2,201,975**	**49,500**	**21,825**	**2,764,662**	59%

The Directors of Electronic Pain Assessment Technologies (EPAT) Pty Ltd (the Accounting Parent) received no remuneration for the year ended 30 June 2016.

Notes:

(1) Appointed Non-Executive Chairman on 30 September 2016.
(2) Appointed Managing Director on 30 September 2016.
(3) Appointed Non-Executive Director 30 September 2014.
(4) Appointed Non-Executive Director 30 September 2016.
(5) Appointed Executive Chairman 30 April 2014, appointed Non-Executive Chairman on 30 September 2014, resigned 20 January 2016.
(6) Appointed Managing Director on 30 September 2014, resigned 30 September 2016.
(7) Appointed Non-Executive Director 12 November 2014, appointed Non-Executive Chairman 2 September 2016, resigned 30 September 2016.
(8) Appointed Exploration Manager 30 September 2014. Resigned 30 October 2015.

(9) Appointed Company Secretary and Chief Financial Officer 1 June 2015, resigned 7 October 2016.
(10) Appointed Non-Executive Chairman 20 January 2016, resigned 5 September 2016.
(11) Appointed Company Secretary and Chief Financial Officer 30 September 2016

(c) Shares Held by Key Management Personnel

2017	Balance at 1 July 2016	Bought & (Sold)	Share Consolidation	Shares issued in lieu of cash*	Other+	Balance at 30 June 2017
Directors						
John Murray#	-	-	-	-	-	-
Philip Daffas#	-	-	-	-	-	-
Ross Harricks#	-	-	-	-	-	-
David DeLoub#	-	-	-	-	-	-
Jeremy Read#	12,592,434	-	(5,396,756)	-	(7,195,678)	-
Adam Davey	6,196,336	-	(2,655,572)	-	-	3,540,764
Paul Niardone#	13,687,903	-	(5,866,243)	-	(7,821,660)	-
Frank Terranova#	-	-	-	-	-	-
	32,476,673	**-**	**(13,918,571)**	**-**	**(15,017,338)**	**3,540,764**
Other key management personnel						
Stephen Kelly#	1,966,667	-	(844,870)	2,475,000*	(3,596,827)	-
Ian Hobson#	-	-	-	-	-	-
	34,443,340	**-**	**(14,763,441)**	**2,475,000**	**(18,614,165)**	**3,540,764**

2016	Balance at 1 July 2015	Bought & (Sold)	Shares issued in lieu of cash*	Other+	Balance at 30 June 2016
Directors					
David DeLoub#	1,458,334	-	-	(1,458,334)	-
Jeremy Read#	2,525,253	-	10,067,181	-	12,592,434
Adam Davey#	1,212,120	-	4,984,216	-	6,196,336
Paul Niardone#	3,620,722	-	10,067,181	-	13,687,903
Frank Terranova#	-	-	-	-	-
	8,816,429	**-**	**25,118,578**	**(1,458,334)**	**32,476,673**
Other key management personnel					
Chris Doornbos#	1,348,788	-	4,984,217	(6,333,005)	-
Stephen Kelly#	666,667	1,300,000	-	-	1,966,667
	10,831,884	**1,300,000**	**30,102,795**	**(7,791,339)**	**34,443,340**

+ On Appointment/ Resignation

Director / Key Management Personnel was appointed and / or resigned during the financial year ended 30 June 2017 or 30 June 2016. Refer notes (1) to (11) to the Remuneration Table.

* During the year, shares were issued to settle existing liabilities. These shares were issued on an arm's length basis.

(d) Options Held by Key Management Personnel

2017	Balance at 1 July 2016	Received as Remuneration	Exercise of Options	Other +	Balance at 30 June 2017	Total Vested	Total Exercisable
Directors							
John Murray#	-	24,599,497	-	-	24,599,497	-	-
Philip Daffas#	-	40,999,162	-	-	40,999,162	-	-
Ross Harricks#	-	12,299,748	-	-	12,299,748	-	-
Jeremy Read#	-	-	-	-	-	-	-
Adam Davey#	-	12,299,748	-	-	12,299,748	-	-
Paul Niardone#	-	-	-	-	-	-	-
Frank Terranova#	-	-	-	-	-	-	-
	-	**90,198,155**	**-**	**-**	**90,198,155**	**-**	**-**
Other key management personnel							
Stephen Kelly#	1,076,667	-	-	(1,076,667)	-	-	-
Ian Hobson	-	-	-	-	-	-	-
	1,076,667	**90,198,155**	**-**	**(1,076,667)**	**90,198,155**	**-**	**-**

+ On Appointment/ Resignation/ Granted in conjunction with capital raising.

Director / Key Management Personnel was appointed and / or resigned during the financial year ended 30 June 2017 or 30 June 2016. Refer notes (1) to (11) to the Remuneration Table.

Share and Option Holdings

All equity dealings with Directors have been entered into with terms and conditions no more favourable than those that the entity would have adopted if dealing at arm's length.

(e) Compensation Options

During and since the financial year ended 30 June 2017, 90,198,155 options were granted by the Company to Directors or Key Management Personnel (2016: nil).

(f) Short term employee benefits

These amounts include director and consulting fees paid to non-executive directors as well as salary and paid leave benefits awarded to executive directors.

(g) Post-employment benefits

These amounts are superannuation contributions made during the year.

Further information in relation to key management personnel remuneration can be found in the remuneration report contained in the directors' report.

During the period under review there were a number of changes to key management personnel.

Director resignations were received from:
Mr Paul Niardone (resigned 30 September 2016)
Mr Jeremy Read (resigned 30 September 2016)
Mr Frank Terranova (resigned 5 September 2016)

On 30 September 2016, the following personnel were appointed directors of the Company (excluding Mr Davey who remained a director) and entered into letters of appointment on the following key terms:

Name	Position	Cash Remuneration inclusive of superannuation	Notice period / termination provisions	Options equivalent to % of fully diluted shares on issue
Mr John Murray	Non- Executive Chairman	$80,000	Nil	3%
Mr Adam Davey	Non-Executive Director	$40,000	Nil	1.5%
Mr Ross Harricks	Non-Executive Director	$40,000	Nil	1.5%
Mr Philip Daffas	Managing Director	$225,000*	3 months	5%

*During the initial term expiring on 31 January 2017, Mr Daffas will work 3 days per week and will receive a pro-rated salary of $135,000.

At the annual general meeting held on 23 November 2016, shareholders approved the issue of the following options exercisable at 2 cents per share and expiring on 24 November 2019 and vesting on certain conditions:

Name	Position	Unlisted options allotted 19 December 2016
Mr John Murray	Non- Executive Chairman	24,599,497
Mr Adam Davey	Non-Executive Director	12,299,748
Mr Ross Harricks	Non-Executive Director	12,299,748
Mr Philip Daffas	Managing Director	40,999,162
	Total	**90,198,155**

The options issued to directors are to vest as follows:

i. One third after one year of service (as approved at the 2016 Annual General Meeting, no performance condition is attached to this tranche of options).
ii. One third after the Company makes an announcement that Regulatory Approval to enable commercial use of the EPAT App in Australia, the United States or Europe is received, or the Company has announced the execution of a binding licence agreement to licence the EPAT App to:
    a. one or more residential aged care facilities facility owners managing in total in excess of 150 beds; or
    b. one or more medical clinics which service in total in excess of 2,000 patients per year; or
    c. a metropolitan hospital with in excess of 200 beds;
    (each an "End User");
    d. or a global distribution partner with multiple End Users as existing customers.
iii. One third upon the Company generating cumulative revenue of $1,000,000.

The options issued to directors are expensed as follows:

	Number of options	Value per option at grant date	% Vested	Vesting Date	Value $	Expensed 30 June 2017	To be expensed 30 June 2018
Tranche 1	30,066,052	$0.037	0%	30 Sept 2017	814,286	573,404	240,882
Trance 2	30,066,052	$0.037	0%	Performance based	814,286	814,286	-
Tranche 3	30,066,052	$0.037	0%	Performance based	814,286	814,286	-
Total	**90,198,155**				**2,442,857**	**2,201,975**	**240,882**

End of Remuneration Report

ENVIRONMENTAL REGULATIONS AND PROCEEDINGS

The Company is aware of its environmental obligations with regards to its exploration activities and ensures that it complies with all regulations when carrying out any exploration work. The Directors of the Company are not aware of any breach of environmental regulations for the year under review.

The Directors have considered the National Greenhouse and Energy Reporting Act 2007 (the "NGER Act") which introduces a single national reporting framework for the reporting and dissemination of information about the greenhouse gas emissions, greenhouse gas projects, and energy use and production of corporations. At the current stage of development, the Directors have determined that the NGER Act will have no effect on the Company for the current or subsequent financial year. The Directors will reassess this position as and when the need arises.

MEETINGS OF DIRECTORS

The number of Directors' meetings held during the financial year each director held office and the number of meetings attended by each director are:

	Directors Meetings	
Director	**Meetings Attended**	**Number Eligible to Attend**
John Murray	10	10
Philip Daffas	10	10
Ross Harricks	10	10
Adam Davey	10	10
Frank Terranova	Nil	Nil
Jeremy Read	Nil	Nil
Paul Niardone	Nil	Nil

The full Board currently fulfils the duties of the Remuneration Committee and the Audit Committee.

OPTIONS

At the date of this report, the following options over new ordinary shares in the Company were on issue.

Type	Date of Expiry	Exercise Price	Number under Option
Unlisted Options	10 August 2018	$0.175	969,575
Unlisted Options	7 October 2019	$0.025	45,000,000
Unlisted Options	7 October 2019	$0.02	52,500,000
Unlisted Options	24 November 2019	$0.02	90,198,155
Unlisted Options	3 October 2021	$0.36	5,000,000

No ordinary shares were issued as a result of the exercise of options during or since the financial year ended 30 June 2017.

EQUITY HOLDINGS

The relevant interests of each director in the Company's share capital, options and performance rights at the date of this report are as follows:

Directors	Number of Shares	Number of Options
John Murray	-	25,599,497
Adam Davey	3,540,764	12,299,748
Philip Daffas	-	40,999,162
Ross Harricks	-	12,299,748
	3,540,764	**90,198,155**

INSURANCE OF OFFICERS

To the extent permitted by law, the Company has indemnified (fully insured) each director and the secretary of the Company. The liabilities insured include costs and expenses that may be incurred in defending civil or criminal proceedings (that may be brought) against the officers in their capacity as officers of the Company or a related body, and any other payments arising from liabilities incurred by the officers in connection with such proceedings, other than where such liabilities arise out of conduct involving a willful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else or to cause detriment to the Company. It is not possible to apportion the premium between amounts relating to the insurance against legal costs and those relating to other liabilities.

PROCEEDINGS ON BEHALF OF THE GROUP

The Group is not aware that any person has applied to the court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Group, or to intervene in any proceedings in which the Group is a party, for the purpose of taking responsibility on behalf of the Group for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the Group with leave of the court under section 237 of the Corporations Act 2001.

NON-AUDIT SERVICES

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

The Board of Directors has considered the position and is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The directors are satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services have been reviewed to ensure they do not impact the impartiality and objectivity of the auditor;
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants.*

Details of the amounts paid or payable to the auditor, BDO Audit Pty Ltd for audit services provided during the year are set out in note 22 to the financial report.

Non-audit services	**2017 $**	2016 $
BDO Audit Pty Ltd		
Tax advice services	**-**	-
Tax compliance services	**8,450**	5,000
Investigating Accountant Report for Prospectus	**5,500**	25,000
Total remuneration for non-audit services	**13,950**	30,000

Auditor's independence declaration

The auditor's independence declaration is included on page 18 of this report.

Signed in accordance with a resolution of directors.

John Murray
Chairman
29 August 2017, Sydney, NSW

Auditor's independence declaration

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DECLARATION OF INDEPENDENCE BY C R JENKINS TO THE DIRECTORS OF EPAT TECHNOLOGIES LIMITED

As lead auditor of EPAT Technologies Limited for the year ended 30 June 2017, 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 EPAT Technologies Limited and the entities it controlled during the period.

C R Jenkins
Director

BDO Audit Pty Ltd

Brisbane, 29 August 2017

Consolidated statement of profit or loss and other comprehensive income for the year ended 30 June 2017

	Note	Consolidated 30 June 2017 $	Company 30 June 2016 $
Continuing operations			
Revenue	3	31,116	3,892
Other income	4	74,446	-
Research and development expenses		(821,427)	(83,511)
Corporate administration expenses	5	(962,671)	(78,242)
Corporate restructure expenses	19	(4,574,424)	-
Share based payment expenses	14	(2,220,842)	-
Loss before income tax		**(8,473,802)**	**(157,861)**
Income tax benefit	6	-	-
Loss for the period attributable to Owners of EPAT Technologies Limited		**(8,473,802)**	**(157,861)**
Other comprehensive income, net of income tax			
Items that will not be reclassified subsequently to profit or loss		-	-
Items that may be reclassified subsequently to profit or loss		-	-
Other comprehensive income for the period, net of income tax		**-**	**-**
Total comprehensive loss for the period		**(8,473,802)**	**(157,861)**
Loss and total comprehensive loss attributable to:			
Owners of EPAT Technologies Limited		**(8,473,802)**	**(157,861)**
Loss per share:			
Basic and diluted (cents per share)	7	(1.63)	(0.07)

Notes to the financial statements are included on pages 23 to 44.

Consolidated statement of financial position as at 30 June 2017

	Note	Consolidated 30 June 2017 $	Company 30 June 2016 $
Current assets			
Cash and cash equivalents	18	2,630,019	75,079
Trade and other receivables	8	57,233	1,782
Total current assets		**2,687,252**	**76,861**
Non-current assets			
Property, plant and equipment	9	2,544	-
Total non-current assets		**2,544**	**-**
Total assets		**2,689,796**	**76,861**
Current liabilities			
Trade and other payables	10	191,503	8,728
Provisions	11	15,729	-
Total current liabilities		**207,233**	**8,728**
Total liabilities		**207,233**	**8,728**
Net assets		**2,482,563**	**68,133**
Equity			
Issued capital	13	8,502,533	357,143
Reserves	14	2,742,842	-
Accumulated losses		(8,762,812)	(289,010)
Total equity		**2,482,563**	**68,133**

Notes to the financial statements are included on pages 23 to 44.

Consolidated statement of changes in equity for the year ended 30 June 2017

	Note	Issued capital $	Reserves $	Accumulated losses $	Total $
Company					
Balance at 1 July 2015		**528,571**	**-**	**(131,149)**	**397,422**
Loss for the period		-	-	(157,861)	(157,861)
Other comprehensive income		-	-	-	-
Total comprehensive loss for the period		-	-	(157,861)	(157,861)
Transactions with owners in their capacity as owners:					
Share cancellation		(171,428)	-	-	(171,428)
Balance at 30 June 2016		**357,143**	**-**	**(289,010)**	**68,133**
Consolidated					
Balance at 1 July 2016		**357,143**	**-**	**(289,010)**	**68,133**
Loss for the period		-	-	(8,473,802)	(8,473,802)
Other comprehensive income		-	-	-	-
Total comprehensive loss for the period				**(8,473,802)**	**(8,473,802)**
Issue of ordinary shares (*refer to note 13*)		9,174,569	-	-	9,174,569
Share issue costs (*refer to note 13*)		(1,078,679)	-	-	(1,078,679)
Recognition of share based payments		49,500	2,742,842	-	2,792,342
Balance at 30 June 2017		**8,502,533**	**2,742,842**	**(8,762,812)**	**2,482,563**

Notes to the financial statements are included on pages 23 to 44.

Consolidated statement of cash flows for the year ended 30 June 2017

	Note	Consolidated	Company
		Year ended	
		30 June 2017	30 June 2016
		$	$
Cash flows from operating activities			
Payments to suppliers and employees		**(1,658,002)**	(165,664)
Interest received		**26,707**	3,177
Rebates and grants received		**53,416**	63,589
Net cash used in operating activities		**(1,577,879)**	(98,898)
Cash flows from investing activities			
Cash from acquisition of subsidiary		**18,277**	-
Net cash provided by investing activities		**18,277**	-
Cash flows from financing activities			
Proceeds / (repayment) from issue / (buy-back) of shares		**4,732,493**	(171,428)
(Payment)/refund of share issue costs		**(617,951)**	-
Net cash (used in)/provided by financing activities		**4,114,542**	(171,428)
Net increase / (decrease) in cash and cash equivalents		**2,554,940**	**(270,326)**
Cash and cash equivalents at the beginning of the period		**75,079**	345,405
Cash and cash equivalents at the end of the period		**2,630,019**	**75,079**

Notes to the financial statements are included on pages 23 to 44.

Notes to the financial statements for the year ended 30 June 2017

1. Significant accounting policies

Basis of preparation

EPAT Technologies Ltd (formerly known as MinQuest Limited), (the "Group") is a listed public company, incorporated and domiciled in Australia. The entity's principal activities are development of mobile medical device applications that provide pain assessment for individuals that are unable to communicate with their carers.

The financial report is presented in Australian dollars.

The financial report is a general purpose financial report, which has been prepared in accordance with the Corporations Act 2001, Australian Accounting Standards and Interpretations, and complies with other requirements of the law.

The financial information has been prepared on the accruals basis and is based on historical costs and does not take into account changing money values. Cost is based on the fair values of the consideration given in exchange for assets.

Statement of Compliance

The financial report was authorised for issue on 29 August 2017.

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards ("AIFRS"). Compliance with AIFRS ensures that the financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards ("IFRS").

Adoption of New and Revised Standards

In the year ended 30 June 2017, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Group and effective for the current annual reporting period.

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

Standards and Interpretations on issue not yet adopted

The Directors have also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the year ended 30 June 2017. As a result of this review, the Directors have determined that there is no material impact, of the new and revised Standards and Interpretations on the Group and, therefore, no change is necessary to Group accounting policies.

Reverse acquisition

ePAT Technologies Limited acquired Electronic Pain Assessment Technologies (EPAT) Pty Ltd on 23 September 2016. From a legal and taxation perspective ePAT Technologies Limited is considered the acquiring entity. However, the acquisition has the features of a reverse acquisition as described in the Australian Accounting Standard AASB3 "Business Combinations" (AASB 3) notwithstanding ePAT Technologies Limited being the legal parent of the Group. At the time of the acquisition ePAT Technologies Limited divested all of its operations, and its activities were limited to managing its cash balances, filing obligations (ie, a listed shell), and completion of the acquisition. It is therefore considered that ePAT Technologies Limited will not be a business for the purposes of AASB3 as it will have no processes or outputs.

The transaction has therefore been accounted for as a reverse acquisition from a consolidated perspective, where Electronic Pain Assessment Technologies (EPAT) Pty Ltd is the accounting acquirer and ePAT Technologies Limited is the legal acquirer. The financial report includes the consolidated financial statements of the new ePAT Technologies Limited group for the period 23 September 2016 to 30 June 2017 and represents a continuation of Electronic Pain Assessment Technologies (EPAT) Pty Ltd financial statements with exception of the capital structure. The amount recognised as equity instruments in these consolidated statements represents the issued equity of ePAT Technologies Limited adjusted to reflect the equity issued by ePAT Technologies Limited on acquisition. Refer to note 13 on issued capital and note 19 on the accounting for the acquisition. The comparable figures are those of Electronic Pain Assessment Technologies (EPAT) Pty Ltd.

Under the reverse acquisition principles, the consideration provided by Electronic Pain Assessment Technologies (EPAT) Pty Ltd was determined to be $4,422,069 which is the deemed fair value of the 222,103,433 shares owned by the former MinQuest Limited shareholders at the completion of the acquisition, valued at the capital raising share price.

The excess of the deemed fair value of the shares owned by the ePAT Technologies Limited (formerly MinQuest Limited) shareholders and the fair value of the identifiable net liabilities of ePAT Technologies Limited immediately prior to the completion of the merger is accounted for under "AASB 2 "Share–based Payment" and resulted in the recognition of $4,574,424 being recorded as "Corporate Restructure Expense". The net assets of ePAT Technologies Limited were recorded at fair value at completion of the merger. No adjustments were required to the historical values.

Going concern basis

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

As disclosed in the financial statements, the consolidated entity has net operating cash outflows for the year of $1,577,879 (30 June 2016: $98,898) and as at 30 June 2017 has cash and cash equivalents of $2,630,019 (30 June 2016: $75,079). The consolidated entity also generated a loss after tax of $8,473,802 (30 June 2016: $157,861).

The ability of the consolidated entity to continue as a going concern is principally dependent upon one or more of the following conditions:

- the ability of the consolidated entity to raise sufficient capital and when necessary; and
- the successful commercialisation of its intellectual property in a manner that generates sufficient operating cash inflows.

These conditions give rise to material uncertainty which may cast significant doubt over the consolidated entity's ability to continue as a going concern. The directors believe that the going concern basis of preparation is appropriate due to its recent history of raising capital and the significant progress made on exploiting its intellectual property.

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

New accounting policies for the merged group
Upon completion of the EPAT Acquisition, the business of the Company changed to that of the consolidated group resulting in the need to consider and / or adopt new accounting policies. Significant new accounting policies adopted by the consolidated group are outlined below.

(a) Revenue and other income

Revenue is recognised when it is probable that the economic benefit will flow to the company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable.

Sale of goods revenue is recognised at the point of sale, which is where the customer has taken delivery of the goods, the risks and rewards are transferred to the customer and there is a valid sales contract. Amounts disclosed as revenue are net of sales returns and trade discounts.

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Grants and other revenue is recognised when it is received or when the right to receive payment is established.

Significant accounting policies of the Company and EPAT
Set out below are the significant accounting policies that have been applied in the preparation of the consolidated financial statements:

(a) **Principles of Consolidation**

The consolidated financial statements comprise the financial statements of all subsidiaries of the Company and the results of all subsidiaries from the date that control was obtained. The Company controls another entity when the Company is exposed to, or has the 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 fully transferred. They are deconsolidated from the date control ceases.

The financial statement of the subsidiary is prepared for the same reporting period as the parent company, using consistent accounting policies.

In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profit and losses resulting from intra-group transactions have been eliminated in full.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest without a loss of control is accounted for as an equity transaction.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the financial statements. Losses incurred by the consolidated entity are attributed to the non-controlling interests in full, even if that results in a deficit balance.

Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary, together with any cumulative translation differences in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gains or losses in profit or loss.

(b) **Income Tax**

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance date.

Deferred income tax is provided on all temporary differences at the balance date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred income tax liabilities are recognised for all taxable temporary differences except:

- when the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred income tax assets are reassessed at each balance date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

(c) **Impairment of Assets**

The Group assesses at each balance date whether there is an indication that an asset may be impaired.

If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets and the asset's value in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

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. Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset unless the asset is carried at revalued amount (in which case the impairment loss is treated as a revaluation decrease).

An assessment is also made at each balance date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase.

After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

(d) **Share-based Payment Transactions**

The cost of equity-settled transactions with employees is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using a suitable option pricing model.

In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of the Company.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant recipient of the equity becomes fully entitled to the award (the vesting period).

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the Company's best estimate of the number of equity instruments that will ultimately vest. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. The income statement charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is only conditional upon a market condition.

If the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

(e) **Cash and cash equivalents**

Cash comprises cash at bank and in hand. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

For the purpose of the Statement of Cash Flows, cash includes on hand and other funds held at call net of bank overdrafts.

(f) **Trade and other receivables**

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

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off by reducing the carrying amount directly. A provision for impairment of trade receivables is raised when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 60 days overdue) are considered indicators that the trade receivable may be impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

(g) **Plant and equipment**

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of plant and equipment over their expected useful lives as follows:

Plant and equipment Less than 5 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

An item of plant and equipment is derecognised upon disposal or when there is no future economic benefit to the company. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

(h) **Trade and other payables**

These amounts represent liabilities for goods and services provided to the company prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

(i) **Employee benefits**

Short-term employee benefits
Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled within 12 months of the reporting date are recognised in current liabilities in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits
The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are recognised in non-current liabilities, provided there is an unconditional right to defer settlement of the liability. The liability is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expect future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Defined contribution superannuation expense
Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

Issued capital
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.

Earnings per share
Basic earnings per share is calculated as net profit attributable to members of the Group, adjusted to exclude any costs of servicing equity, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings per share is calculated as net profit attributable to members of the Group, adjusted for:

- costs of servicing equity;
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares;
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and

- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

Comparative Figures

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

Where the Group retrospectively applies an accounting policy, makes a retrospective restatement or reclassifies items in its financial statements, an additional (third) statement of financial position as at the beginning of the preceding period in addition to the minimum comparative financial statements is presented.

Significant accounting judgements and key estimates

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

In preparing these statements, the key estimates made by management in applying the Company's accounting policies have been applied to the valuation of share based payments, refer to note 14.

In preparing these financial statements, the significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty have been applied to the reverse acquisition, refer to note 19.

Amendments to AASBs and the new Interpretation that are mandatorily effective for the current reporting period

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

New and revised Standards and amendments thereof and Interpretations effective for the current year that are relevant to the Consolidated Entity do not have any material impact on the disclosures or the amounts recognised in the Company's financial statements.

2. Segment information

AASB 8 requires operating segments to be identified on the basis of internal reports about components of the Consolidated Entity that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance.

AASB 8 "Operating Segments'" states that similar operating segments can be aggregated to form one reportable segment. Following the acquisition of Electronic Pain Assessment Technologies (EPAT) Pty Ltd, the Group aggregated all its reporting segments into one reportable operating segment. Prior to that, the Company was a corporate shell having ceased its previous exploration activities in the prior period.

3. Revenue

	Consolidated	Company
	2017	2016
	$	$
Interest income	**31,116**	**3,892**

4. Other income

	Consolidated	Company
	2017	2016
	$	$
Research & Development Rebates	53,416	-
Grants Received	20,000	
Miscellaneous	1,030	-
Total Other Income	**74,446**	-

5. Loss for the year

	Consolidated	Company
Loss for the year has been arrived at after charging the following items of expenses:	**2017**	**2016**
	$	$
Corporate administration expenses		-
Company secretary fees	140,119	-
Directors remuneration	306,755	-
Legal and professional fees	33,102	20,696
Share registry fees	14,147	-
Insurance expenses	9,811	-
Occupancy costs	68,715	-
Computer expenses	33,792	-
Other administration expenses	356,230	57,546
	962,671	**78,242**

6. Income taxes relating to continuing operations

6.1 Income tax recognised in profit or loss

	Consolidated	Company
	2017	**2016**
	$	$
Current tax expense/(income)	(517,449)	(9,293)
Deferred tax expense/(income)	36,103	1,751
Tax losses not recognised	481,346	7,542
Total Tax expense/(income)	-	-

The income tax expense for the year can be reconciled to the accounting loss as follows:

	Consolidated 2017 $	Company 2016 $
Loss before tax from continuing operations	(8,473,802)	(157,861)
Income tax expense/(revenue) calculated at 30% (2016: 30%)	(2,542,141)	(47,358)
Effect of items that are not assessable/deductible in determining taxable loss:		
Non-deductible expenses	2,076,820	39,816
Non-assessable income	(16,025)	-
Effect of unused tax losses not recognised as deferred tax assets	481,346	7,542
	-	-

The tax rate used for the 2017 and 2016 reconciliations above is the corporate tax rate of 30% payable by Australian corporate entities on taxable profits under Australian tax law.

The Company has no franking credits available for recovery in future years.

6.2 Income tax recognised directly in equity	Consolidated 2017 $	Company 2016 $
Current tax		
Share issue costs	(1,639,753)	-
Deferred tax		
Share issue costs deductible over 5 years	-	48,877
	(1,639,753)	48,877

6.3 Unrecognised deferred tax assets	Consolidated 2017 $	Company 2016 $
Unused tax losses (revenue) for which no deferred tax assets have been recognised	6,634,926	43,400
Temporary differences	37,854	1,751

All unused tax losses were incurred by Australian entities.

This benefit for tax losses will only be obtained if the specific entity carrying forward the tax losses derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the losses to be realised, and the Group complies with continuity of business / same business test and the conditions for deductibility imposed by tax legislation.

7. Loss per share

	Consolidated 2017 $	Company 2016 $
Basic and diluted loss per share (cents per share)	**(1.63)**	**(0.07)**

The loss and weighted average number of ordinary shares used in the calculation of basic loss per share are as follows:

	Consolidated 2017 $	Company 2016 $
Loss for the year attributable to the owners of the Company	**(8,473,802)**	**(157,861)**

	Consolidated 2017 No.	Company 2016 No.
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	**519,348,367**	**213,219,616**

The basic and diluted earnings per share for the comparative period presented in the consolidated financial statements has been calculated using Electronic Pain Assessment Technologies (EPAT) Pty Ltd's historical weighted average number of ordinary shares ouststanding multiplied by the exchange ratio of 1 Electronic Pain Assessment Technologies (EPAT) Pty Ltd share to 213.2 ePAT Technologies Limited shares.

Options on issue are considered to be anti-dilutive while the entity is making losses. As discussed in Note 22, the Company has issued shares subsequent to balance date. This issue of shares would not significantly affect EPS and are considered anti-dilutive due to the loss after income tax.

8. Trade and other receivables

	Consolidated 2017 $	Company 2016 $
Other receivables	44,961	1,782
Prepayments	12,272	-
	57,233	**1,782**

At the reporting date, none of the receivables are past due.

9. Property, plant and equipment

	Consolidated 2017 $	Company 2016 $
Carrying amounts of		
Computer Equipment	**2,544**	**-**

Cost or valuation	Consolidated 2017 $	Company 2016 $
Balance at 1 July 2016	-	-
Additions	2,694	-
Disposals	-	-
Balance at 30 June 2017	**2,694**	**-**

Accumulated depreciation	Consolidated 2017 $	Company 2016 $
Balance at 1 July 2016	-	-

Depreciation expense	(150)	-
Disposals	-	-
Balance at 30 June 2017	(150)	-
Net book value	**2,544**	**-**

10. Trade and other payables

	Consolidated	Company
	2017	2016
	$	$
Trade creditors	148,004	8,728
Accruals and other payables	43,500	-
	191,504	**8,728**

Trade creditor payment terms are 30 days from end of month.

11. Provisions

	Consolidated	Company
	2017	2016
	$	$
Provision for employee entitlements	15,729	-

12. Subsidiaries

The consolidated financial statements include the financial statements of ePAT Technologies Limited and its subsidiary company Electronic Pain Assessment Technologies (EPAT) Pty Ltd. The following subsidiaries were disposed of / acquired during the period:

Name	Country of Incorporation	Percentage of equity interest held by Consolidated Entity % 2017	2016
Electronic Pain Assessment Technologies (EPAT) Pty Ltd	Australia	100	-
Merah African Exploration Limited*	Zambia	-	100
Merah West Africa Limited*	Ghana	-	100
Oresearch Limited*	Australia	-	100
Merah Resources Canada Limited*	Canada	-	100

*Subsidiary companies were wound up, not sold.

13. Issued capital

	Consolidated	Company
	2017	2016
	$	$
Fully paid Ordinary shares	**8,502,533**	**357,143**

	Consolidated 2017		Company 2016	
	No.	$	No.	$
Balance at beginning of the reporting period	1,000,001	357,143	1,000,001	357,143
Merger of EPAT Technologies Ltd and Electronic Pain Assessment Technologies (EPAT)				

Pty Ltd				
Elimination of existing Electronic Pain Assessment Technologies (EPAT) Pty Ltd shares	(1,000,001)	-	-	-
Existing ePAT Technologies Limited shares on acquisition	222,103,433	4,442,069	-	-
Issue of EPAT Technologies Ltd shares on acquisition	213,219,616	-	-	-
Issued pursuant to capital raising	236,625,000	4,732,500		
Issued in lieu of remuneration	2,475,000	49,500		
Capital raising costs	-	(1,078,679)	-	-
Balance at end of period	**674,423,049**	**8,502,533**	**1,000,001**	**357,143**

Fully paid ordinary shares carry one vote per share and carry the right to dividends. Ordinary shares participate in the proceeds on winding up of the Company in proportion to the number of shares held.

14. Reserves

Option reserve:	**Consolidated 2017** $	**Company 2016** $
Balance at beginning of the reporting period	-	-
Issue of 45,000,000 Underwriter options	522,000	-
Issue of 90,198,155 Director options	2,201,975	-
Issue of 5,000,000 Employee options	18,867	
Total reserves at end of period	**2,742,842**	**-**

The purpose of this reserve is to recognise share based payments.

Options issued during the period:

Options	**Consolidated 2017**		**Company 2016**	
	No.	**$**	**No.**	**$**
Balance at beginning of the reporting period	-	-	-	-
Existing ePAT Technologies Ltd shares on acquisition	50,535,179	-	-	-
Expiry of existing options during period	(46,137,032)	-		
Issue of options on conversion of convertible notes	52,500,000	-		
Issue of options to underwriters	45,000,000	522,000	-	-
Issue of director options	90,198,155	2,201,975	-	-
Issue of options to employee	5,000,000	18,867		
Balance at end of period	**197,096,302**	**2,742,842**	**-**	**-**

14.1 Share-based payments

Options on Issue

At the date of this report, the following options over new ordinary shares in the Company were on issue.

Option series	Type	Date of Expiry	Exercise Price	Number under Option
1	Unlisted Options	23 July 2017	$0.07875	3,428,572
2	Unlisted Options	10 August 2018	$0.175	969,575
3	Unlisted Options	7 October 2019	$0.025	45,000,000
4	Unlisted Options	7 October 2019	$0.02	52,500,000
5	Unlisted Options	24 November 2019	$0.02	90,198,155
6	Unlisted Options	3 October 2021	$0.36	5,000,000

The following share-based payment arrangements were in existence during and prior reporting periods:

Option series	Number	Grant date	Total Value at Grant Date	Recognised as expense to 30 June 2017	Exercise Price	Expiry date	Vesting date
			$	$	$		
2	45,000,000	7 October 2016	522,000	522,000	0.025	7 October 2019	7 October 2016
4	90,198,155	23 November 2016	2,442,857	2,201,975	0.02	24 November 2019	Various
5	5,000,000	5 April 2017	138,925	18,867	0.036	3 October 2021	Various

There has been no alteration of the terms and conditions of the above share-based payment arrangements since the grant date.

[a] Options not considered share-based payments as they were issued as part of a capital raising.

Underwriter options

45,000,000 options were granted Underwriter pursuant to the Prospectus dated 25 August 2016. The fair value of the options at grant date are determined using a Black Scholes pricing method that takes into account the exercise price, the term of the option, the share price at grant date and expected volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option. The following table lists the inputs to the model used for valuation of the unlisted options:

Item	Inputs
Volatility (%)	100%
Risk free interest rate (%)	1.54%
Expected life of option (years)	3.03
Expected dividend yield	nil
Exercise price per terms and conditions	$0.025
Underlying security price at grant date	$0.020

Expiry date	7 October 2019
Value per option	$0.0116

Director options
90,198,155 options were granted to the Directors as approved by shareholders at the annual general meeting on 23 November 2016. The fair value of the options at grant date are determined using a Black Scholes pricing method that takes into account the exercise price, the term of the option, the share price at grant date and expected volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option. The following table lists the inputs to the model used for valuation of the unlisted options:

Item	Inputs
Volatility (%)	100%
Risk free interest rate (%)	1.54%
Expected life of option (years)	3.003
Expected dividend yield	Nil
Exercise price per terms and conditions	$0.020
Underlying security price at grant date	$0.037
Expiry date	24 November 2019
Value per option	$0.0271

The options issued to directors are to vest as follows:

1. One third after one year of service.
2. One third after the Company makes an announcement that Regulatory Approval to enable commercial use of the EPAT App in Australia, the United States or Europe is received, or the Company has announced the execution of a binding licence agreement to licence the EPAT App to:
   a. one or more residential aged care facilities facility owners managing in total in excess of 150 beds; or
   b. one or more medical clinics which service in total in excess of 2,000 patients per year; or
   c. a metropolitan hospital with in excess of 200 beds;
   (each an "End User");
   d. or a global distribution partner with multiple End Users as existing customers.
3. One third upon the Company generating cumulative revenue of $1,000,000.

Employee options
5,000,000 options were granted to an employee on 5 April 2017. The fair value of the options at grant date are determined using a Black Scholes pricing method that takes into account the exercise price, the term of the option, the share price at grant date and expected volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option. The following table lists the inputs to the model used for valuation of the unlisted options:

Item	Inputs
Volatility (%)	100%
Risk free interest rate (%)	1.95%
Expected life of option (years)	4.5
Expected dividend yield	Nil
Exercise price per terms and conditions	$0.036
Underlying security price at grant date	$0.038
Expiry date	3 October 2021

Value per option	$0.0278

25 % of the options issued to the employee vest after 12 months employment and balance in quarterly instalments over the next 3 years, subject to continued full time employment (i.e. Fully vested after 4 years employment).

14.2 Movements in share options during the year

The following reconciles the share options outstanding at the beginning and end of the year:

	2017		2016	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
	No.	$	No.	$
Balance at beginning of the year	-	-	-	-
Existing ePAT Technologies Ltd shares on acquisition	50,535,179			
Granted during the year	192,698,155	0.0206	-	-
Forfeited during the year	-	-	-	-
Exercised during the year	-	-	-	-
Expired during the year	46,137,032	0.07875	-	-
Balance at end of year	**197,096,302**	**0.022**		
Exercisable at end of year	**101,898,147**	**0.024**		

Share options exercised during the year

No share options were exercised during the year (2016: nil).

Share options outstanding at the end of the year

The share options outstanding at the end of the year had a weighted average exercise price of $0.022 and a weighted average remaining contractual life of 853 days (2016: Nil).

15. Financial instruments

15.1 Capital management

The Group manages its capital to ensure entities in the Group will be able to continue as going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from 2016.

The Group is not subject to any externally imposed capital requirements.

Given the nature of the business, the Group monitors capital on the basis of current business operations and cash flow requirements.

15.2 Categories of financial instruments

	Consolidated	Company
	2017	2016
Financial assets	$	$

Cash and cash equivalents	2,630,019	75,079
Trade and other receivables	57,233	1,782
	2,687,252	**76,861**
Financial liabilities		
Trade and other payables	191,503	8,728
	191,503	**8,728**

The fair value of the above financial instruments approximates their carrying values.

15.3 Financial risk management objectives

In common with all other businesses, the Group is exposed to risks that arise from its use of financial instruments. This note describes the Group's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of those risks is presented throughout these financial statements.

There have been no substantive changes in the Group's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

The board has overall responsibility for the determination of the Group's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Group's finance function.

The Group's risk management policies and objectives are therefore designed to minimise the potential impacts of these risks on the Group where such impacts may be material. The board receives monthly financial reports through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets. The overall objective of the board is to set policies that seek to reduce risk as far as possible without unduly affecting the Group's competitiveness and flexibility.

15.4 Market risk

Market risk for the Group arises from the use of interest bearing financial instruments. It is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rate (see 15.5 below).

15.5 Interest rate risk management

The sensitivity analyses below have been determined based on the exposure to interest rates for both derivatives and non-derivative instruments at the end on the reporting period.

Interest rate sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates for both derivatives and non-derivative instruments at the end on the reporting period.

If interest rates had been 100 basis points higher/lower and all other variables were held constant, the Group's loss for the year ended 30 June 2017 would increase/decrease by $26,300 (2016: $751).

15.6 Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group only transacts with entities that are rated the equivalent of investment grade and above. This information is supplied by independent rating agencies where available and, if not available, the Group uses other publicly available financial information and its own trading records to rate its major customers. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

15.7 Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the Group's short-, medium- and long-term funding and liquidity management requirements. The Group manages liquidity by maintaining adequate banking facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

		Contractual cash flows				
	Carrying Amount	Less than 1 month	1-3 months	3-12 months	1 year to 5 years	Total contractual cash flows
	$	$	$	$	$	$
2017						
Trade and other payables	191,503	191,503	-	-	-	**191,503**
2016						
Trade and other payables	8,728	8,728	-	-	-	**8,728**

16. Key management personnel

The aggregate compensation made to directors and other members of key management personnel of the Company is set out below:

	Consolidated	Company
	2017	2016
	$	$
Short-term employee benefits	491,362	-
Post-employment benefits	21,825	-
Share-based payments	2,251,475	-
	2,764,662	-

17. Related party transactions

17.1 Entities under the control of the Group

On 23 September 2016 the Company completed the 100% acquisition of Electronic Pain Assessment Technology (EPAT) Pty Ltd. Refer to note 19 for further information.

17.2 Key management personnel

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity, are considered key management personnel.

For details of disclosures relating to key management personnel, refer to the remuneration report contained in the directors' report and note 14.

17.3 Other related party transactions

All transactions between the Group and related parties are on an arms-length basis.

18. Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents include cash on hand and in banks, net of outstanding bank overdrafts. Cash and cash equivalents at the end of the reporting period as shown in the statement of cash flows can be reconciled to the related items in the statement of financial position as follows:

	Consolidated	Company
	2017	2016
	$	$
Cash and bank balances	2,630,019	75,079

18.1 Reconciliation of loss for the year to net cash flows from operating activities

	Consolidated	Company
	2017	2016
	$	$
Cash flow from operating activities		
Loss for the year	(8,473,802)	(157,861)
Adjustments for:		
Loss from disposal of property, plant and equipment		
Depreciation	150	-
Share based payments	2,220,842	-
Corporate restructure expense	4,574,424	-
Movements in working capital		
(Increase)/decrease in other receivables	17,844	70,328
(Increase)/decrease in prepayments	(12,272)	-
Increase/(decrease) in trade and other payables	82,413	(11,365)
Increase in provisions	12,522	-
Net cash outflows from operating activities	(1,577,879)	(98,898)

Non-Cash Financing and Investing Activities

Options were issued to underwriters as part of capital raising costs. See note 14.1.

19. Business Combination – Reverse acquisition

Subsidiary acquired

On 25 July 2016 the Company executed a share purchase agreement for the acquisition of one hundred percent of the issued capital of Electronic Pain Assessment Technologies (EPAT) Pty Ltd.

The consideration for this acquisition was made up as follows:

(i) 213,219,616 shares to be issued at completion; and

(ii) $1,000,000 worth of shares to be issued if the Company announces that either of the following milestones have been met within 12 months from the date of completion of the acquisition:

(A) Regulatory approval having been received to enable commercial use of the ePAT App in Australia, the United States of America or Europe. (In this context, "Regulatory Approval" means approval by the Therapeutic Goods Administration of Australia, Food and Drug Administration of the United

States, or a CE mark from the relevant authority in Europe); or

(B) the execution of a binding licence agreement to licence the ePAT App to:

- one or more residential aged care facility owners managing in total in excess of 150 beds;
- one or more medical clinics which service in total in excess of 2,000 patients per year;
- a metropolitan hospital with in excess of 200 beds;

(each an "End User”) or

- a global distribution partner with multiple End Users as existing customers.

From a legal and taxation perspective ePAT Technologies Limited is considered the acquiring entity. However, the acquisition has the features of a reverse acquisition as described in the Australian Accounting Standard AASB 3 “Business Combinations” notwithstanding ePAT Technologies Limited being the legal parent of the Group. The transaction has been accounted for as a reverse acquisition from a consolidated perspective, where Electronic Pain Assessment Technologies (EPAT) Pty Ltd is the accounting acquirer and ePAT Technologies Limited is the legal acquirer.

The excess of the fair value of the shares owned by the ePAT Technologies Limited shareholders and the fair value of the identifiable net assets of ePAT Technologies Limited immediately prior to the completion of the merger is accounted for under “AASB 2 “Share –based Payment” and resulted in the recognition of $4,574,424 being recorded as “Corporate Restructure Expense”. The net assets of ePAT Technologies Limited were recorded at fair value at completion of the merger. No adjustments were required to the historical values.

Assets acquired and liabilities of EPAT Technologies Limited assumed at the date of acquisition	**EPAT Technologies Limited** **$**
Current assets	
Cash and cash equivalents	18,277
Trade receivables	12,025
Total assets	**30,302**
Current liabilities	
Trade and other payables	134,406
Provisions	28,251
Total liabilities	**162,657**
Net liabilities acquired	**(132,355)**

The fair values of the assets acquired and the liabilities assumed approximate their carrying value. The initial accounting for the acquisition of EPAT Technologies Limited (the legal acquirer) has been determined at the end of the reporting period.

Corporate restructure expense on acquisition	
Fair value of notional shares issued to affect the transaction	4,442,069

Less fair value of identifiable net liabilities acquired- EPAT Technologies Limited	(132,355)
Corporate restructure expense	**4,574,424**

From the date of acquisition (ie 23 September 2016) to 30 June 2017, EPAT Technologies Limited generated $31,620 in revenue and $3,019,147 in losses.

20. Commitments and contingencies

As set out in note 19 above, the Company has agreed to issue $1,000,000 worth of shares as deferred consideration shares if the Company achieves certain milestones within 12 months from the date of completion of the acquisition of Electronic Pain Assessment Technologies (EPAT) Pty Ltd (23 September 2016).

As per the Research Services Agreement with Curtin University of Technology, dated 29th July 2016, the Company has agreed to Fees, payable in equal monthly instalments in accordance with the payment schedule below:

Year 1 $436,620

Year 2 $513,869

21. Remuneration of auditors

Auditor of the parent entity

	Consolidated	Company
	2017	**2016**
	$	$
Audit or review of the financial statements	**60,041**	27,500
Other non-audit services	**13,950**	25,000
	73,991	52,500

The auditors of ePAT Technologies Limited are BDO Audit Pty Ltd.

22. Events after the reporting period

On 19 July 2017, the Company announced the ePAT App is now cleared for use as a medical device in Australia (TGA) and CE marked for European markets. This milestone triggered the ePAT vendors' entitlement to deferred consideration shares to the value of $1,000,000 AUD calculated at a 5-day VWAP, which has been calculated at 2.6 cents – resulting in 38,461,538 ePAT shares issued.

On 24 July 2017 the Company announced on ASX that it has reached a key agreement with nViso which will see ePAT secure a perpetual, exclusive, global license for the Pain Assessment Software Development Kit (SDK) for use in the field of pain assessment and pain monitoring for mobile applications. Under the terms of the agreement, ePAT has paid $300,000 cash and issued 31,250,000 fully paid ordinary shares to nViso (escrowed to 31 December 2018). A further $92,500 is payable on 31 December 2018.

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

23. Parent entity information

The accounting policies of the parent entity, which have been applied in determining the 2017 financial information shown below, are the same as those applied in the financial statements. Refer to note 3 for a summary of significant accounting policies relating to the Group.

Financial position of ePAT Technologies Limited (Legal Parent)

	2017 $	2016 $
Assets		
Current assets	2,635,744	114,685
Non-current assets	2,543	-
Total assets	**2,638,287**	**114,685**
Liabilities		
Current liabilities	94,654	1,029,545
Provisions	15,729	-
Non-current liabilities	-	-
Total liabilities	110,383	1,029,545
Net assets	**2,527,904**	**(914,860)**
Equity		
Issued capital	17,257,239	8,129,300
Shares and options yet to be issued	-	-
Reserves	2,781,854	39,026
Accumulated losses	(17,511,189)	(9,083,186)
Total equity	**2,527,904**	**(914,860)**
Financial performance		
Loss for the year	**(8,226,147)**	**(5,047,449)**

24. Approval of financial statements

The financial statements were approved by the board of directors and authorised for issue on 29 August 2017.

DIRECTORS DECLARATION

1. The Directors of the Company declare that:

   a. the accompanying financial statements and notes are in accordance with the Corporations Act 2001 including:

      i. giving a true and fair view of the Group's financial position as at 30 June 2017 and of its performance for the year then ended; and

      ii. complying with Australian Accounting Standards, the Corporations Regulations 2001, professional reporting requirements and other mandatory requirements.

   b. there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and

   c. the financial statements and notes thereto are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board.

2. This declaration has been made after receiving the declarations required to be made to the Directors in accordance with Section 295A of the Corporations Act 2001 for the financial year ended 30 June 2017.

This declaration is signed in accordance with a resolution of the Board of Directors.

John Murray
Chairman
29 August 2017

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INDEPENDENT AUDITOR'S REPORT

To the members of EPAT Technologies Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of EPAT Technologies Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2017, 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, and notes to the financial report, including a summary of significant accounting policies and the directors' declaration.

In our opinion the accompanying financial report of the Group, is in accordance with the *Corporations Act 2001*, including:

(i) Giving a true and fair view of the Group's financial position as at 30 June 2017 and of its financial performance for the year ended on that date; and

(ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Material uncertainty related to going concern

We draw attention to Note 1 in the financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the group's ability to continue as a going concern and therefore the group may be unable to realise its assets and discharge its liabilities in the normal course of business. Our opinion is not modified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Material uncertainty related to going concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Accounting for Reverse Acquisition of ePAT Technologies Limited

Key audit matter	*How the matter was addressed in our audit*
As disclosed in Notes 1 and 19 of the financial report, during the year ePAT Technologies Limited acquired Electronic Pain Assessment Technologies (EPAT) Pty Ltd on 23 September 2016 for a consideration of 213,219,616 shares. The audit of a reverse acquisition is a key audit matter due to the accounting complexity resulting from the accounting acquirer and legal acquirer being different. The reverse acquisition is accounted as Electronic Pain Assessment Technologies (EPAT) Pty Ltd (the accounting parent) issuing a share-based payment in return for the net liabilities acquired in the company and a listing status. Furthermore, judgement is involved in the determination of the value of the purchase consideration settled by way of a share-based payment.	Our procedures included, but were not limited to: • Holding discussions with management as to the background of the transaction • Obtaining an understanding of the transaction including an assessment of the accounting acquirer and whether the transaction constituted a business or an asset acquisition • Evaluating the basis of valuation of the share-based payment that included challenging the underlying assumptions of the valuation • Checking the calculation of the share-based payment, net liabilities acquired and resulting corporate restructure expense in accordance with the basis of preparation as disclosed in Note 1 • Assessing the adequacy of the related disclosures in Notes 1 and 19 of the financial report.

Other information

The directors are responsible for the other information. The other information comprises the information in the Directors' report, for the year ended 30 June 2017, but does not include the financial report and the auditor's report thereon, which we obtained prior to the date of this auditor's report, and the Group's annual report, which is expected to be made available to us after that date.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the Group's annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors and will request that it is corrected. If it is not corrected, we will seek to have the matter appropriately brought to the attention of users for whom our report is prepared.

Responsibilities of the directors 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 preparing the financial report, the directors are responsible for assessing the ability of the group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (http://www.auasb.gov.au/Home.aspx) at: http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf

This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 7 to 15 of the directors' report for the year ended 30 June 2017.

In our opinion, the Remuneration Report of EPAT Technologies Limited, for the year ended 30 June 2017, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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.

BDO Audit Pty Ltd

C R Jenkins
Director

Brisbane, 29 August 2017

Additional Shareholder Information

The following additional information is current as at 27 September 2017.

CORPORATE GOVERNANCE:

The Company's Corporate Governance Statement is available on the company's website at www.epattechnologies.com/corporate-governance

SUBSTANTIAL SHAREHOLDER:

Holder Name	Holding	% IC
Mr Russell David Stewart & Mr Lennard Anthony Lefroy <The Investment Unit A/C>	101,894,666	12.4%
Peters Investments Pty Ltd	60,000,000	7.3%

Ordinary Shares:

Holdings Ranges	Holders	Total Units	%
1-1,000	26	3,783	0.000
1,001-5,000	9	24,646	0.003
5,001-10,000	195	1,353,967	0.165
10,001-100,000	545	25,221,068	3.079
100,001-	563	792,531,125	96.752
Totals	**1,338**	**819,134,589**	**100.000**

There are 205 shareholders with less than a marketable parcel.

VOTING RIGHTS

Each fully paid ordinary share carries voting rights of one vote per share.

THE TOP 20 HOLDERS OF ORDINARY SHARES ARE:

Ranking	Holder	Shares Held	%
1	Mr Russell David Stewart & Mr Lennard Anthony Lefroy <The Investment Unit A/C>	101,894,666	12.4%
2	Peters Investments Pty Ltd	60,000,000	7.3%
3	J & E Consulting Pty Ltd	37,003,125	4.5%
4	Kreshnik Hoti	37,003,125	4.5%
5	Mustafa Abdul Wahed Atee	37,003,125	4.5%
6	Nviso Sa	31,250,000	3.8%
7	J P Morgan Nominees Australia Limited	15,574,752	1.9%
8	J & Tw Dekker Pty Ltd <J & Tw Dekker Family A/C>	15,350,000	1.9%
9	Thornbury Nominees Pty Ltd <The Stevens Family S/F A/C>	13,373,299	1.6%
10	Mr Robert Anthony Healy	12,857,143	1.6%
11	Peters Investments Pty Ltd	9,348,141	1.1%
12	Mr Rodney James Wellstead	9,121,312	1.1%
13	Mr Terence Wayne England	9,000,000	1.1%
14	Mr Robert Anthony Healy	8,142,858	1.0%
15	Mr Allan Graham Jenzen & Mrs Elizabeth Jenzen <Ag & E Jenzen P/L No2 Sf A/C>	7,900,000	1.0%

16	Husif Nominees Pty Ltd	7,615,131	0.9%
17	Grazian Pty Ltd <The Ian Murie Super Fund A/C>	7,178,096	0.9%
18	Mr Keiran James Slee	6,250,000	0.8%
19	Comsec Nominees Pty Limited	5,977,570	0.7%
20	Mr Vincenzo Maio	5,860,000	0.7%
	Total Securities Of Top 20 Holdings	437,702,343	53.435%
	Total of Securities	**819,134,589**	

UNQUOTED EQUITY SECURITIES

Number	Number of Holders	Class	Escrow Period	Holders of more than 20%
254,156,156	11	Ordinary shares	19 October 2018	Mr Russell David Stewart & Mr Lennard Anthony Lefroy <The Investment Unit A/C> (86,323,266 shares)
52,500,000	35	Options exercisable at $0.02 expiring 7 October 2019	7 October 2017	Nil
45,000,000	19	Options exercisable at $0.025 expiring 7 October 2019	7 October 2018	Mr Peter Russell (9,000,000)
969,575	1	Options exercisable at $0.175 expiring 10 August 2018		Magna Equities II LLC
90,198,155	4	Options exercisable at $0.02 expiring 24 November 2019		Philip Daffas (40,999,162) Nanjop Pty Ltd (24,599,497)
5,000,000	1	Options exercisable at $0.036 expiring of 3 October 2021		Issued pursuant to ESOP

Use of Funds

The entity has used the cash and assets in a form readily convertible into cash at the time of listing in a way that is consistent with its business objectives.

There is no current buy-back.