

# Mintails Limited

ABN: 45 008 740 672

## Annual Report

For the Year Ended 30 June 2017

## CONTENTS

Corporate Directory.....	3
Directors' Report.....	4
Independent Audit Report.....	14
Independence Declaration.....	19
Statement of Profit or Loss and Other Comprehensive Income.....	20
Statement of Financial Position.....	21
Statement of Changes in Equity.....	22
Statement of Cash Flows.....	23
Notes to the Financial Statements.....	24
Directors' Declaration.....	37
Corporate Governance.....	38
Additional ASX Information.....	39

## CORPORATE DIRECTORY

### **Directors**

Mr. Stephen Brockhurst

Mr. Steve Formica

Mr. Daryl Henthorn

### **Company Secretary**

Mr. David Palumbo

### **Registered and Principal Office**

Suite 1

1233 High Street

Armadale Victoria 3143

### **Auditor**

Moore Stephens Perth

Level 15 Exchange Tower

2 The Esplanade

Perth WA 6000

### **Share Register**

Security Transfer Registrars

770 Canning Highway

Applecross WA 6153

Ph +61 8 9315 2333

Fax +61 8 9315 2233

Email: [registrar@securitytransfer.com.au](mailto:registrar@securitytransfer.com.au)

### **Quoted Securities**

Ordinary Shares – ASX Code: MLI

# Directors' Report

Your directors present their report, together with the financial statements of Mintails Limited ("Company") for the financial year ended 30 June 2017.

The following persons were directors of the Mintails Limited during or since the end of the financial year:

Stephen Brockhurst	Director (appointed 19 June 2017)
Steve Formica	Director (appointed 19 June 2017)
Daryl Henthorn	Director (appointed 19 June 2017)
Mark Brune	Executive Chairman (resigned 19 June 2017)
Murray Rose	Non-Executive Director (resigned 19 June 2017)
Laurence Blumberg	Non-Executive Director (resigned 19 June 2017)
Howard Carr	Non-Executive Director (resigned 19 June 2017)

## Significant Changes in State of Affairs

The Company was in the business of mining gold in South Africa through its South African subsidiaries until these subsidiaries were placed into business rescue in October 2015. On 7 January 2016 the Board of Directors resolved to place the Company into voluntary administration and appointed James Thackray as voluntary administrator of the Company. On 6 June 2017, the Deed of Company Arrangement was effectuated and Control of the Company was passed from the Administrator to the new Board of Directors. The Company is in the process of being recapitalised, which will involve an acquisition, capital raising, share consolidation, re-compliance with Chapters 1 and 2 of the ASX Listing Rules, and subsequently an ASX relisting.

## Operating Results and Financial Position

The net profit for the year ended 30 June 2017 was \$9,409,560 (30 June 2016: loss of \$1,586,898). A profit has arisen in the 2017 financial year as a result of a \$10,767,980 gain on forgiveness of debt recognised following effectuation of the Deed of Company Arrangement on 6 June 2017.

## Events Subsequent to Period End

From July to October 2017, the Company received additional proceeds from convertible loans of \$150,774 on the same terms and conditions as those disclosed at Note 10.

## Principal Activities

The Company was in Administration throughout the financial year until effectuation of the Deed of Company Arrangement on 6 June 2017.

## Dividends Paid or Recommended

There were no dividends paid or recommended during the financial year ended 30 June 2017 (30 June 2016: nil).

## Information on Directors

### Stephen Brockhurst

Appointed to the Board

Experience

Director

19 June 2017

Mr Brockhurst is a director of Mining Corporate Pty Ltd and has 16 years of experience in the finance and corporate advisory industry and has been responsible for the preparation of due diligence process and prospectuses on a number of initial public offers. His experience includes corporate and capital structuring, corporate advisory and company secretarial services, capital raising, ASX and ASIC compliance requirements. Mr Brockhurst has served on various boards and acted as company secretary for numerous ASX listed and unlisted companies.

Interest in Shares and Options

Nil

Special Responsibilities

Nil

Directorships held in other listed entities

Mr Brockhurst is currently a director of Estrella Resources Ltd, Roto-Gro International Ltd, and International Goldfields Ltd. Mr Brockhurst was a director of Jacka Resources Ltd from 2010 to 2015.

### Steve Formica

Appointed to the Board

Experience

Director

19 June 2017

Mr Formica brings the Company practical and management business development experience. He has been a successful businessman and operations manager for over 30 years in a number of privately held business ventures including manufacturing, construction, landscape contracting, property development, and integrated wholesale and retail businesses. More recently, he has been a successful investor and non-executive director in mineral exploration companies.

Interest in Shares and Options

Nil

Special Responsibilities

Nil

Directorships held in other listed entities

Mr Formica is currently non-executive director of Cabral Resources Ltd and Lindian Resources Ltd, and is Non-Executive Chairman of Quest Minerals Ltd.

### Daryl Henthorn

Appointed to the Board

Experience

Director

19 June 2017

Mr Henthorn has over 30 years of experience in financial services, advisory and operational management across a number of industry sectors and has broad commercial skills. He has experience in operational management, equity raising, debt, private equity and the structuring of financial instruments for private and ASX listed companies. He has experience in due diligence of mining projects especially in the gold sector in which he holds interests privately. His company Viridian Equity Group holds an Australian Financial Services Licence and is authorised to issue and deal in financial products and has acted for a number of public and private companies in mining and property. He has served on the Board of

	public companies previously and acts as trustee for unlisted investment vehicles.
Interest in Shares and Options	Nil
Special Responsibilities	Nil
Directorships held in other listed entities	Nil

### **Mark Brune**

	Executive Chairman (resigned 19 June 2017)
Appointed to the Board	18 March 2010
Experience	Mr Brune started his career in banking as an analyst in debt capital markets and as a foreign exchange trader. He has over fifteen years of experience in financial and investment management. After completing an MBA, he joined HDG, a London-based private investment management company, where his initial responsibilities included asset and financial management. He was appointed Managing Director in 2006 and also serves on the board of several client organisations.
Interest in Shares and Options	1,250,000 shares and 1,200,000 Unlisted options
Special Responsibilities	Nil
Directorships held in other listed entities	Nil

### **Murray Rose**

	Independent Non-Executive Director (resigned 19 June 2017)
Appointed to the Board	15 June 2011
Experience	Bachelor Business, CA  Mr Rose is a Chartered Accountant with 25+ years of experience in providing financial, accounting and taxation advice to a diverse range of business clients. He was worked for Deloitte and is currently a Director in Bedford CA based in Sydney.  Mr Rose has held various financial and accounting roles including advising multinational companies operating in Australia on their financial accounting and reporting obligations, assisting with the preparation of operating budgets, cash flow budgets and liquidity reviews, capital expenditure cost benefit analysis and contract negotiation support.  Mr Rose has provided financial, accounting and taxation advice to many industries including construction, manufacturing, mining, property development, telecommunications, retailing, wholesaling, hotels and tourism.
Interest in Shares and Options	1,200,000 unlisted options
Special Responsibilities	Chairman of the Audit, Risk & Compliance Committee and member of the Remuneration & Nomination Committee
Directorships held in other listed entities	Nil

### **Laurence Blumberg**

	Independent Non-Executive Director (resigned 19 June 2017)
Appointed to the Board	15 June 2011
Experience	Comm, LLB (Hons), MBA

Mr Laurence Blumberg has over 20 years of experience across investment banking, private equity, management consulting, and law. He was recently responsible for managing the Australian interests of an overseas based private investment group (c. \$100,000,000 worth of local investments).

Mr Blumberg has worked at various leading firms including Morgan & Stanley in its New York and Sydney offices, the consulting firm McKinsey & Co, ABN AMRO Bank and as a lawyer at Mallesons Stephen Jacques.

Interest in Shares and Options	1,200,000 Unlisted options
Special Responsibilities	Chairman of the Remuneration & Nomination Committee and member of the Audit, Risk & Compliance Committee
Directorships held in other listed entities	Nil

### **Howard Carr**

Independent Non-Executive Director (resigned 19 June 2017)

Appointed to the Board

15 June 2011

Experience

BSc (Hons), PhD, Economic Geology

Dr Howard Carr's professional background is in mineral exploration and resource project analysis, fund raising, and development. He has experience in gold, PGE's, nickel, iron ore, phosphate and tungsten projects in diverse geographies including Australia, South Africa, China and Burkina Faso. He was previously Technical Director of ASX listed explore Segue Resources (SEG), CEO and President of TSVX listed explorer Maudore Minerals (MAO), Senior Resource Analyst at Macquarie Bank, Managing Director of ASX listed explorer Vital Metals Ltd (VML) and private explorer Agaton Phosphate.

Dr Carr combines a deep understanding of mineral formation, processing and exploitation sciences with the practical business skills to analyse, value, develop and direct strategies for resource enterprises.

Interest in Shares and Options	1,200,000 Unlisted options
Special Responsibilities	Member of the Remuneration & Nomination and Audit, Risk & Compliance Committees
Directorships held in other listed entities	Executive Director Segue Resources from September 2013 to July 2014. Executive Director at Maudore Minerals (TSVX: MAO) from 2012 to 2013.

### **Company Secretarial**

The name and details of the Company Secretaries in office during the financial year and until the date of this report are as follows. Secretaries were in office for the entire period unless otherwise stated.

#### **David Palumbo**

Company Secretary

Appointed

19 June 2017

Experience

Mr Palumbo has 10 years of experience in accounting and financial reporting of ASX listed and unlisted companies, which includes five years as an external auditor. He provides corporate advisory and financial management advice and specialises in corporate compliance, statutory reporting and financial accounting services. He has also been involved in the listing of several junior exploration companies on the ASX.

**Phillip Hains**

Appointed

Experience

Joint Company Secretary (resigned 19 June 2017)

4 September 2003

Mr Hains is a Chartered Accountant and specialist in the public company environment. He has served the needs of a number of public company board of directors and related committees. He has over 20 year of experience in providing accounting, administration, compliance and general management services. He holds a Masters of Business Administration from RMIT and a Public Practice Certificate from the Institute of Chartered Accountants.

**Terri Bakos**

Appointed

Experience

Joint Company Secretary (resigned 19 June 2017)

23 July 2007

Ms Bakos is a Chartered Secretary and holds a B.Bus (Accounting) from RMIT University. She has over 20 years of experience providing financial accounting, company secretarial and compliance services to listed and unlisted public companies in the areas of mining technology and biotech.

**Meetings of Directors**

The Company was in Administration throughout the financial year until effectuation of the Deed of Company Arrangement on 6 June 2017. As a result there were no meetings of directors held during the year.



## **REMUNERATION REPORT (AUDITED)**

This remuneration report, which forms part of the Directors' Report, sets out information about the remuneration of Mintails Limited's directors for the financial year ended 30 June 2017. The Company was in Administration from 7 January 2016. On entering administration, the Administrator was responsible for the remuneration policy of the Company.

Management and/or the Directors who are in office at the date of this report had no involvement in adopting, implementing or complying with these remuneration policies. These policies may or may not have been in place during the year.

If the recapitalisation process is successful, the Directors who are in office at the date of this report will adopt a new remuneration policy in accordance with the corporate governance framework to be adopted by the Board.

### **Remuneration Policy**

Remuneration of all Executive and Non-Executive Directors and Officers of the Company is determined by the Remuneration and Nomination Committee.

The Company is committed to remunerating Senior Executives and Executive Directors in a manner that is market competitive and consistent with "Best Practice" including the interests of Shareholders. Remuneration packages are based on fixed and variable components, determined by the Executives' position, experience and performance, and may be satisfied via cash or equity.

Non-Executive Directors are remunerated out of the aggregate amount approved by Shareholders at a level that is consistent with industry standards. Non-executive Directors do not receive performance based bonuses and prior Shareholder approval is required to participate in any issue of equity. No retirement benefits are payable other than statutory superannuation, if applicable.

### **Remuneration Policy versus Company Financial Performance**

Over the past five years the Company has undertaken mining and exploration activities. These volatile and speculative activities, which can provide high returns if successful, have been reflected in the Company's performance and Shareholder wealth over the period.

Consequently the Company's remuneration policy has been based on industry practice rather than company performance and takes into account the risk and liabilities assumed by the Directors and Executives as a result of their involvement in the speculative activities undertaken by the Company. Directors and Executives are fairly compensated for the extensive work they undertake.

### **Performance based Remuneration**

The purpose of a performance bonus is to reward individual performance in line with company objectives. Consequently, performance based remuneration may be paid to an individual where the individual's performance clearly contributes to a successful outcome for the Company. This would be regularly measured in respect of performance against key performance indicators (KPI's).

The Company uses a variety of KPI's to determine achievement, depending on the role of the Executive being assessed. These include:

- Successful contract negotiations;
- Completion of set milestones;
- Set profit levels; and
- Completion of set production output.

### Details of remuneration for years ended 30 June 2017 and 2016

From 7 January 2016 the Company was in administration. The Company's operations were suspended by the Administrator. The Company does not have adequate information to enable the disclosures required by the *Corporations Act 2001* for the year 30 June 2016. There was no remuneration paid or payable to directors for the year ended 30 June 2017.

Formal approval was granted by Creditors at the second meeting of creditors on 29 November 2016 for remuneration of the Administrations, with \$112,000 paid through 30 June 2017.

Amounts approved on 29 November 2016:

- \$160,186.50 from 7 January to 25 November 2016.
- Up to \$30,000 for the period 26 November to 6 December 2016, to be charged at hourly rates.
- Up to \$100,000 as the Administrator, Deed Administrator and as Trustee of the Creditors' Trust for the period 6 December 2016 to 31 December 2017.

### Performance income as a proportion of total remuneration

All executives are eligible to receive incentives whether through employment contracts or by the recommendation of the Board. Their performance payments are based on a set monetary value, set number of shares or options or as a portion of base salary. Therefore there is no fixed proportion between incentive and non-incentive remuneration.

Non-executive Directors are not entitled to receive performance based bonuses.

### Equity issued as part of remuneration

Shares and options may be issued to Directors and Executives as part of their remuneration based on set performance criteria. No options and no shares were issued to Directors and Executives as part of their remuneration during the years ended 30 June 2017 and 30 June 2016.

### KMP Shareholdings

The number of shares in the Company held during the financial year by each Director of Mintails Limited and other Key Management Personnel of the Company, including their personally related parties, are set out below. There were no shares granted as compensation during the year.

#### 2017

	Balance at start of year	Received as compensation	Options exercised	Net change other	Balance at the end of the year
S Brockhurst	-	-	-	-	-
S Formica	-	-	-	-	-
D Henthorn	-	-	-	-	-
M Brune	1,250,000	-	-	-	1,250,000
M Rose	-	-	-	-	-
L Blumberg	-	-	-	-	-
H Carr	-	-	-	-	-
	1,250,000	-	-	-	1,250,000

### KMP Options and rights holdings

The number of options over ordinary shares in the Company held during the financial year by each Director of Mintails Limited, including their personally related parties, are set out below:

#### 2017

	Balance at start of the year	Granted as compensation	Net change other	Balance at end of the year	Vested	Escrowed/ Unvested
S Brockhurst	-	-	-	-	-	-
S Formica	-	-	-	-	-	-
D Henthorn	-	-	-	-	-	-
M Brune	1,200,000	-	-	1,200,000	1,200,000	-
M Rose	1,200,000	-	-	1,200,000	1,200,000	-
L Blumberg	1,200,000	-	-	1,200,000	1,200,000	-
H Carr	1,200,000	-	-	1,200,000	1,200,000	-
	4,800,000	-	-	4,800,000	4,800,000	-

### Loans to and from Directors

There were no loans made to Directors of the Company, including their personally related parties, during the year ended 30 June 2017.

At 30 June 2017 Mr Steve Formica holds convertible loans in the Company with a face value of \$150,000.

### Other transactions with Directors

There were no other transactions Directors of the Company during the year ended 30 June 2017.

### Employment Contracts of Directors and Senior Executives

The directors' contracts ended upon entering administration. At the date of this report, agreements with the new directors have not yet been signed.

### Proceedings on Behalf of Company

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company or all or any part of those proceedings.

The Company was not a party to any such proceedings during the year.

### Indemnifying Officers

During the financial year the Company paid a premium in respect of a contract insuring the directors of the Company, the Company Secretary, and all executive directors of the Company and of any related body corporate against a liability incurred as such a director, secretary or executive office to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

### REMUNERATION REPORT (END)

### Indemnifying Officers

Due to the Company being in administration the Directors insurance premiums have not been renewed since the last policy was paid. It is the intention of the current Directors of the Company to ensure an adequate premium in respect of insuring the Directors, Secretary or executive officers to the extent permitted by the *Corporations Act 2001*.

### Environmental Regulations

In the normal course of business, there are no environmental regulations or requirements that the Company is subject to.

### Future Developments, Prospects, and Business Strategies

The Company is in the process of being recapitalised and its future developments, prospects and business strategies are detailed in the Events Subsequent to Period End section of the Directors' Report.

### Share options

At the date of this report, the unissued ordinary shares of Mintails Limited under option are as follows:

Quantity	Expiry	Exercise Price
1,600,000	21/12/2017	\$0.18
1,600,000	21/12/2017	\$0.24
800,000	21/12/2018	\$0.18
800,000	21/12/2018	\$0.24
600,000	20/12/2018	\$0.16
600,000	20/12/2018	\$0.22
800,000	20/12/2018	\$0.30
6,800,000		

No options were exercised during the year.

### Indemnification of Auditors

No indemnification has been provided to the Company's auditor.

### Non-Audit Services

No fees for non-audit services were paid to the external auditors during the year ended 30 June 2017 (30 June 2016: nil).

### Auditor's Independence Declaration

The auditor's independence declaration for the year ended 30 June 2017 has been received and can be found on page 19.

Signed in accordance with a resolution of directors.

A handwritten signature in black ink, appearing to read 'S Brockhurst', with a long horizontal stroke extending to the right.

Mr Stephen Brockhurst

Director

At Perth, Western Australia on 31 October 2017

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MINTAILS LIMITED

### REPORT ON THE AUDIT OF THE FINANCIAL REPORT

#### Qualified Opinion

We have audited the financial report of Mintails Limited (the Company), which comprises the statement of financial position as at 30 June 2017, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial report of the Company is in accordance with the *Corporations Act 2001*, including:

- i. giving a true and fair view of the Company's financial position as at 30 June 2017 and of its financial performance for the year then ended; and
- ii. complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

#### Basis for Qualified Opinion

We disclaimed an opinion on the comparative financial information for the year ended 30 June 2016 because we were unable to access all books and records of the Company whilst it was in DOCA. Consequently, we are unable to determine whether any adjustments to the comparatives are necessary.

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 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

In forming our opinion on the Company's financial statements, which is not modified in respect of this matter, we have considered the adequacy of the disclosure made in Note 1 to the financial statements concerning the Company's ability to continue as a going concern. The Company is dependent upon raising equity funding in order to fund its ongoing working capital requirements and to be able to discharge its liabilities in the normal course of business. This condition as explained in Note 1 to the financial statements indicates the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern. The Company's financial statements do not include the adjustments that would result if the Company was unable to continue as a going concern.

#### Independence

We are independent of the Company in accordance with the auditor independence requirements of 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.

## Key Audit 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.

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 year. 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.

Accounting for Effectuation of the Deed of Company Arrangement	
Refer to Statement of Financial Position, Statement of Financial Performance and the Directors' Report	
<p>On 7 January 2016 the Board of Directors resolved to place the Company into voluntary administration and appoint James Thackray as voluntary administrator of the Company.</p> <p>The Company was in administration throughout the financial year ended 30 June 2017 until effectuation of the Deed of Company Arrangement on 6 June 2017. This had the effect of transferring the Company's remaining assets, along with the amount agreed to be paid by the DOCA Proponent, to a Creditors' Trust to be administered by the Administrator for the benefit of the creditors. All debts of the Company were also forgiven at that time</p> <p>The DOCA and its effectuation significantly impacted on the financial position of the Company as at 30 June 2017 and its financial performance for the year then ended. For these reasons we have determined it to be a key audit matter.</p>	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> <li>• Review of the Deed of Company Arrangement dated 9 December 2016 as amended in June 2017.</li> <li>• Review of the Administrator's certificate of effectuation of the DOCA dated 6 June 2017.</li> <li>• Review of the accounting for the effectuation of the DOCA.</li> <li>• Review of the relevant disclosures included in the financial report.</li> </ul>

Key Audit Matters (continued)

Group's ability to continue as a Going Concern – refer to Note 2(C)	
<p>The financial statements are prepared on a going concern basis in accordance with AASB 101 Presentation of Financial Statements. The Company continues to incur negative operating cashflows and has a deficiency of net assets of \$629,226. As the directors' assessment of the Company's ability to continue as a going concern is subject to significant judgement, we identified going concern as a significant risk requiring special audit consideration.</p>	<p>Our audit procedures included, amongst others, the following:</p> <ul style="list-style-type: none"> <li>• An evaluation of the directors' assessment of the Company's ability to continue as a going concern. In particular, we reviewed their plans for at least the next 12 months, to the extent possible.</li> <li>• Reviewed plans by the directors to secure additional funding through either the issue of further shares or debt funding.</li> <li>• An evaluation of the directors plans for future operations and actions in relation to its going concern assessment, taking into account any relevant events subsequent to the year end, through discussion with the directors.</li> <li>• Review of disclosure in the financial statements to ensure appropriate.</li> </ul> <p>Based on our work, we agree with the directors' assessment that the going concern basis of preparation is appropriate and our conclusion on going concern is set out below. However, we also concur that there is a material uncertainty which may cast significant doubt on the Company's ability to continue as a going concern because of the uncertainty over securing future funding. The disclosures in the financial statements appropriately identify this risk.</p>

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2017, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly 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.



### **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 Company 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 Company 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.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentation, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

**Auditor's Responsibilities for the Audit of the Financial Report (continued)**

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**REPORT ON THE REMUNERATION REPORT*****Opinion on the Remuneration Report***

We have audited the Remuneration Report as included in the directors' report for the year ended 30 June 2017.

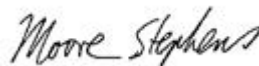
As we were unable to access all books and records of the Company whilst it was in DOCA we were unable to obtain sufficient appropriate audit evidence to verify all of the amounts disclosed in the Remuneration Report for the year ended 30 June 2017. As a result we were unable to determine if any adjustments to these amounts were necessary.

***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.



NEIL PACE  
PARTNER



MOORE STEPHENS  
CHARTERED ACCOUNTANTS

Signed at Perth on the 31<sup>st</sup> day of October 2017

Level 15, Exchange Tower,  
2 The Esplanade, Perth, WA 6000  
PO Box 5785, St Georges Terrace,  
WA 6831

T +61 (0)8 9225 5355

F +61 (0)8 9225 6181

[www.moorestephens.com.au](http://www.moorestephens.com.au)

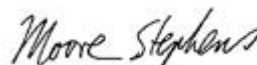
## AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE *CORPORATIONS ACT 2001* TO THE DIRECTORS OF MINTAILS LIMITED

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2017 there have been no contraventions of:

- i. the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- ii. any applicable code of professional conduct in relation to the audit.



NEIL PACE  
PARTNER



MOORE STEPHENS  
CHARTERED ACCOUNTANTS

Signed at Perth this 31<sup>st</sup> day of October 2017.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 30 JUNE 2017

	Note	30 June 2017 \$	30 June 2016 \$
Revenue	2	-	60
Gain on forgiveness of debt	2	10,767,980	-
Professional fees	3	(454,642)	(127,352)
Directors' fees		-	(188,375)
Foreign currency gains		153,791	596,339
Other expenses		(28,241)	(274,620)
Profit/(loss) before interest & tax		10,438,888	6,052
Finance costs	3	(1,029,328)	(1,592,950)
Profit/(loss) before tax		9,409,560	(1,586,898)
Income tax (expense)/benefit		-	-
<b>Profit/(loss) for the period, attributable to members of Mintails Ltd</b>		<b>9,409,560</b>	<b>(1,586,898)</b>
<b>Other comprehensive income:</b>			
Other comprehensive income/(expense) for the period, net of tax		-	-
<b>Total comprehensive income/(expense) for the period, attributable to members of Mintails Ltd</b>		<b>9,409,560</b>	<b>(1,586,898)</b>

Basic and diluted earnings per share (cents per share) 6 3.50 (0.59)

The accompanying notes form part of these financial statements.

STATEMENT OF FINANCIAL POSITION  
AS AT 30 JUNE 2017

	Note	30 June 2017	30 June 2016
		\$	\$
<b>ASSETS</b>			
<i>Current assets</i>			
Cash and cash equivalents	7	400,043	54,534
Trade and other receivables		-	4,022
Total current assets		400,043	58,556
<b>Total assets</b>		<b>400,043</b>	<b>58,556</b>
<i>Current liabilities</i>			
Trade and other payables	8	50,000	1,004,428
Payable to creditors' trust	9	400,043	-
Borrowings	10	579,226	9,092,914
Total current liabilities		1,029,269	10,097,342
<b>Total liabilities</b>		<b>1,029,269</b>	<b>10,097,342</b>
<b>Net liabilities</b>		<b>(629,226)</b>	<b>(10,038,786)</b>
<b>EQUITY AND LIABILITIES</b>			
Issued capital	11	280,506,000	280,506,000
Accumulated losses		(281,135,226)	(290,544,786)
<b>Total deficit</b>		<b>(629,226)</b>	<b>(10,038,786)</b>

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY  
AS AT 30 JUNE 2017

	Share Capital	Accumulated Losses	Total
	\$	\$	\$
<b>Balance at 1 July 2015</b>	<b>280,506,000</b>	<b>(288,957,888)</b>	<b>(8,451,888)</b>
Loss for the period attributable	-	(1,586,898))	(1,586,898)
Other comprehensive income/(loss) for the period	-	-	-
Total comprehensive expense for the period	-	(1,586,898)	(1,586,898)
<i>Transactions with owners in their capacity as owners:</i>			
Shares issued, net of costs	-	-	-
<b>Balance at 30 June 2016</b>	<b>280,506,000</b>	<b>(290,544,786)</b>	<b>(10,038,786)</b>
 <b>Balance at 1 July 2016</b>	 <b>280,506,000</b>	 <b>(290,544,786)</b>	 <b>(10,038,786)</b>
Profit for the period	-	9,409,560	9,409,560
Other comprehensive income/(loss) for the period	-	-	-
Total comprehensive income for the period	-	9,409,560	9,409,560
<i>Transactions with owners in their capacity as owners:</i>			
Shares issued, net of costs	-	-	-
<b>Balance at 30 June 2017</b>	<b>280,506,000</b>	<b>(281,135,226)</b>	<b>(629,226)</b>

The accompanying notes form part of these financial statements.

STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30 JUNE 2017

	Note	30 June 2017 \$	30 June 2016 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers		-	-
Payments to suppliers and employees		(233,717)	(44,257)
Interest received		-	60
Other		-	52,700
<b>Net cash provided by/(used in) operating activities</b>	<b>7</b>	<b>(233,717)</b>	<b>8,503</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<b>Net cash used in investing activities</b>		<b>-</b>	<b>-</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from borrowings		579,226	-
<b>Net cash provided by financing activities</b>	<b>10</b>	<b>579,226</b>	<b>-</b>
Net (decrease)/increase in cash held		345,509	8,503
Cash and cash equivalents at the beginning of the year		54,534	46,031
<b>Cash and cash equivalents at the end of the year</b>	<b>7</b>	<b>400,043</b>	<b>54,534</b>

The accompanying notes form part of these financial statements.

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 30 JUNE 2017

#### **Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

##### **Basis of Preparation**

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

The financial report covers Mintails Limited ("Company"). Mintails Limited is a listed public company, incorporated and domiciled in Australia.

The financial report complies with International Financial Reporting Standards (IFRS) in their entirety. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards.

The financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

The following is a summary of the material accounting policies adopted in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

##### **Going Concern**

The Group had net current liabilities of \$629,226 as at 30 June 2017, and net cash outflows from operating activities of \$233,717 for the year ended 30 June 2017.

The financial report has been prepared on a going concern basis, which assumes continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business. The Directors believe it is appropriate to prepare these accounts on a going concern basis because under the DOCA effectuated on 2 June 2017 the Company has extinguished or all liabilities associated with the previous administration of the Company. The Company is in the process of being recapitalised, which will involve an acquisition, capital raising, share consolidation, re-compliance with Chapters 1 and 2 of the ASX Listing Rules, and subsequently an ASX relisting.

Should the Group not achieve a recapitalisation and successful ASX re-listing, there is significant uncertainty whether the Group will continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

The financial report does not contain any adjustments relating to the recoverability and classification of recorded assets or liabilities that might be necessary should the Group not be able to continue as a going concern.

##### **Significant Accounting Estimates and Assumptions**

In applying the Company's accounting policies, management continually evaluates estimates and assumptions based on experience and other factors, including expectation of future events that may have an impact on the Group as a whole. All estimates and assumptions made are believed to be reasonable based on the most current set of circumstances available to management. Actual results may differ from the estimates and assumptions.

##### **Incomplete Records – Comparatives**

The 30 June 2016 comparatives included in these financial statements do not contain all the required information or disclosures in relation to transactions undertaken by the Company as this information is unascertainable due to the administration processes and/or the change in directorships and key management personnel.



NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2017

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT)**

**Accounting Policies**

**a. Income Tax**

The income tax expense (revenue) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to profit or loss is the tax payable on taxable income. Current tax liabilities (assets) are measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well unused tax losses.

Current and deferred income tax expense (income) is charged or credited outside profit or loss when the tax relates to items that are recognised outside profit or loss.

Except for business combinations, no deferred income tax is recognised from the initial recognition of an asset or liability, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where: (a) a legally enforceable right of set-off exists; and (b) the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

**b. Financial Instruments**

**Recognition and initial measurement**

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the Company commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified at 'fair value through profit and loss', in which case transaction costs are expensed in the profit or loss immediately..

**Classification and Subsequent Measurement**

Financial instruments are subsequently measured at either: fair value, amortised cost using the effective interest rate method, or cost.

*Amortised cost* is the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the *effective interest method*.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2017

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT)**

The *effective interest method* is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense item in profit or loss.

*Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

Loans and receivables are included in current assets, where they are expected to mature within 12 months after the end of the reporting period.

**Fair value**

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

**De-recognition**

Financial assets are derecognised where the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are discharged, cancelled or expired. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

c. **Cash and Cash Equivalents**

Cash and cash equivalents include cash on hand, deposits available on demand with banks, and other short-term highly liquid investments with original maturities of 3 months or less, and bank overdrafts.

d. **Revenue**

Revenue from the rendering of a service and goods sold is recognised upon the delivery of the goods and service to the customer.

All revenue is stated net of the amount of goods and services tax (GST)/value added tax (VAT).

e. **Goods and Services Tax (GST)**

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the taxation authority are presented as operating cash flows included in receipts from customers or payments to suppliers.

f. **Trade and Other Receivables**

Trade receivables are financial instruments (loans receivables) and are carried at amortised cost using the effective interest rate method less a provision for impairment. However, the effect of amortisation is not considered where they are of a short-term nature. An impairment of receivables is made when collection of the full amount is no longer probable.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2017

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT)**

Receivables from related parties are carried at the amortised cost less provision for impairment. Interest is taken up as income on an accrual basis.

**g. Trade and Other Payables**

Liabilities for trade creditors and other amounts are carried at cost due to their short-term nature which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Company.

Trade and other payables are unsecured and are usually settled within 30 to 90 days of recognition depending on suppliers' terms.

Payables to related parties are carried at the principle amount. Interest, when charged by the lender is recognised as an expense on an accruals basis.

**h. Share Capital**

Ordinary share capital is recognised as the fair value of the consideration received by the Company.

Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

**i. Earnings per Share**

Basic earnings per share is determined by dividing the result for the year after related income tax expense by the weighted average number of ordinary shares outstanding during the financial year.

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

**j. Comparative Figures**

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

**k. Adoption of new and Revised Standards**

For the year ended 30 June 2017, the Company has reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for annual reporting periods beginning on or after 1 July 2016.

It has been determined by the Company that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change is necessary to Company accounting policies.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2017

**NOTE 2: REVENUE AND OTHER INCOME**

	<b>Note</b>	<b>30 June 2017</b>	<b>30 June 2016</b>
		<b>\$</b>	<b>\$</b>
Revenue:			
– Interest received – other parties		-	60
<b>Total revenue</b>		<b>-</b>	<b>60</b>
Non-operating activities:			
– Gain on forgiveness of debt		10,767,980	-
Other non-operating activities		10,767,980	-
<b>Total revenue and other income</b>		<b>10,767,980</b>	<b>60</b>

The Company recognised a \$10,767,980 gain as a result of debts forgiven upon effectuation of the Deed of Company Arrangement on 6 June 2017.

**NOTE 3: LOSS FOR THE YEAR**

The following expense items have been included in arriving at profit or loss for the year:

	<b>Note</b>	<b>30 June 2017</b>	<b>30 June 2016</b>
		<b>\$</b>	<b>\$</b>
<b>a) Finance costs</b>			
Interest & finance charges incurred on borrowings prior to DOCA effectuation		1,029,328	1,592,950
<b>b) Professional fees</b>			
Administration costs		352,751	-
Accountancy & audit costs		55,500	65,000
Legal fees		46,391	-
Other		-	62,352
		<b>454,642</b>	<b>127,352</b>

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2017

**NOTE 4: INCOME TAX EXPENSE/(BENEFIT)**

	Note	30 June 2017 \$	30 June 2016 \$
<b>a) The components of tax expense/(benefit) comprise:</b>			
Current tax expense/(benefit)		-	-
Deferred tax expense/(benefit)		-	-
		-	-
<b>b) The prima facie tax on losses from ordinary activities before income tax is reconciled to the income tax as follows:</b>			
Prima facie tax payable on profit/loss from ordinary activities before income tax at 30% (2016: 30%)		2,822,868	(476,069)
Add			
Tax effect of:			
- Non-deductible legal fees		-	-
- Other permanent adjustments		-	-
Less			
Tax effect of:			
- Section 40-880 deduction		-	-
- Depreciation/capital allowances		-	-
- Other temporary adjustments		-	-
- Other permanent adjustments		(2,822,868)	
Deferred tax asset not brought to account		-	476,069
Income tax attributable to entity		-	-
<b>c) Deferred tax assets not brought to account, the benefits of which will only be realised if the conditions for deductibility set out in note 1(b) is met:</b>			
Carried forward losses		*	*

\*As a result of the administration process the Company is unable to accurately assess the deferred tax asset not brought to account attributable to carry forward tax losses. Whilst no value has been attributed to carry forward tax losses at this time the Company will in due course undertake a comprehensive review to assess whether or not any value can be realised from past tax losses.

**NOTE 5: AUDITORS REMUNERATION**

	Note	30 June 2017 \$	30 June 2016 \$
Remuneration of the auditor of the parent entity for:			
- Audit services		25,000	-

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2017

**NOTE 6: EARNINGS/(LOSS) PER SHARE**

	<b>Note</b>	<b>30 June 2017</b> <b>\$</b>	<b>30 June 2016</b> <b>\$</b>
<b>a) Reconciliation of earnings to profit/loss</b>			
Net profit/(loss) attributable to ordinary equity holders of the parent		9,409,560	(1,586,898)
Add back (loss)/gain attributable to non-controlling interests		-	-
Earning used to calculate basic EPS		9,409,560	(1,586,898)
<b>b) Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS</b>			
Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS		268,894,893	268,894,893
Weighted average number of options outstanding <i>(includes instruments with dilutive impact on EPS only)</i>		-	-
Weighted average number of ordinary shares outstanding during the year used in calculating dilutive EPS		268,894,893	268,894,893
<b>c) Basic earnings/(loss) per share</b>			
		3.50	(0.59)
<b>d) Diluted earnings/(loss) per share</b>			
		3.50	(0.59)

Cents

**NOTE 7: CASH AND CASH EQUIVALENTS**

	<b>Note</b>	<b>30 June 2017</b> <b>\$</b>	<b>30 June 2016</b> <b>\$</b>
Cash at bank		400,043	54,534
		400,043	54,534

At 30 June 2017 the Administrator was in control of the Company's cash balance of \$400,043. The full amount of cash held at 30 June 2017 is not available for use by the Company and was subsequently transferred to the Creditors' Trust.

**Reconciliation of cash flow from operations with loss after income tax**

Profit/(loss) for the period	9,409,561	(1,586,898)
Add back gain on forgiveness of debt	(10,767,980)	-
Add back interest on borrowings	1,029,328	1,592,950
Add back foreign exchange adjustments	(153,791)	(596,339)
(Increase)/decrease in accounts receivable	-	(1,676)
(Increase)/decrease in other current assets	-	1,454
Increase/(decrease) in accounts payable	249,165	598,812
	(233,717)	8,303

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2017

**NOTE 8: TRADE AND OTHER PAYABLES**

	Note	30 June 2017 \$	30 June 2016 \$
<i>Current</i>			
<i>Unsecured liabilities</i>			
Trade payables		-	570,673
Sundry payables and accrued expenses		50,000	433,755
		50,000	1,004,428

**NOTE 9: PAYABLE TO CREDITORS' TRUST**

	Note	30 June 2017 \$	30 June 2016 \$
Payable to Creditors' Trust		400,043	-
		400,043	-

At 30 June 2017 the Administrator was in control of the Company's cash balance of \$400,043. The full balance of amount of cash held at 30 June 2017 is not available for use by the Company and was subsequently transferred to the Creditors' Trust.

**NOTE 10: BORROWINGS**

	Note	30 June 2017 \$	30 June 2016 \$
<i>Unsecured</i>			
Convertible loans		579,226	-
Loan payable to Paige Ltd		-	9,092,914
		579,226	9,092,914

Convertible loans

During the year ended 30 June 2017 a total of \$579,226 was loaned to the Company by CPS Capital and/or its nominees. The convertible loans are interest free, have a face value of \$1.00 and are convertible into fully paid ordinary shares in the Company at the Company's election at a conversion price of \$0.01 per share, subject to the Company obtaining shareholder approval and completing a share consolidation. The Company will seek shareholder approval for the conversion and share consolidation at its 2017 annual general meeting.

Loan payable to Paige Ltd

Working capital funding was provided to the Company by Paige Ltd, a company associated with the Company's majority shareholder, during the year ended 30 June 2015. The loan facility is not secured, bears interest at 15.11%, and has no set date of repayment.

As a result of the matters disclosed in the Incomplete Records - Comparatives section of Note 1 the 30 June 2016 Paige Limited loan payable balances have been obtained from the limited accounting records that have been made available to current management; therefore, the loan balance and related disclosures presented above may not be in accordance with the relevant accounting standards.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2017

**NOTE 11: ISSUED CAPITAL**

	<b>Note</b>	<b>30 June 2017</b>	<b>30 June 2016</b>
		<b>\$</b>	<b>\$</b>
Ordinary shares	11a	265,665,000	265,665,000
Options over shares	11b	14,841,000	14,841,000
		280,506,000	280,506,000

**a) Ordinary shares**

	<b>Note</b>	<b>Number</b>	<b>\$</b>
Balance at 1 July 2015		268,894,893	265,665,000
Shares issued during the year		-	-
Transaction costs relating to share issues		-	-
Balance at 30 June 2016		268,894,893	265,665,000
Shares issued during the year		-	-
Transaction costs relating to share issues		-	-
Balance at 30 June 2017		268,894,893	265,665,000

Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held. At the shareholders meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote of a show of hands. The shares have no par value.

**b) Options**

	<b>Note</b>	<b>Number</b>	<b>\$</b>
Balance at 1 July 2015		6,800,000	14,841,000
Options issued during the year		-	-
Options lapsed or cancelled		-	-
Options exercised during the year		-	-
Balance at 30 June 2016		6,800,000	14,841,000
Options issued during the year		-	-
Options lapsed or cancelled		-	-
Options exercised during the year		-	-
Balance at 30 June 2017		6,800,000	14,841,000

**c) Share based payments**

***Share based payments issued during the year***

No new share based payment arrangements occurred during the years ended 30 June 2017 and 30 June 2016.



NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2017

**NOTE 11: ISSUED CAPITAL (CONT)**

***Current share based payments in existence***

Series Issued	Quantity		Grant Date	Expiry Date	Exercise Price	Value Attributed at Grant Date
21/12/2011 (32)	1,600,000	(i)	24/11/2011	21/12/2017	\$0.18	\$0.0430
21/12/2011 (33)	1,600,000	(i)	24/11/2011	21/12/2017	\$0.24	\$0.0398
21/12/2011 (34)	800,000	(ii)	24/11/2011	21/12/2018	\$0.18	\$0.0349
21/12/2011 (35)	800,000	(ii)	24/11/2011	21/12/2018	\$0.24	\$0.0328
21/12/2012 (37)	600,000	(i)	21/12/2012	20/12/2018	\$0.16	\$0.0456
21/12/2012 (38)	600,000	(i)	21/12/2012	20/12/2018	\$0.22	\$0.0414
21/12/2012 (39)	800,000	(i)	21/12/2012	20/12/2018	\$0.30	\$0.0376
	<u>6,800,000</u>					

All options vested upon issue except as follows:

- (i) Options vest over 1 year from date of issue.
- (ii) Options vest over 2 years from date of issue.

All options are to be settled with the physical delivery of ordinary shares.

The weighted average fair value of options granted during the year was nil (30 June 2016: nil).

Historical volatility has been the basis for determining expected share price volatility as it is assumed that this is indicative of future tender, which may not eventuate.

The life of the options is based on the historical exercise pattern of options, being the expiry date of the options, which may not eventuate in the future.

The value of share based payments expensed to profit or loss during the year is nil (30 June 2016: nil).

***Reconciliation of outstanding share based payments***

	Note	Number	Weighted average exercise price \$
Balance at 1 July 2015		-	-
Granted during the year		-	-
Exercised during the year		-	-
Lapsed or cancelled during the year		-	-
Balance at 30 June 2016 – issued and exercisable		6,800,000	\$2.171
Granted during the year		-	-
Exercised during the year		-	-
Lapsed or cancelled during the year		-	-
Balance at 30 June 2017 – issued and exercisable		6,800,000	\$0.2171

The share options outstanding at the end of the year had exercise prices in the range of \$0.16 to \$0.30 (30 June 2016: \$0.16 to \$0.30), and a weighted average remaining contractual life of 1.01 years (30 June 2016: 2.01 years).

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

### NOTE 12: SEGMENT REPORTING

The Company has identified its operating segment based on internal reports that are reviewed by the Board and management. The company has one operating segment.

### NOTE 13: EVENTS AFTER THE REPORTING PERIOD

From July to October 2017, the Company received additional proceeds from convertible loans of \$150,774 on the same terms and conditions as those disclosed at Note 10.

### NOTE 14: RELATED PARTY TRANSACTIONS

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

	Note	30 June 2017 \$	30 June 2016 \$
Value of convertible loans from Mr Steve Formica		150,000	-
Value of convertible loans from Lantech Developments Pty Ltd <DAC Family A/C>, a company related to Mr Daryl Henthorn		50,000	-
Loan given by Paige Limited, an entity controlled by Rex Harbour, a substantial shareholder with significant influence over Mintails Limited		-	9,092,914

Working capital funding was provided to the Company by Paige Ltd, a company associated with the Company's majority shareholder, during the year ended 30 June 2015. The loan facility is not secured, bears interest at 15.11%, and has no set date of repayment.

As a result of the matters disclosed in the Incomplete Records – Comparatives section of Note 1 the 30 June 2016 Paige Limited loan payable balance has been obtained from the limited accounting records that have been made available to current management; therefore, the loan balance and related disclosures presented above may not be in accordance with the relevant accounting standards.

### NOTE 15: FINANCIAL INSTRUMENTS

#### Capital Management

The Company's objectives and policies are to maintain a strong and flexible capital base to maintain investor, creditor and market confidence and to sustain future development of the business.

The Company's capital includes ordinary share capital and share options. There are no externally imposed capital requirements.

Management effectively manages the Company's capital by assessing the Company's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of return on capital (defined as total shareholders' equity attributable to members divided by number of shares on issue), distributions to shareholders and share issues.

#### Financial Risk Management

The Company's activities expose it to a variety of financial risks including credit risk and liquidity risk.

Please refer to the going concern section at Note 1 for further information.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2017

**NOTE 15: FINANCIAL INSTRUMENTS (CONT)**

**a) Credit Risk**

The Company ensures that surplus cash is invested with financial institutions of appropriate credit worthiness and limits the amount of credit exposure to any one counter party.

The carrying amount of the Company's financial assets represents the maximum credit exposure. The Company's maximum credit exposure to credit risk at the end of the reporting period was as follows:

	<b>Carrying Amount</b>	
	<b>30 June 2017</b>	<b>30 June 2016</b>
	<b>\$</b>	<b>\$</b>
Cash and cash equivalents	400,043	54,534
Loans and receivables	-	4,022
	<b>400,043</b>	<b>58,556</b>

**b) Liquidity Risk**

Please refer to the going concern section at Note 1 for information regarding the Company's liquidity risk.

**2017**

	<b>Due within 1 year</b>	<b>Due 1-5 years</b>	<b>Over 5 years</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<i>Financial liabilities due to payment</i>				
Trade and other payables	50,000	-	-	50,000
Payable to creditors' trust	400,043			400,043
Loans and other financial liabilities	579,226	-	-	579,226
Total expected outflows	1,029,269	-	-	1,029,269
<i>Financial assets – cash flows receivable</i>				
Cash and cash equivalents	400,043	-	-	400,043
Total expected inflows	400,043	-	-	400,043
Net outflow on financial instruments	629,226	-	-	629,226

**2016**

As a result of the matters disclosed in the Incomplete Records - Comparatives section of Note 1 the 2016 comparative information has not been presented.

**c) Fair values**

The carrying amounts of financial assets and liabilities as shown in the statement of financial position are equivalent to their fair values.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2017

**NOTE 16: PARENT ENTITY INFORMATION**

The following information has been extracted from the books and records of the parent and has been prepared in accordance with the accounting standards described in Note 1.

	30 June 2017	30 June 2016
	\$	\$
<b>STATEMENT OF FINANCIAL POSITION</b>		
<b>ASSETS</b>		
Current assets	400,043	58,556
Non-current assets	-	-
<b>TOTAL ASSETS</b>	<b>400,043</b>	<b>58,556</b>
<b>LIABILITIES</b>		
Current liabilities	1,029,269	10,097,342
Non-current liabilities	-	-
<b>TOTAL LIABILITIES</b>	<b>1,029,269</b>	<b>10,097,342</b>
<b>EQUITY</b>		
Issued capital	280,506,000	280,506,000
Accumulated losses	(281,135,226)	(290,544,786)
<b>TOTAL DEFICIT</b>	<b>(629,226)</b>	<b>(10,038,786)</b>
<b>STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME</b>		
Total profit/(loss)	9,409,560	(1,586,898)
Total comprehensive income/(loss)	9,409,560	(1,586,898)

**Contractual commitments, guarantees and contingent liabilities**

Following effectuation of the DOCA on 6 June 2017 all liabilities, contingent liabilities, obligations, warranties and long-term commitments of the Company were released.

No contingent liabilities were incurred in the interval between balance date and the date of this financial report.

**NOTE 17: COMPANY DETAILS**

***The registered office and principal place of business of the Company is:***

Mintails Limited

Suite 1

1233 High Street

Armadale, Victoria Australia 3143

## Directors' Declaration

In the opinion of the Directors of Mintails Limited:

1. The Directors' opinion, the financial statements and accompanying notes, are in accordance with the Corporations Act 2001 and:
  - a. Comply Australian Accounting Standards and the Corporations Regulations 2001; and
  - b. Give a true and fair view of the Company's financial position as at 30 June 2017 and of its performance for the year ended on that date;
2. Note 1 confirms that the financial statements also comply with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB);
3. Subject to the matters highlighted in Note 1, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable;
4. The remuneration disclosures included in the Directors' Report (as part of the audited Remuneration Report) for the year ended 30 June 2017, comply with section 300A of the Corporations Act 2001; and
5. The Directors have been given the declarations required by S295A of the Corporations Act 2001.

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



Steve Brockhurst

Director

Perth WA

31 October 2017

## CORPORATE GOVERNANCE STATEMENT

Management and the Directors who are in office at the date of this report had no involvement in adopting, implementing, monitoring, or complying with the Company's Corporate Governance Policies. Corporate governance policies of the Company have not been detailed here as they may or may not have been in place during the year.

If the recapitalisation process is successful, the Directors who are in office at the date of this report will adopt new corporate governance policies in accordance with the corporate governance framework to be adopted by the Board.

## ADDITIONAL ASX INFORMATION

### Ordinary Share Capital

268,894,893 Ordinary Fully Paid Shares are held by 1,664 holders.

### Voting Rights

The voting rights attaching to ordinary shares are that on a show of hands every member present in person or by proxy shall have one vote and upon a poll each share shall have one vote. Options do not carry any voting rights.

### Distribution of Holders of Equity Securities

Ordinary Fully Paid Shares

Holding Ranges	Holders	Total Units	% Issued Share Capital
1 – 1,000	1,150	324,388	0.12%
1,001 – 5,000	273	710,867	0.26%
5,001 – 10,000	75	580,269	0.22%
10,001 – 100,000	124	4,306,375	1.60%
100,001 – 9,999,999,999	42	262,972,994	97.80%
<b>Totals</b>	<b>1,664</b>	<b>268,894,893</b>	<b>100%</b>

### Unmarketable Parcels

The securities of the Company remain in suspension pending completion of the capital raising and re-listing of the Company. There being no trading history we are unable to provide the number of holders holding less than a marketable parcel.

### Restricted Securities

There are no restricted securities or securities subject to voluntary escrow on issue.

### Substantial Holders

	Shares	%
MR SEAGAR REX HARBOUR	103,012,906	38.31%
CITICORP NOMINEES PTY LIMITED	46,175,638	17.17%
J P MORGAN NOMINEES AUSTRALIA LIMITED	17,723,525	6.59%
REALSTAR FINANCE PTY LTD	15,586,629	5.80%
MR TONY STELLA & MRS ENEA STELLA	12,943,517	4.81%
MR TONY STELLA & MS ENEA STELLA	11,753,955	4.37%

## ADDITIONAL ASX INFORMATION

### Top 20 Holders of Quoted Shares

Position	Holder Name	Shares	%
1	MR SEAGAR REX HARBOUR	103,012,906	38.31%
2	CITICORP NOMINEES PTY LIMITED	46,175,638	17.17%
3	J P MORGAN NOMINEES AUSTRALIA LIMITED	17,723,525	6.59%
4	REALSTAR FINANCE PTY LTD	15,586,629	5.80%
5	MR TONY STELLA & MRS ENEA STELLA	12,943,517	4.81%
6	MR TONY STELLA & MS ENEA STELLA	11,753,955	4.37%
7	ESTELVILLE NOMINEES PTY LTD	9,956,008	3.70%
8	MS BARBARA BRENDA GREEN	9,000,000	3.35%
9	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	7,365,429	2.74%
10	ANTNEA PTY LTD	6,875,633	2.56%
11	NEFCO NOMINEES PTY LTD	6,000,000	2.23%
12	MR DAVID NEIL CONSTABLE	5,687,885	2.12%
13	MR THOMAS CONSTABLE-MCDOWELL	1,816,526	0.68%
14	BANK GUTENBERG AG	1,136,364	0.42%
15	HONAN PTY LTD	1,087,986	0.40%
16	MR IANAKI SEMERDZIEV	697,517	0.26%
17	MR IVAN BROOKFIELD & MRS GLENYCE BROOKFIELD	649,023	0.24%
18	BNP PARIBAS NOMS PTY LTD	603,597	0.22%
19	ABN AMRO CLEARING SYDNEY NOMINEES PTY LTD	427,627	0.16%
20	ASGARD CAPITAL MANAGEMENT LTD	302,528	0.11%
<b>Subtotal</b>		<b>258,802,293</b>	<b>96.24%</b>
Others		10,092,600	3.76%
<b>Total Issued Capital</b>		<b>268,894,893</b>	<b>100.0%</b>



## ADDITIONAL ASX INFORMATION

### Unquoted Securities on Issue

The Company also has on issue the following share options:

Quantity	Expiry	Exercise Price
1,600,000	21/12/2017	\$0.18
1,600,000	21/12/2017	\$0.24
800,000	21/12/2018	\$0.18
800,000	21/12/2018	\$0.24
600,000	20/12/2018	\$0.16
600,000	20/12/2018	\$0.22
800,000	20/12/2018	\$0.30
<b>6,800,000</b>		

The names of the security holders holding more than 20% of an unlisted class of security are as follows:

	Unlisted options						
	\$0.18	\$0.24	\$0.18	\$0.24	\$0.16	\$0.22	\$0.30
	21 Dec 2017	21 Dec 2017	21 Dec 2018	21 Dec 2018	20 Dec 2018	20 Dec 2018	20 Dec 2018
MR LAURENCE JONATHON	400,000	400,000	200,000	200,000	-	-	-
BEDORD TITLEY PTY LIMITED	400,000	400,000	200,000	200,000	-	-	-
MR HOWARD CARR	400,000	400,000	200,000	200,000	-	-	-
MR MARK BRUNE	400,000	400,000	200,000	200,000	-	-	-
BNP PARIBAS NOMS PTY LTD	-	-	-	-	600,000	600,000	800,000
<b>TOTALS</b>	<b>1,600,000</b>	<b>1,600,000</b>	<b>800,000</b>	<b>800,000</b>	<b>600,000</b>	<b>600,000</b>	<b>800,000</b>