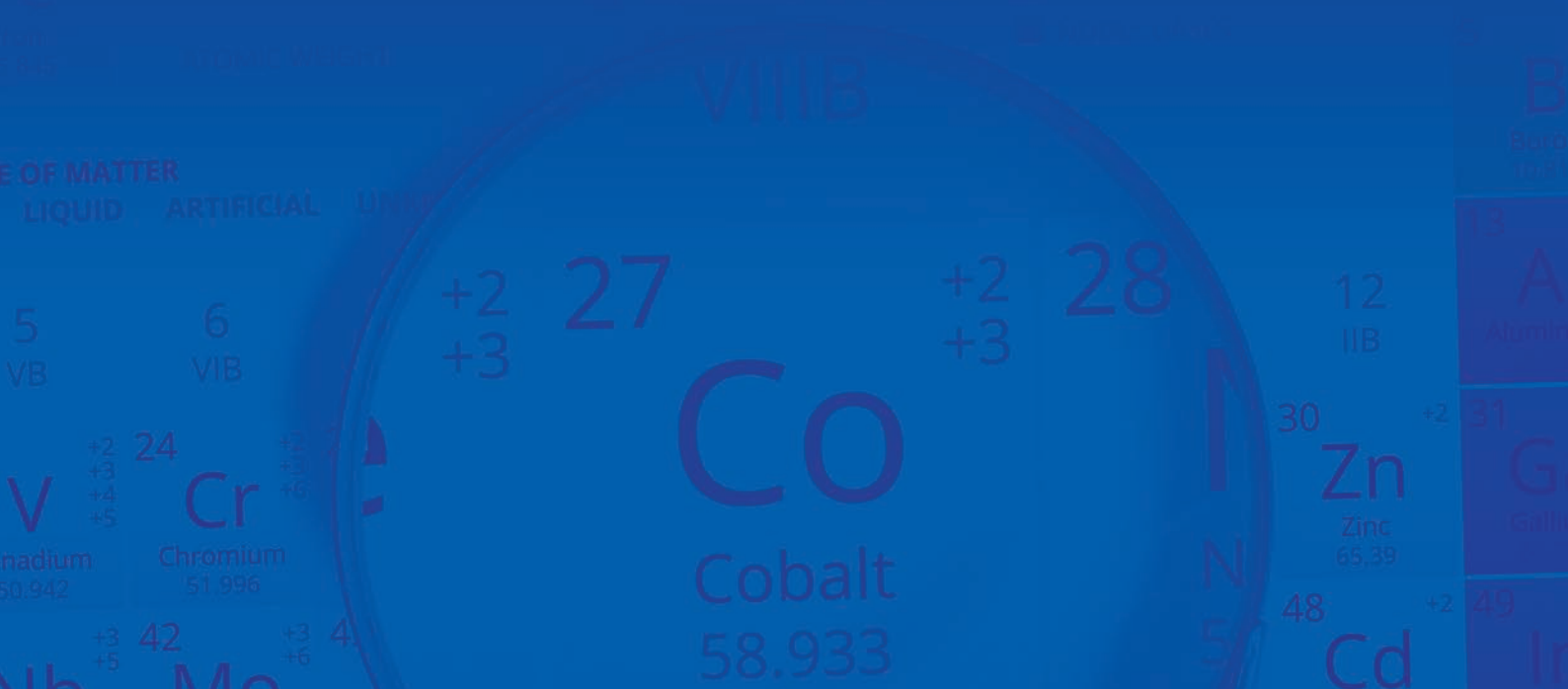




COLLERINA
Cobalt Limited

2017 Annual Report



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Dear Fellow Shareholders

The last year has been an eventful one for your Company. This included the change of Company name to Collierina Cobalt Limited, reflecting the renewed focus on the Collierina Project in central NSW, the completion of an updated internal scoping study of Wonogiri's Randu Kuning deposit, the completion of a two tranche capital raising and the acquisition of the highly prospective Becker gold-silver project in Chile.



While the Company's staged earn-in to the Becker Project is opportunistic and provides future optionality across a highly prospective tenement package, the Company's primary focus is the continued development of its Collierina Project and to this end I am pleased to say we have made steady progress over the course of 2017.

The recently completed drill campaign at Collierina's Homeville deposit continued to return high nickel and cobalt grades over significant thicknesses and length, with material levels of aluminium also supporting our ambitions to produce a high purity alumina (HPA) product in addition to nickel and cobalt.

Further Counter Current Atmospheric Leaching (CCAL) testwork is currently underway to optimise nickel and cobalt recoveries and more recently HPA testwork has commenced, under which pregnant leach solution from the CCAL process is being run through a proprietary aluminium solvent extraction process to produce batch samples of HPA. These metallurgical results will be significant milestones for the Company and potentially serve as material catalysts to the Company's valuation.

In thanking you for your support over the last year I also encourage you to look forward to the next 12 months with optimism.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Norman A. Seckold'.

Norman A. Seckold

OVERVIEW

Collerina Cobalt Limited ('Collerina Cobalt' or 'the Company') is an Australian based, ASX-listed exploration and development Company led by a highly experienced Board and management team with an extensive track record in exploration, project development and value creation for the benefit of shareholders.

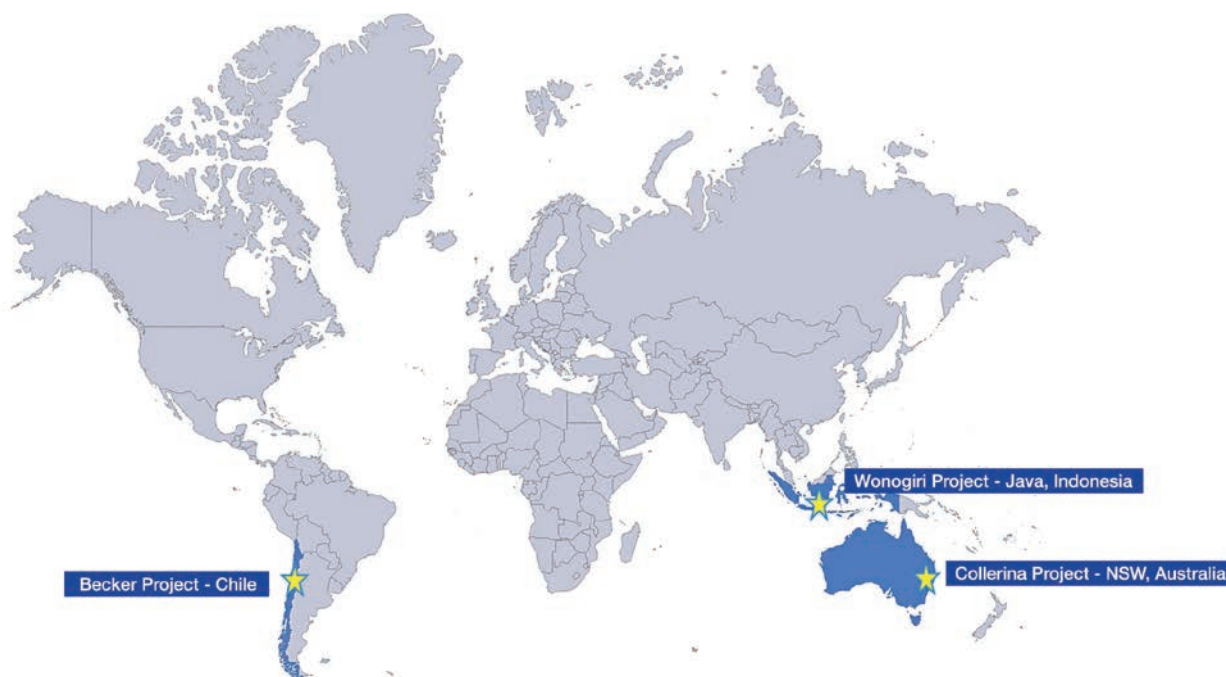
In early 2017 the Company changed its name from Augur Resources Limited to Collerina Cobalt Limited, reflecting its focus on advancing its 100% owned Collerina nickel-cobalt project which is located approximately 40 kilometres south of Nyngan in central NSW.

The Company's vision is to combine its experience in exploration and project development with proprietary processing technologies to produce technology metals of the future. As the Company looks to expand its existing JORC resource (currently comprising an estimated 16.3 million tonnes at 0.93% nickel and 0.05% cobalt) Collerina is also undertaking Counter Current Atmospheric Leaching

(CCAL) metallurgical testwork to initially produce a mixed cobalt-nickel sulphide precipitate, with further treatment of the CCAL's Pregnant Leach Solution (PLS) being assessed to produce a 4N (99.99%) High Purity Alumina (HPA) product.

With the increasing adoption of clean, energy efficient technologies such as lithium-ion batteries and LED lighting the Company sees strong future demand growth for the nickel, cobalt and HPA products it intends to produce.

The Company also has a pipeline of exploration projects in Chile and Indonesia.



Location map of the Company's projects.

Collerina (100% Collerina and subject to farm-out agreement)

The Collerina project is located 40 kilometres south of Nyngan in central NSW, covering an area of 150km² within the Fifield Platinum Province. The tenement contains the Homeville nickel-cobalt deposit, which was discovered by Collerina Cobalt in 2008. The Company and Helix Resources Limited ('Helix') are parties to an exploration and development agreement over the Collerina project whereby Helix receives 100% of the precious and base metal rights (excluding nickel and cobalt mineralisation), with Collerina Cobalt retaining a 1.5% net smelter royalty over any discoveries by Helix. Collerina Cobalt retains 100% ownership of the known nickel and cobalt mineralisation within the Homeville, Yethella and C1 Anomaly areas, however, Helix can explore these areas for precious metals and other base metals, subject to the terms of the agreement.

Homeville Deposit

Collerina Cobalt announced the initial JORC compliant resource estimate for the Homeville nickel-cobalt deposit within the Collerina tenement during the 2009 financial year and an updated resource estimate in 2011. The Homeville deposit has a currently reported JORC compliant resource of 16.3 million tonnes at 0.93% nickel and 0.05% cobalt based on a cut-off of 0.7% nickel (4.4 million tonnes Indicated resource of 0.99% nickel and 0.06% cobalt and 11.9 million tonnes Inferred resource of 0.91% nickel and 0.05% cobalt).

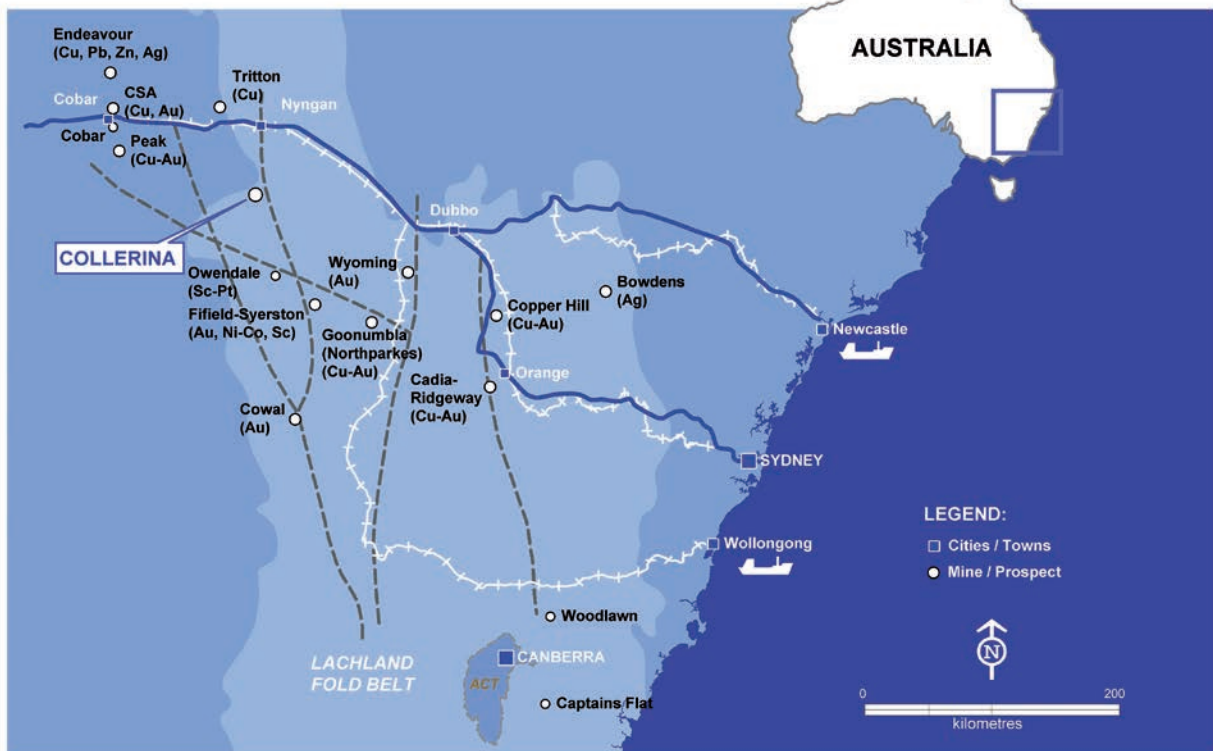


Figure 1: Collerina project situated about 40 kilometres south of Nyngan, NSW.

Collerina Drill Program

During the year the Company commenced a planned 45 hole reverse circulation (RC) drill program at its Collerina project. Exploration activities to date have successfully focused on the definition of a nickel resource. The objectives of this program were to confirm the continuity of enriched cobalt mineralisation hosted within a shallow oxide zone in the Homeville prospect area and test the potential for additional cobalt mineralisation within undrilled extensions of the Homeville and Yathella prospect high magnetic trends.

Thirty-eight holes were completed to an average depth of 60 metres for a total of 1,726 metres. Assays of 2 metre composite samples have been received for all holes and significant assays for each hole are provided in Tables 1 and 2.

Results indicate the occurrence of shallow high-grade cobalt and nickel mineralisation over significant thickness and length within the Homeville prospect area. Significant intersections include:

- 46 metres (8-54 metres) of 0.11% Co and 0.64% Ni in hole CCR-21, including:
- 18 metres (24-42 metres) of 0.21% Co;
- 38 metres (10-48 metres) of 0.12% Co and 1.01% Ni in hole CCR-22.

The results also indicate the occurrence of discrete shallow zones of very high grade Co:

- 0.56% Co and 0.77% Ni over 4 metres (40-44 metres) in hole CRR-23;
- 0.70% Co and 0.88% Ni over 4 metres (18-22 metres) in hole CCR-32, including:
- 1.02% Co and 1.07% Ni over 2 metres (18-20 metres).

The occurrence of high grade nickel mineralisation is also indicated by intersections of:

- 28 metres (5-33 metres) of 1.48% nickel including 8 metres (5-13 metres) of 0.17% cobalt in hole CCR-18; and
- 18 metres (2-20 metres) of 1.24% nickel in hole CCR-17.

Previous drilling in 2010 intersected significant cobalt mineralisation within the Homeville deposit area over approximately 1.5 kilometres in length. The results included:

- 28 metres of 0.18% cobalt with 0.92% nickel;
- 14 metres of 0.25% cobalt with 1.00% nickel; and
- 16 metres of 0.23% cobalt with 1.20% nickel.

The current drilling confirms the continuity of high grade cobalt and nickel mineralisation within the current JORC-compliant inferred mineral resource. Mineralisation is open along strike and at depth.

The drill results have confirmed the occurrence of thick intersections of cobalt and nickel mineralisation within a shallow oxide zone. The drilling also confirmed the continuity of mineralised zones intersected in previous drilling, providing confidence of grade in areas of inferred classified resources defined by the current JORC resource estimate. The drilling also indicates that there is potential to extend the cobalt-nickel resource at depth as indicated by hole CCR-19 which ended in mineralisation, intersecting 0.09% Co and 0.96% nickel in the bottom 12 metres (48-60 metres).

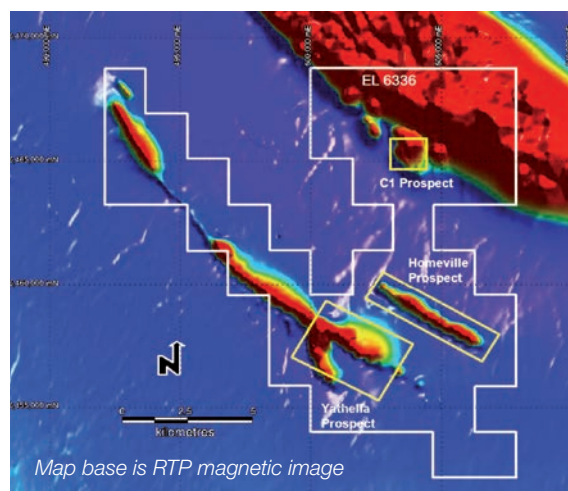


Figure 2: Plan view of the Collerina licence area (EL 6336) showing Homeville and Yathella prospect areas reflected by defined high magnetic linears and the C1 prospect to the north.

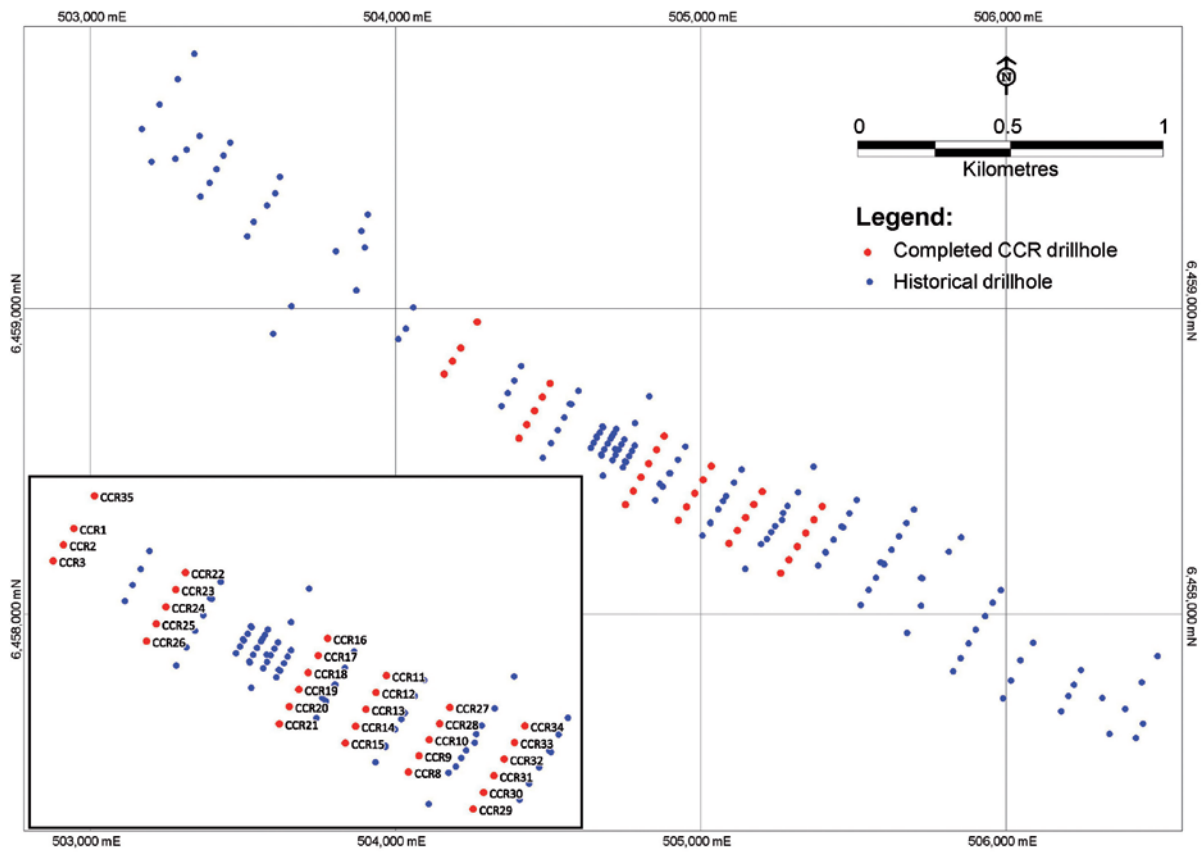
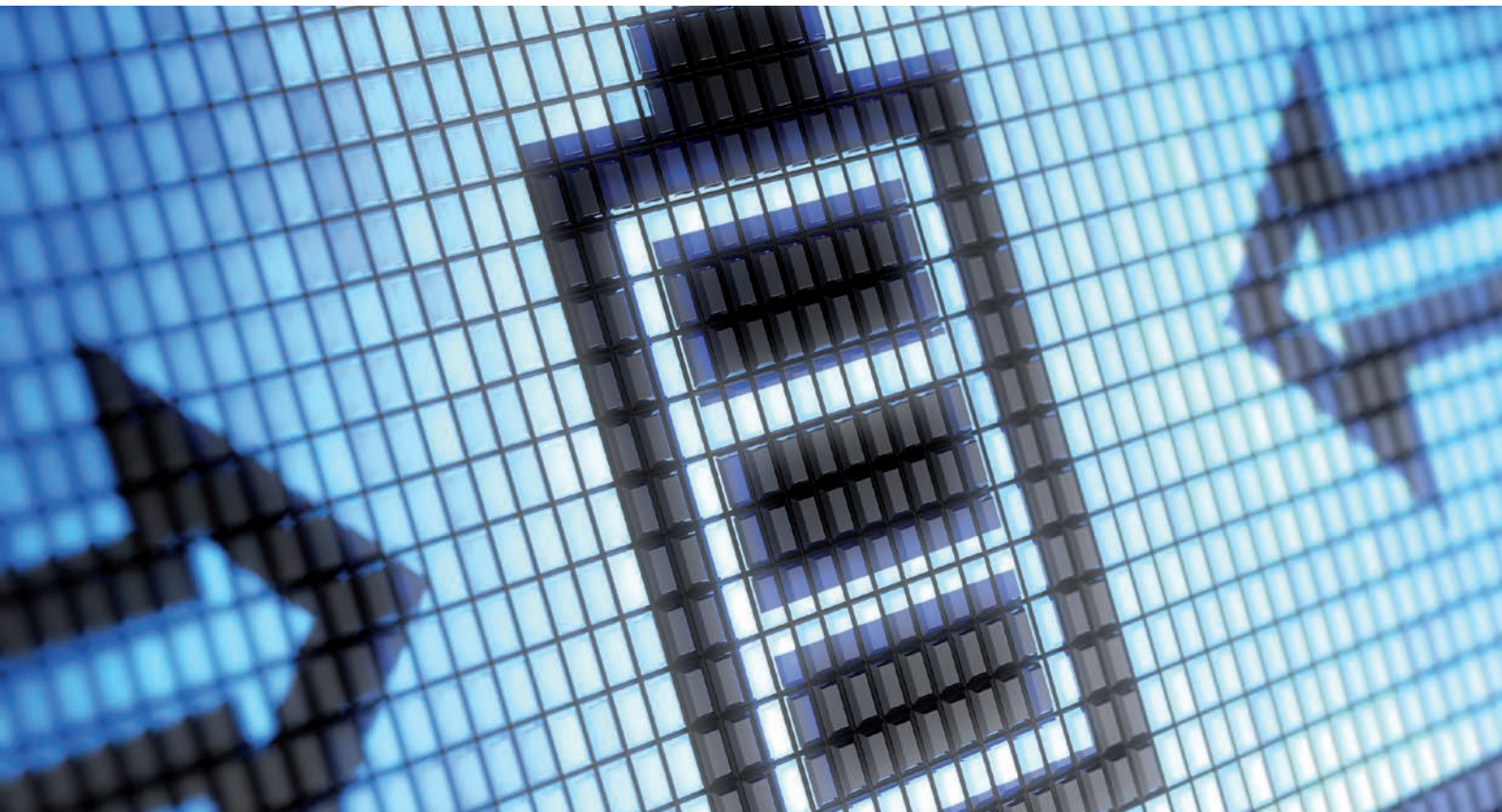


Figure 3: Plan view of the Homeville prospect area showing location of completed drill holes and historical drill holes.



The drill results also indicate the presence of significantly enriched aluminium in shallow oxide mineralisation adjacent to the cobalt and nickel mineralisation. Hole CCR-16 intersected 11.17% Al over 10 metres (22-32 metres) and hole CCR-19 intersected 10.41% Al over 20 metres from surface. Drilling adjacent to the Yathella prospect intersected 11.24% Al over 26 metres in CCR-37. The enrichment is likely related to clay development in the upper part of the laterite profile. Future metallurgical testwork will evaluate the feasibility of recovering aluminium to produce a HPA product.

Significant Intersections ($\geq 0.05\%$ Co or $\geq 0.5\%$ Ni)						
Homeville Prospect Area						
Hole ID	Al %	Co %	Ni %	Interval (m)	Prospect	Hole Depth
CCR-1	1.24	0.02	0.73	6m (7-13m)	Homeville	26
CCR-2	Not sampled - bedrock				Homeville	16
CCR-3	No significant assays (nsa)				Homeville	49
CCR-8	7.89	0.01	0.68	2m (20-22m)	Homeville	42
CCR-9	6.01	0.05	0.86	26m (0-26m)	Homeville	26
incl	5.52	0.11	1.06	8m (14-22m)		
CCR-10	4.86	0.09	0.65	35m (0-35m)	Homeville	35
incl	5.64	0.14	0.72	10m (2-12m)		
CCR-11	No significant assays				Homeville	57
CCR-12	Not sampled - bedrock				Homeville	
CCR-13	Not sampled - bedrock				Homeville	
CCR-14	5.02	0.07	0.73	6m (2-8m)	Homeville	37
and	2.27	0.03	0.89	24m (4-28m)		
CCR-15	6.32	0.08	0.57	2m (2-4m)	Homeville	46
CCR-16	No significant assays				Homeville	60
CCR-17	3.48	0.04	1.14	18m (2-20m)	Homeville	22
incl	3.35	0.07	1.09	6m (0-6m)		
CCR-18	3.59	0.06	1.43	30m (5-35m)	Homeville	35
incl	10.86	0.08	0.53	8m (1-9m)		
incl	8.38	0.17	0.96	8m (5-13m)		
CCR-19	4.87	0.04	0.91	40m (20-60m)	Homeville	60
incl	5.19	0.09	0.96	12m (48-60m)		
CCR-20	No significant assays				Homeville	60
CCR-21	4.73	0.10	0.64	48m (6-54m)	Homeville	60
incl	5.05	0.21	0.55	18m (24-42m)		
CCR-22	5.90	0.09	0.88	48m (2-50m)	Homeville	60
incl	5.57	0.13	1.03	36m (12-48m)		
incl	6.81	0.22	0.79	4m (24-28m)		
CCR-23	4.88	0.08	0.57	18m (0-18m)	Homeville	56
incl	6.66	0.30	0.59	4m (14-18m)		
and	4.74	0.22	0.39	6m (26-32m)		
incl	7.44	0.50	0.51	2m (30-32m)		
and	4.63	0.16	0.75	18m (38-56m)		
incl	7.18	0.56	0.77	4m (40-44m)		
CCR-24	7.99	0.07	0.56	42m (0-42m)	Homeville	44
and	7.09	0.11	0.74	20m (20-40m)		
CCR-25	5.31	0.09	0.77	20m (2-22m)	Homeville	51
incl	3.65	0.13	1.18	4m (14-18m)		
and	7.08	nsa	0.30	15m (36-51m)		
CCR-26	No significant assays				Homeville	42
CCR-27	No significant assays				Homeville	63
CCR-28	3.28	0.07	0.71	10m (2-12m)	Homeville	12
CCR-29	No significant assays				Homeville	60
CCR-30	No significant assays				Homeville	22
CCR-31	2.88	0.11	0.44	2m (10-12m)	Homeville	
and	2.59	0.02	0.75	18m (12-30m)		
CCR-32	8.74	0.14	0.59	26m (0-26m)	Homeville	60
incl	7.98	0.39	0.67	10m (16-26m)		
incl	8.73	0.70	0.88	4m (18-22m)		
and	4.80	0.05	1.08	28m (32-60m)		
CCR-33	6.86	0.05	0.70	32m (28-60m)	Homeville	60
incl	7.86	0.06	0.80	8m (52-60m)		
CCR-34	7.92	nsa	nsa	60m (0-60m)	Homeville	60
CCR-35	7.32	nsa	nsa	55m (0-55m)	Homeville	55

Table 1: Significant Co, Ni and Al intersections from the Homeville prospect area.

Yathella Prospect Area

7 holes for a total of 470 metres were drilled adjacent to the Yathella prospect. The holes were located to test geological and magnetic targets which could represent serpentinite occurrences.

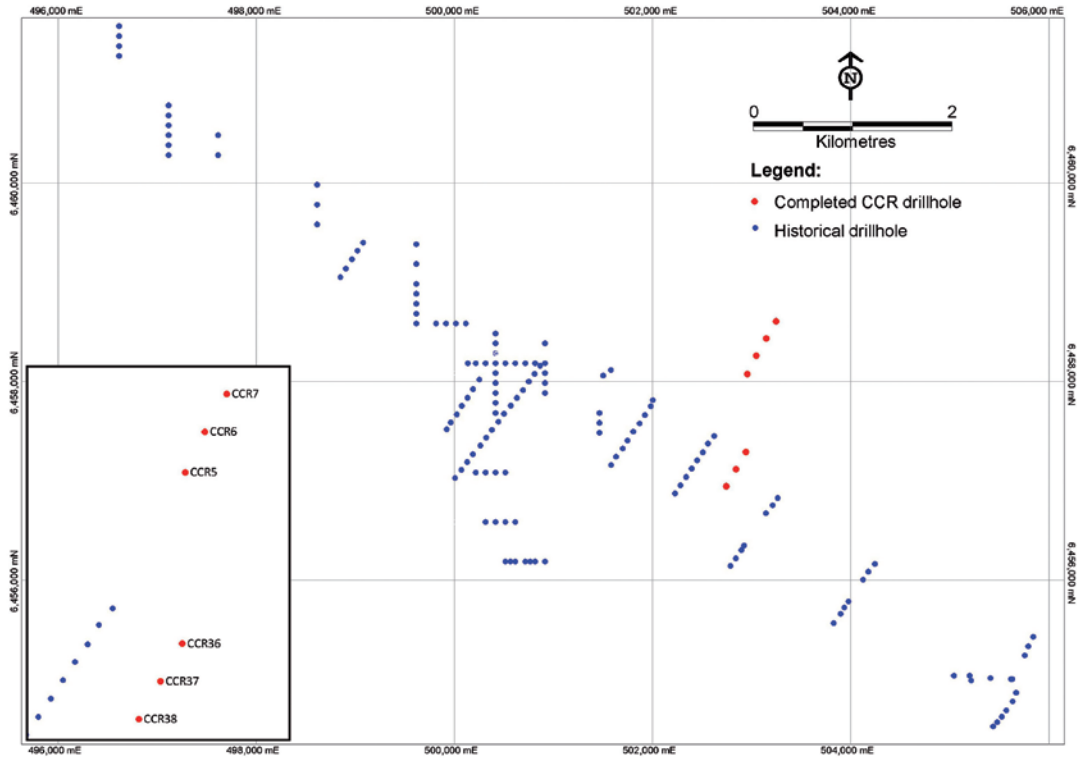


Figure 4: Plan view of the Yathella prospect area showing location of completed drill holes.

Significant Al% Intersections - Yathella Prospect Area						
Hole ID	Al %	Co %	Ni %	Interval (m)	Prospect	Hole Depth
CCR-4	7.75	nsa	nsa	71m (8-79m)	Yathella	79
CCR-5	8.40	nsa	nsa	54m (0-54m)	Yathella	54
CCR-6	7.31	nsa	nsa	43m (0-43m)	Yathella	59
CCR-7	8.59	nsa	nsa	26m (20-46m)	Yathella	51
CCR-36	8.28	nsa	nsa	52m (0-52m)	Yathella	52
CCR-37	9.79	nsa	nsa	60m (0-60m)	Yathella	60
incl	11.24	nsa	nsa	26m (2-28)	Yathella	
CCR-38	7.45	nsa	nsa	60m (0-60m)	Yathella	60

Table 2: Significant Al intersections from the Yathella prospect area.

Metallurgical Testwork Program

The Company has provided a bulk composite sample for further CCAL test work to optimise recoveries of cobalt and nickel and also testing of the CCAL Pregnant Leach Solution ('PLS') to produce a high purity alumina ('HPA') product.

Previous testwork on Homeville's ore utilising the CCAL process returned overall nickel recoveries of 90% and excellent cobalt recoveries of 96% with very low overall acid consumption of 710 kg/tonne ore.

The CCAL process utilises 2 stages of leaching:

- Stage 1 - ore is leached in a depleted free acid concentration solution producing a pregnant leach solution with relatively low residual acidity. The leach residue solids from the first stage are then washed and forwarded to the second stage of leaching.
- Stage 2 - a concentrated sulphuric acid is used to liberate the more tenacious material. The leach solution from the second stage, with a higher residual free acid concentration, is recycled to the first stage leach as the acid source.

To further enhance this work, the Company will also evaluate the CMN Process which separates cobalt and nickel, to produce a high purity cobalt carbonate, cobalt sulphate or cobalt metal product and nickel cathodes.

Follow Up Work Program

Based on the excellent results returned from the recent and previous drilling the Company will plan a follow up drill program to further test the Homeville high-magnetic trend along strike to the northwest. This has the potential to significantly expand the current JORC resource. The Company will also test other target areas within the Yathella Prospect and the C1 prospect adjacent to the Honeybugle Complex where historical drill reports indicate the presence of high-grade cobalt (0.4%) in ultramafic rock.

Results from the completed drill program and ongoing metallurgical testwork will form the basis of a scoping study to be completed by the Company.

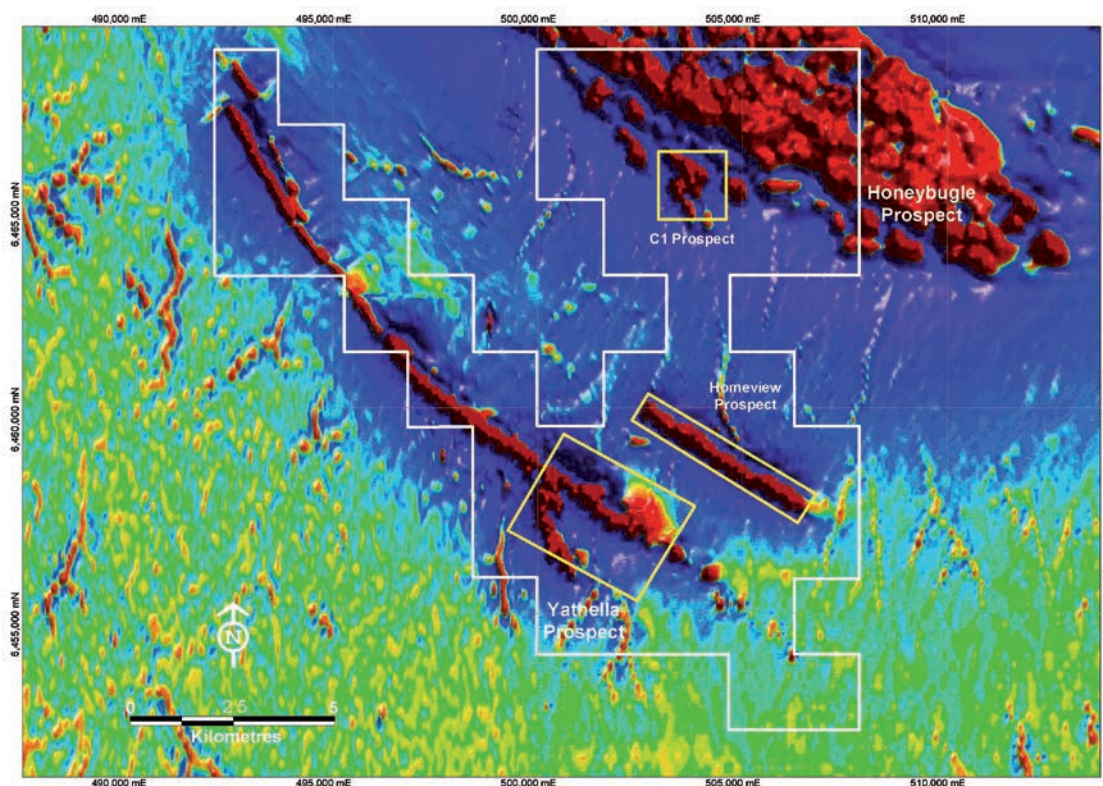


Figure 5: Plan view of the Collierina licence area (EL 6336) showing Homeville and Yathella prospect areas on the first vertical derivative magnetic image. The location of the C1 prospect hosting several discrete ultramafic bodies adjacent to the large Honeybugle ultramafic complex is also indicated. Historical drilling in the C1 area reports intersections of high-grade cobalt (up to 0.4% cobalt).

Becker Gold Project (Collerina Cobalt - Earning up to 85%)

During the year the Company incorporated a new wholly-owned subsidiary company, Carlin Resources Pty Ltd ('Carlin'), to undertake due diligence of mineral properties in South America. The Becker property in Region VII of Chile was selected after evaluation of numerous mineral properties in Chile, Argentina and Peru. Following the completion of technical due diligence of the Becker property, a decision was reached by the Company to exercise its option and proceed to a Joint Venture Earn-in agreement.

The 2,000 hectare Becker property covers 2 main zones of intermediate to low sulphidation epithermal gold-silver veining that were discovered in 1995. Collectively the two zones extend over approximately 3.0 kilometres in length and 500 metres in width. No previous geophysics or drilling were completed.

Discovery and exploration of the main Veta Lajuelas prospect began in late 1995 by Arauco Resources Corporation. This work returned anomalous gold values along the entire trend, with maximum values ranging from 23.5 g/t Au to 79.0 g/t Au. Follow-up geological mapping and geochemistry at the time encountered a total of 11 individual, steeply-dipping, massive, drusy and colloform banded, quartz veins

over a total strike length of 350 metres and widths varying from 0.5 to 7.5 metres. Extensive hand pitting and backhoe trenching across the veins along strike returned 12.2 g/t Au over 3.0 metres, 9.6 g/t Au over 7.5 metres and 4.5 g/t Au over 2.5 metres.

The Company began its exploration of the Becker property in February 2017 by completing a program of surface rock chip sampling and trenching. The program confirmed the occurrence of high-grade gold mineralization within quartz veins of the Lajuelas prospect area and also significant gold mineralisation (7.5 g/t Au, 21.0 g/t Au) within veins of the Guindos prospect area approximately 3 kilometres along strike to the northeast. Both areas are structurally complex with vein trends of various orientations. Surface sampling of quartz veins in the Juanito prospect approximately 2 kilometres east of Lajuelas returned a single sample of 19.0 g/t Au with other samples indicating strong base metal enrichment compared to Lajuelas and Guindos prospects. Lajuelas trench results include; 1 metre of 5.3 g/t Au in trench 1; 4 metres of 30.7 g/t Au and 6 ppm Ag in trench 2; and 3 metres of 9.8 g/t Au in trench 3. Trenching was completed over approximately 100 metres of vein strike length and compare well with previous Lajuelas trench results.

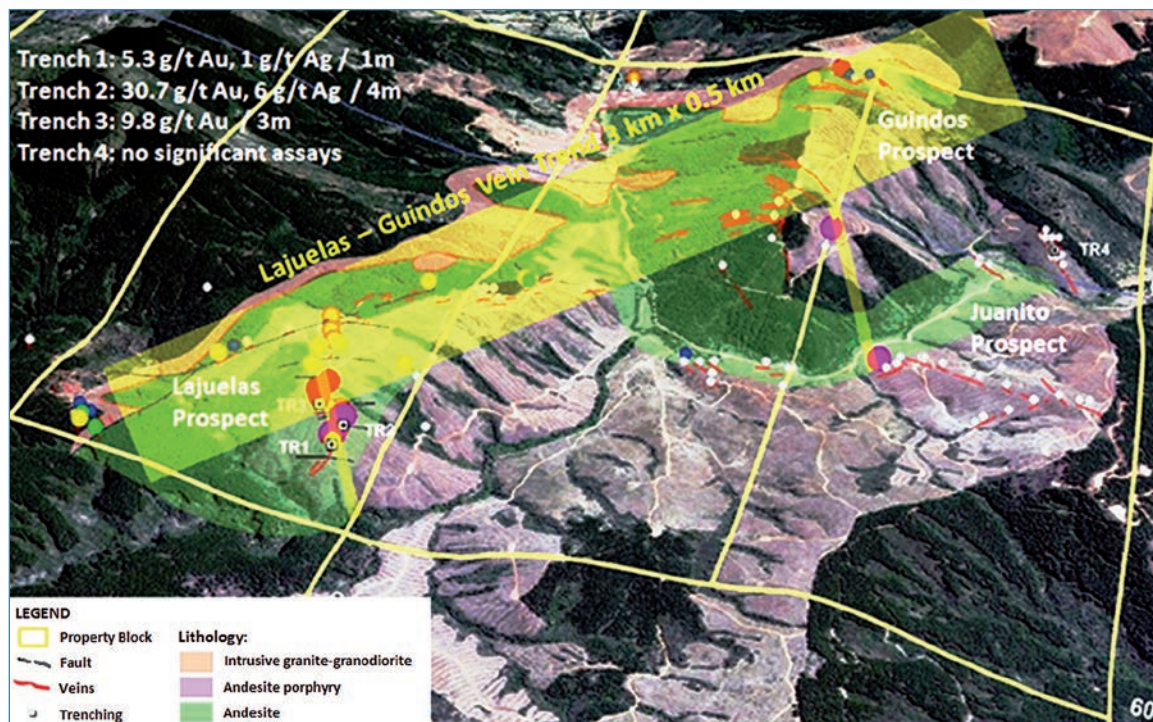


Figure 6: Becker property area showing distribution of quartz veins and gold assay results from collected surface rock samples. Trench sites (TR1 to TR 4) are indicated.

A follow up program of ground geophysics and detailed geological mapping was then completed over the main Lajuelas vein zone where previous work confirmed high grade concentrations of gold in sub-cropping quartz veins. Ground geophysics completed include magnetics and gradient IP along northwest-southeast oriented lines at 100 metre

and 200 metre spacing between survey lines. The survey was completed by Geofisica from Mendoza, Argentina. Survey QAQC (1,2) and data processing was completed by the Company's consultant geophysicist who was onsite for the duration of the survey.

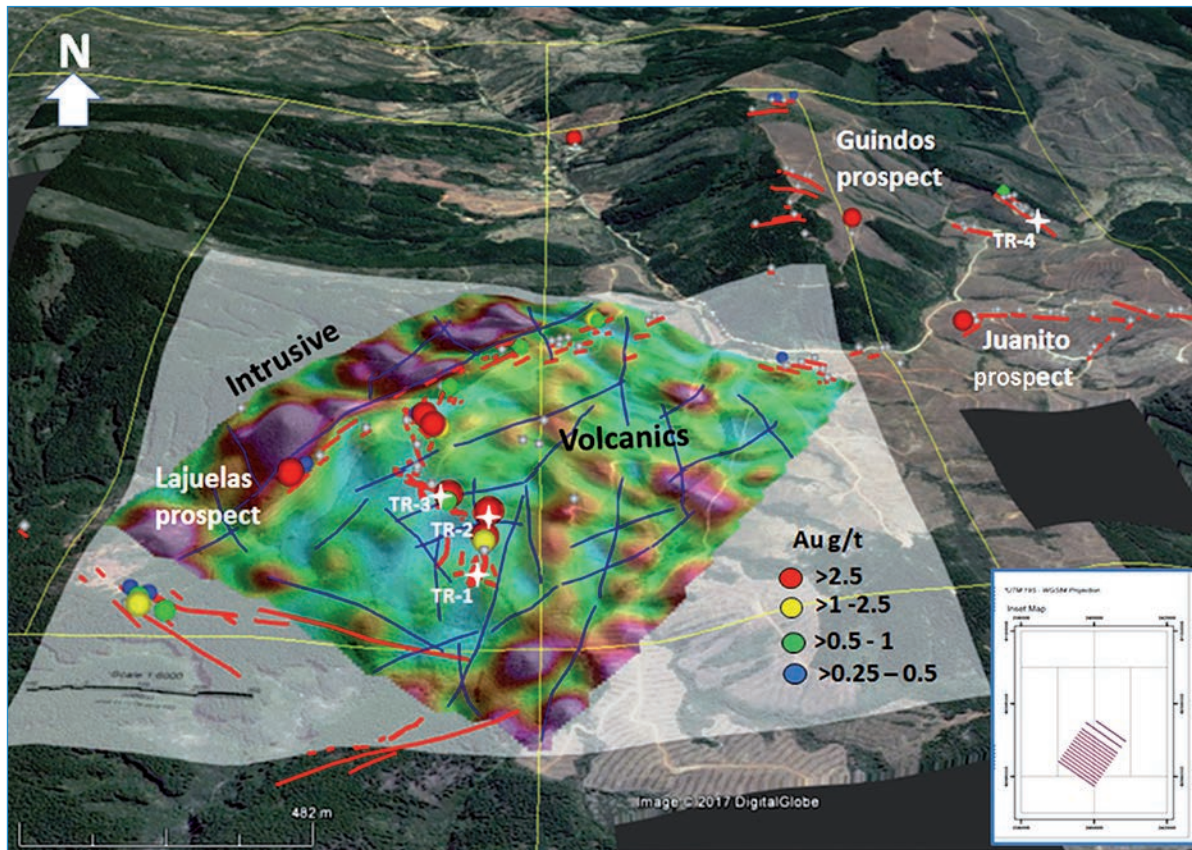


Figure 7: Becker property area showing the Analytical Signal processed magnetic map and distribution of quartz veins and gold in rock assay results. Trench sites (TR1 to TR 4) are indicated. The Lajuelas prospect area is characterised by a broad area of low magnetics (blue colour) which is interpreted to reflect alteration associated with quartz vein formation. Structural features as interpreted from the magnetic data are also shown (dark blue lines). Inset map shows the geophysics survey area relative the Becker tenement block.

Processing of the magnetic survey indicates that the Lajuelas vein system is situated within a broad zone of low magnetics. Detailed geological mapping within the same area has identified intense argillic and local phyllic alteration within the volcanic rocks. This suggests that formation of the Lajuelas quartz veins resulted in intense alteration of the surrounding volcanics that led to destruction of any magnetic minerals adjacent to the quartz veins. This is a common characteristic of many epithermal and porphyry related gold-copper mineral systems.

The results of the Gradient IP survey (Figure 8) indicate that the Lajuelas vein system is associated with a broad zone of anomalous high chargeability approximately 1,000 metres in length and 500 metres wide. Interpretation of the data suggests that this correlates with a sulphide mineral content of 3-5% in the underlying rock. This is consistent with

geological mapping and rock sampling that indicate the veins and immediate adjacent volcanic wallrock contain disseminated pyrite.

The zone remains open to the northeast where numerous quartz veins occur and also to the south where detailed mapping has confirmed the occurrence of additional quartz veins approximately 400 metres south of the Lajuelas trench areas.

The survey also shows that the Lajuelas veins have both a high and low resistivity signature. Veins with a predominately northeast orientation reflect high resistivity whereas the north-south and northwest oriented veins reflect lower resistivity. Geological mapping indicates that the latter veins are also highly fractured which likely would make them less resistive. These veins also generally contain higher gold grades.

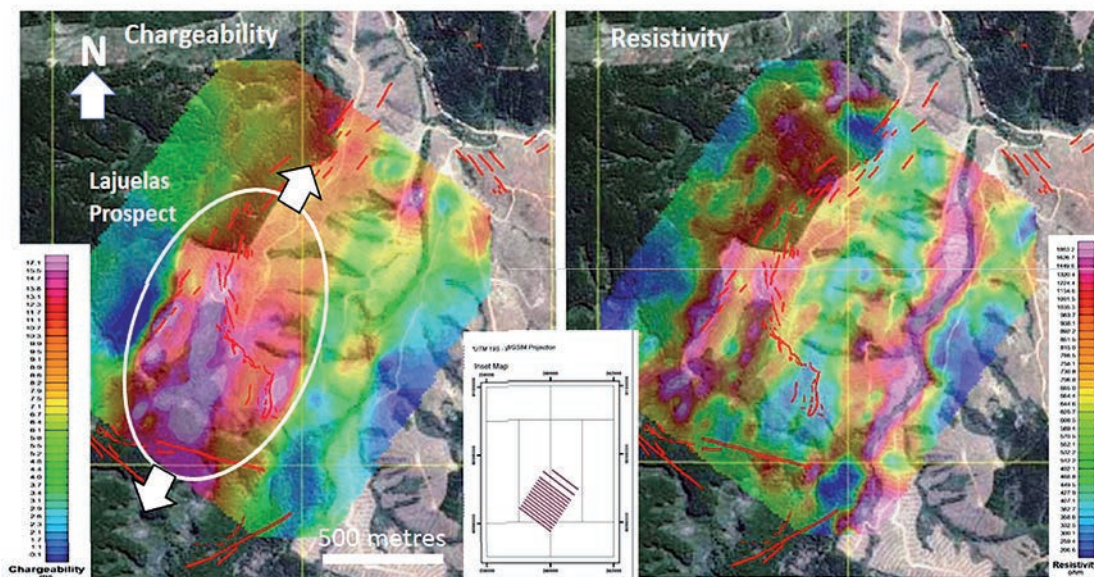


Figure 8: Processed Gradient IP survey data. The chargeability data (above left) indicates an area of anomalous high chargeability over the Lajuelas prospect. Inset map shows the geophysics survey area relative the Becker tenement block.



Figure 9 below displays a section profile across a 3D magnetic inversion model of the Lajuelas vein system. The broader low magnetic zone hosting the quartz veins is about 500 metres across with a 250 metre wide zone of very weak magnetic response (blue colour). Based on current modelling the area

of lowest magnetic response extends to at least 250 metres depth. The two zones of high magnetic response adjacent to the area of low magnetics are interpreted as intrusive bodies. The low magnetic zone also reflects coincident high chargeability and low resistivity.

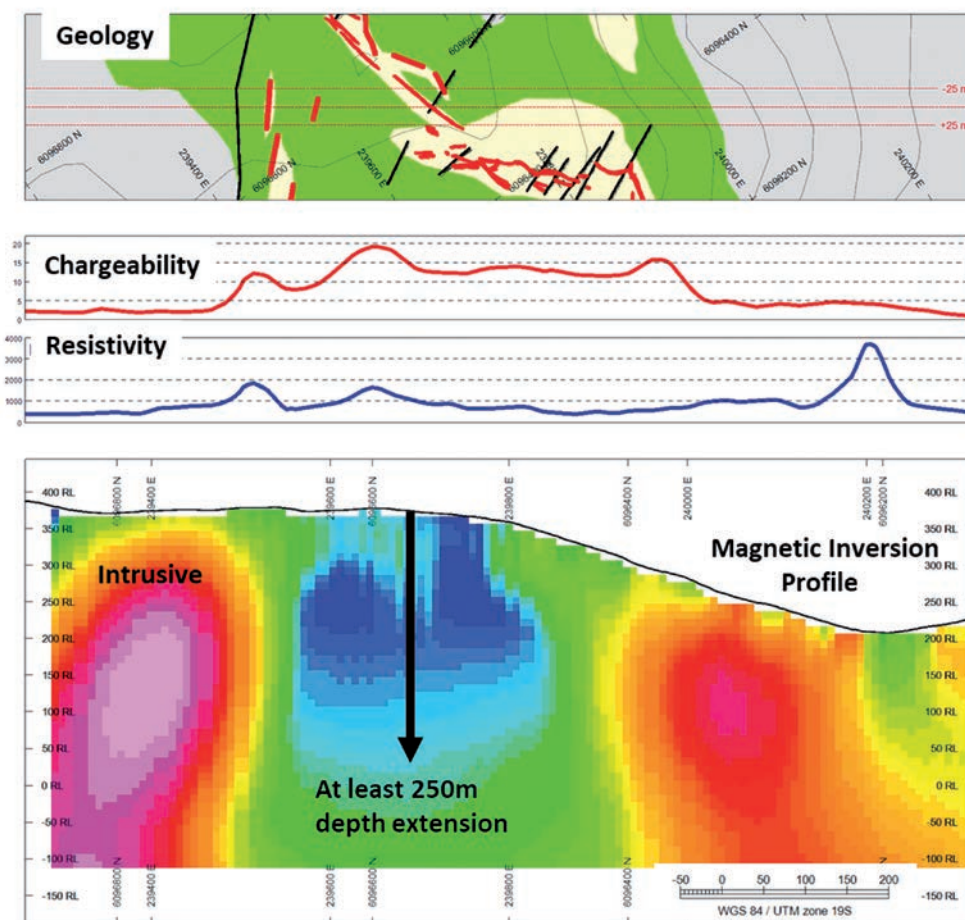


Figure 9: Section profile looking northeast along strike of Lajuelas vein system. The magnetic inversion model is unconstrained.

The geophysical and geological data will be further evaluated with the objective of identifying targets for initial drill testing during the March 2018 quarter.

Concurrent with the detailed exploration of the Becker property, an initial program of regional prospecting and geological mapping was also completed within the Becker district. Several new areas of exposed quartz vein and breccia were identified. Numerous samples were collected and assays are pending.

Subsequent to the end of the year, the Company finalised the Becker Joint Venture Agreement under agreed terms and conditions. These grant the Company the right to gain 85% interest in the Becker property by completion of; annual cash payments of US\$100,000 (year 1), US\$100,000 (year 2), US\$200,000 (year 3), US\$250,000 (year 4) and US\$350,000 (year 5). The Company must also complete a minimum of 1,000 metres of drilling by 15 March 2018 and complete an initial JORC 2012 compliant resource estimate and a scoping study by 15 March 2022. The Becker JV partner retains a 15% free-carried interest to the start of a Feasibility Study at which point they must participate in funding or convert to a 1.5% NSR buyable for anytime at US\$1.5 million.

Wonogiri Project (45% Collerina Cobalt)

The 3,928 hectare Wonogiri project, located in central Java at an altitude of approximately 200 metres above sea level, is one of the latest major discoveries in the highly mineralised Indonesian archipelago.

The Wonogiri project is supported by quality infrastructure, with access by sealed roads approximately 30 kilometres south of the provincial city of Solo, and is easily accessible by daily flights from Jakarta. The surrounding area has grid power, a large dam and numerous river and stream systems. The surface area above the Randu Kuning deposit has no forestry restrictions.

The Randu Kuning deposit, is a gold-rich porphyry copper deposit which, based on an updated JORC 2012 resource estimate (see ASX announcement 9 September 2016) using a cut-off grade of 0.2 g/t gold equivalent ('AuEq'3), contains 81.56 million tonnes ('Mt') at 0.44 g/t AuEq (0.38 g/t gold and 0.11% copper). This represents 996,500 ounces of gold and 190 million pounds of copper, or 1.15 million ounces AuEq. At a 0.5 g/t AuEq cut-off grade used in the Scoping Study, the total contained resource estimate is 20.95 million tonnes at 0.85 g/t Au and 0.16% copper, representing 573,000 ounces AuEq consisting of 533,000 ounces of gold and 74 million pounds of copper.

AMDAL 20 year Operation Production IUP and Aggregate Licence

The Company has received approval of its feasibility study from the Indonesian Ministry of Mines & Energy for development of a gold only operation at Wonogiri and is now required to complete an AMDAL study (environmental impact study) which is underway. On acceptance of the AMDAL, the Company will be awarded a 20 year operation production IUP (with 10 year extension) for the Randu Kuning gold-copper deposit. Separately the Company is completing an Environmental Management Efforts and Environment Monitoring Efforts (UKL-UPL) regarding its anticipated aggregate operation at Wonogiri, after which the granting of an initial 5 year licence for the Wonogiri aggregate project that can be extended for two additional 5 year terms.

Indonesian Feasibility Studies

Together with JV partner Rajawali and Indonesian consulting group Geomine, the Company submitted a feasibility report to the Indonesian Ministry of Mines & Energy for development of a gold only operation at Wonogiri. The report provided detailed information for a proposed gold only operation involving open pit mining to produce gold bullion via gravity and CIL processing of ore. Under this scenario no by-product copper would be recovered. This report has been formally accepted and approved by the Ministry. Work will now focus on completing remaining requirements as part of the AMDAL permitting which includes environmental and social impact studies. The IUP has been extended to allow for completion of this work.

However, it is the intention of the Company, pending completion of ongoing metallurgical tests, to determine the feasibility of production of a copper-gold concentrate via a gravity + flotation process flowsheet. This will also take into account pending revisions to the current Indonesian mining law regulations.

Wonogiri Metallurgical Studies

Additional testwork was started in mid-September 2016 to optimise recoveries of copper and gold via combined gravity and flotation processing to produce a gold-rich, copper concentrate. The current testing has established a baseline flowsheet and remaining work will involve locked cycle flotation tests. This work will indicate what recoveries and concentrate grades might be expected under actual operating conditions. The testwork has been temporarily suspended pending import clearance of some specialised reagents to enhance copper recovery.

The Company is also assessing the availability and suitability of second hand processing plants for use at the Wonogiri project. Under the current Indonesian Mining Law, the export of less than 99.99% copper is not permitted unless direct approval from the Indonesian Government is obtained and export tariffs paid. As such, the Company is in discussions with several groups in regards to offtake of Wonogiri concentrate.

**Gorontalo Properties
(80% Collerina Cobalt)**

Upon detailed technical review the company has relinquished the Biyonga and Tahele IUP properties in Gorontalo. The Tapadaa and Toluludu properties remain valid as exploration IUPs until the June 2018 quarter and joint venture opportunities are being discussed with different interested parties. During

2016 the Company completed initial scout drilling, comprising six holes for 781 metres, on defined copper and gold targets within the Toluludu and Tapadaa IUP properties. No exploration activities were completed on the Toluludu and Tapadaa IUPs during 2017.

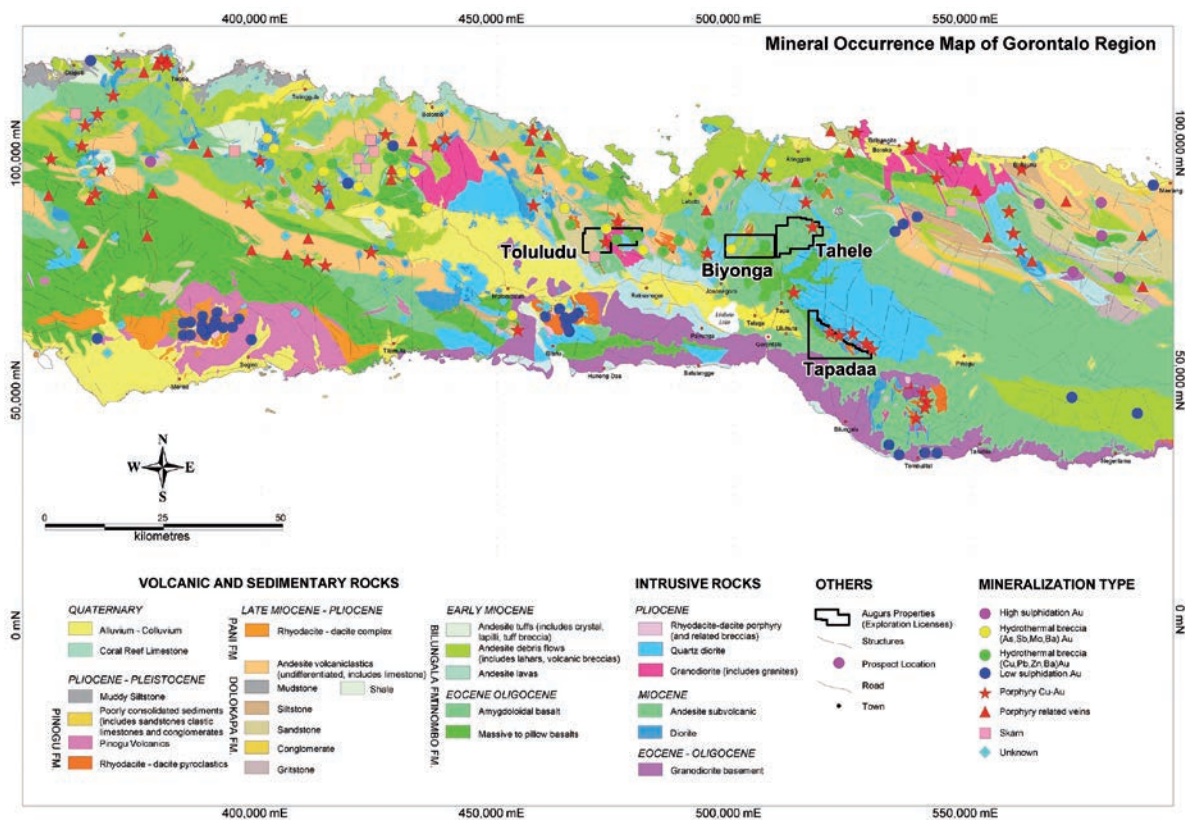


Figure 10: Geologic and mineral occurrence map of the Gorontalo region showing the Toluludu and Tapadaa IUP property locations.

CORPORATE ACTIVITIES

Placement

In March 2017 the Company received firm placement commitments from professional and sophisticated investors to raise up to \$1.2 million before costs, at a price of \$0.01 per share. The placement was undertaken in two tranches. Tranche 1, raising \$473,727 through the issue of 47,372,729 fully paid ordinary shares was made within the Company's 15% placement capacity pursuant to ASX Listing Rule 7.1. At an Extraordinary General Meeting of Shareholders held on 24 April 2017, shareholders voted unanimously to approve the issue of securities under Tranche 2, raising a further \$726,273 for the issue of 72,627,271 fully paid ordinary shares.

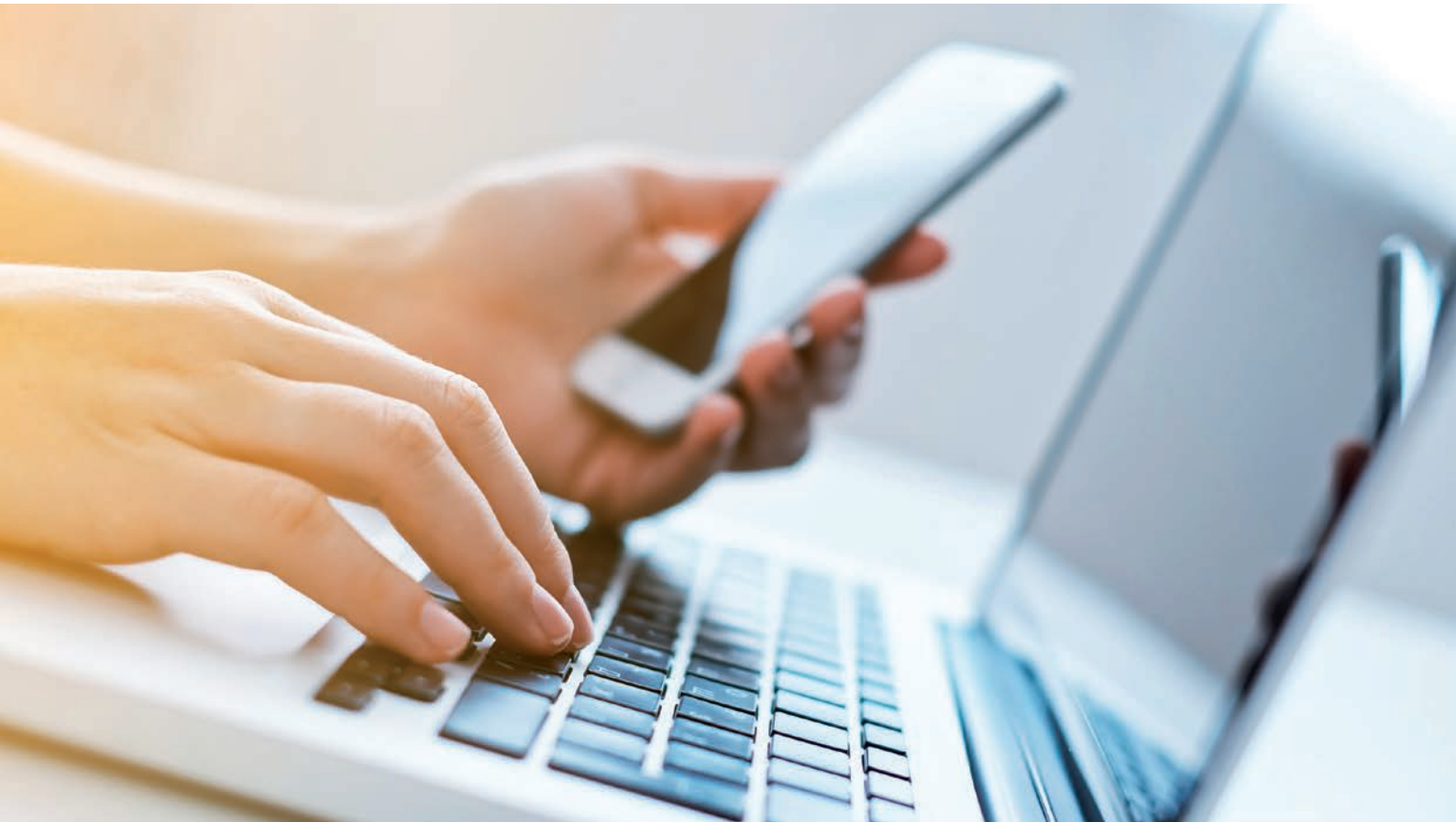
Change of Company Name

At the Extraordinary General Meeting of Shareholders held on 24 April 2017, shareholders also voted unanimously to approve the change of Company name to Collerina Cobalt Limited and the Company commenced trading under the new stock code "CLL" during the first week of May. The name reflects the Company's focus on advancing the Collerina nickel-cobalt project.

Research & Development Tax Incentive

During the year the Company conducted a review of the R&D Tax Incentive refund claims made by the Company for the 2014 and 2015 financial years, which the Company made based on its previous tax agent's advice. The review concluded that the claims were based on incorrect advice and that all expenditures claimed do not meet the criteria of eligible R&D expenditure. Consequently, the Company made a voluntary tax amendment and entered into a repayment arrangement with the Australian Taxation Office that will allow the Company to continue with the ongoing development of its projects.

The Company has also reached a settlement with a previous tax advisor regarding incorrect advice, which resulted in a settlement payment to the Company in February 2017.



MINERAL RESOURCES STATEMENT

Summarised below by resource category are the JORC resource estimates for the Collierina and Wonogiri projects.

Wonogiri Project

Category	AuEq Cut-off (g/t)	Million Tonnes	AuEq g/t	Gold g/t	Copper (%)
Measured	1.0	4.88	1.36	1.28	0.23
	0.8	7.73	1.18	1.11	0.21
	0.6	12.74	0.99	0.91	0.18
	0.5	15.65	0.91	0.83	0.17
	0.4	18.54	0.84	0.76	0.16
	0.2	21.59	0.77	0.69	0.15
Indicated	1	0.25	1.37	1.39	0.16
	0.8	0.43	1.16	1.17	0.15
	0.6	0.92	0.90	0.89	0.12
	0.5	1.67	0.74	0.73	0.11
	0.4	2.43	0.65	0.64	0.10
	0.2	3.08	0.58	0.56	0.09
Inferred	1.0	0.10	1.37	1.49	0.09
	0.8	0.80	0.92	0.91	0.13
	0.6	1.90	0.78	0.75	0.12
	0.5	3.64	0.67	0.62	0.12
	0.4	8.59	0.54	0.47	0.12
	0.2	56.89	0.31	0.25	0.09
Total	1.0	5.22	1.36	1.29	0.23
	0.8	8.95	1.16	1.09	0.20
	0.6	15.57	0.96	0.89	0.17
	0.5	20.95	0.85	0.79	0.16
	0.4	29.56	0.73	0.67	0.14
	0.2	81.56	0.44	0.38	0.11

Resource estimated by Computer Aided Geoscience Pty Ltd.

Collerina Project - Homeville Deposit

Category	Million Tonnes	Nickel Cut-off (%)	Nickel (%)	Cobalt (%)	Iron (%)	Magnesium (%)
Indicated	4.4	0.7	0.99	0.06	20	8.8
Inferred	11.	0.7	0.91	0.05	18	9.4
Total	16.3	0.7	0.93	0.05	19	9.3

Resource estimated by Hellman and Schofield Pty Ltd.

All tonnes and grade information in the resources statements has been rounded, hence small differences may be present in the totals.

Resource Comparison 2017 to 2016

The annual review of Mineral Resources concluded that no adjustment to the resource estimates was necessary at this time.

Statement of Compliance

The information in this report that relates to Exploration Results and Mineral Resources is based on information compiled by Collerina staff and contractors and approved by Mr Michael Corey, PGeo., who is a Member of the Association of Professional Geoscientists of Ontario (APGO) in Canada. Mr Corey is employed by the Company and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Corey has consented to the inclusion in this report of the matters based on his information in the form and context in which they appear.

Information relating to the Mineral Resources Statement is based on, and fairly represents, information and supporting documentation prepared by Collerina staff and contractors and approved by Mr Michael Corey, PGeo. The Mineral Resource Statement as a whole has been approved by Michael Corey and he has consented to the form and context in which it appears in this report.

¹ Magnetic Data QAQC

The total magnetic intensity data was collected with a proton precision magnetometer on 14 (1,200m in length) lines and a base station for diurnal collections (GSM-10 v7). The line spacing for 12 lines was 100m and 2 lines at 200m line spacing, rover measurement using walking mode, with cycle time 0.5 second (2 reading per second or 2 Hz) and positioned by GPS at designed time. To ensure the data quality, initial QC was performed to remove any datum points with signal quality below 90 and GPS satellite receiving less than 3 satellite per reading. GPS signal lost and signal quality disturbance was noted during data acquisition, most as impact of vegetation cover and surface boulders, thus some resurvey was conducted to rectify. The distribution of the magnetic data as presented in a histogram is relatively smooth and log normal, which is normally expected for good quality data. In profile plot and test gridding some minor near surface noise was indicated, but the variation is natural and there were no indications of outliers. Hence, the quality of the magnetic dataset is considered of acceptable quality.

² Gradient IP and Resistivity Data QAQC

The IP and resistivity survey was conducted along 13 lines with 25m point distance and 100m line spacing (1 line at 200m spacing). GDD Transmitter and Iris Elecpro receiver used to transmit and receive induced current with 2 second period. Electrode configuration was Gradient which means one constant pair of current electrode installed at both 150m outside of survey lines series (“box”). A “box” consisted of at most 5 lines at 1,200m long with 100m spacing to ensure signal quality was more or less at the same level for each of the lines. Three dipole currents were used for the entire survey area. One pair of potential electrode (25m) move at constant separation along the lines, with all data collected at N-1. This particular electrode configuration is popular for reconnaissance survey due to quicker surveying and productivity and less masking by conductive overburden and less topographical effect. However these benefits are balanced by poorer resolution with depth compared to deeper looking arrays such as pole-dipole and dipole-dipole.

The data distribution appeared “normal” for resistivity and chargeability data of crystalline and volcanic rock. The majority of resistivity data was between 100 Ω - 1500 Ω. The very high resistivity >2500 Ω was most likely caused by direct contact with near surface subcrop. The majority of the IP data are at range 1 mV/V – 11 mV/V with high of 17.1 mV/V. The anomalously high chargeability is interpreted to be caused by a generally modest content of sulphide (<5 %) with associated clay alteration. Negative chargeability readings are interpreted to be related to geological structures.

³ Gold Equivalent Calculation for the Randu Kuning JORC 2012 Compliant Resource

Where reported in relation to the Wonogiri mineral resource estimate, gold equivalent results are calculated using a gold price of US\$1,250/ounce and a copper price of US\$5,500/tonne. Silver is excluded from the gold equivalent calculation. In calculating gold equivalents for the JORC 2012 resource estimate, gold and copper recoveries are assumed to be 85%. As previously reported, metallurgical testing has resulted in mean recoveries from sulphide material of over 90% for gold and 94% for copper. It is the Company’s opinion that all metals used in the equivalent calculation have a reasonable potential to be recovered in the event that material from the Wonogiri project was to undergo processing.

The gold equivalent calculation used is:

$$AuEq = (Au_g/t * \$40.20 * 85\% + Cu_ppm * \$0.0055 * 85\%) / (\$40.20)$$

(i.e.: 1.0% Cu = 1.36 g/t Au)

CORPORATE GOVERNANCE STATEMENT

The Board is committed to maintaining standards of Corporate Governance. Corporate Governance is about having a set of core values and behaviours that underpin the Company’s activities and ensure transparency, fair dealing and protection of the interests of stakeholders. The Company has reviewed its corporate governance practises against the Corporate Governance Principles and Recommendations (3rd edition) published by the ASX Corporate Governance Council.

The 2017 Corporate Governance Statement is dated as at 29 September 2017 and reflects the corporate governance practises throughout the 2017 financial year. The 2017 Corporate Governance Statement was approved by the Board on 29 September 2017. A description of the Company’s current corporate governance practises is set out in the Company’s Corporate Governance Statement which can be viewed at www.collierinacobalt.com.au/index.cfm/about-us/corporate-governance/.

The directors present their report together with the consolidated financial statements of the Group comprising of Collierina Cobalt Limited (the 'Company'), and its controlled entities for the financial year ended 30 June 2017 and the auditor's report thereon.

DIRECTORS

The names of the directors in office at any time during or since the end of the financial year are:

Norman Alfred Seckold - Chairman
Justin Charles Werner - Managing Director
Peter James Nightingale - Director

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

COMPANY SECRETARY

The Company Secretary in office during the financial year was Richard James Edwards.

PRINCIPAL ACTIVITIES

The principal activities of the Group are to acquire, explore, develop and, subject to economic viability, mine mineral deposits.

No significant changes in the nature of these activities occurred during the year.

FINANCIAL RESULTS

The loss of the Group for the financial year after providing for income tax amounted to \$2,889,795 (2016 - \$936,780 loss).

REVIEW OF OPERATIONS

A review of the Group's operations for the year ended 30 June 2017 is set out in the Review of Operations.

DIVIDENDS PAID OR RECOMMENDED

The directors do not recommend the payment of a dividend in respect of the financial year ended 30 June 2017. No dividends have been paid or declared during the financial year (2016 - nil).

ENVIRONMENTAL REGULATIONS

The Group is subject to state, federal and international environmental legislation. The Group has complied with its environmental obligations and the Group have not received a notification for environmental breaches by any Government agency to the date of this Directors' Report, and the directors do not anticipate any obstacles in complying with the legislation.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

In the opinion of the directors, significant changes in the state of affairs of the Group that occurred during the year ended 30 June 2017 were as follows:

- The continued exploration and development of the Group's projects.
- Acquisition of an economic interest in the Becker project in Chile.

AFTER BALANCE DATE EVENTS

Subsequent to the end of the financial year:

- The Company executed the Becker Joint Venture Agreement on 4 August 2017.

No other matters or circumstances have arisen since the end of the reporting period, which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

LIKELY DEVELOPMENTS

The Group will continue to explore and evaluate the Company's exploration projects with the aim of identifying potential mineral resources and undertake further studies at the Collerina and Wonogiri projects ahead of anticipated decisions to mine.

INFORMATION ON DIRECTORS



Norman Alfred Seckold
Chairman

Director since 30 November 2009.

Norman Seckold graduated with a Bachelor of Economics degree from the University of Sydney in 1970. He has spent more than 30 years in the full time management of natural resource companies, both in Australia and overseas.

Mr Seckold has been the Chairman of a number of publicly listed companies including Moruya Gold Mines (1983) N.L., which acquired the Golden Reward heap leach gold deposit in South Dakota, USA, Pangea Resources Limited, which acquired and developed the Pauper's Dream gold mine in Montana, USA, Timberline Minerals, Inc. which acquired and completed a feasibility study for the development of the MacArthur copper deposit in Nevada, USA, Perseverance Corporation Limited, which discovered and developed the Nagambie gold mine in Victoria, Valdora Minerals N.L., which developed the Rustler's Roost gold mine in the Northern Territory and the Ballarat East Gold Mine in Victoria, Viking Gold Corporation, which discovered a high grade gold deposit in northern Sweden, Mogul Mining N.L., which drilled out the Magistral and Ocampo gold deposits in Mexico and Bolnisi Gold N.L., which discovered and developed the Palmarejo and Guadalupe gold and silver mines in Mexico, and was previously Chairman of Cockatoo Coal Limited, an Australian coal mining, exploration and project development company and Equus Mining Limited, a mineral and development company operating in Chile.

Mr Seckold is currently Chairman of Planet Gas Limited, an energy explorer with interests in conventional and unconventional oil and gas resources operating in Australia and Santana Minerals Ltd., a precious metals exploration company with projects in Mexico. He is also a director of the unlisted public companies Mekong Minerals Ltd and Nickel Mines Limited.

Other current listed company directorships: Planet Gas Limited and Santana Minerals Ltd.

Former directorships in the last three years: Equus Mining Limited.

Interests in shares and options: 52,082,903 shares indirectly held as at the date of this report.



Justin Charles Werner
Managing Director

Director since 23 December 2010.
Appointed Managing Director on 8 August 2014.

Justin Werner, who has a Bachelor of Management from the University of Sydney, has been involved in the mining industry for more than 10 years. He was a founding partner of PT Gemala Borneo Utama, a private Indonesian exploration and mining company, which developed a heap leach gold mine in West Kalimantan and discovered the highly prospective Romang Island in Indonesia which was acquired by Padiham resources from Robust Resources Limited in November 2014.

Prior to focusing on developing projects in Indonesia, Justin worked as a consultant for specialist mining consultancies GPR Dehler, Jamieson Consulting and Partners in Performance, leading many successful turnaround projects for blue chip mining companies including Freeport McMoran (Grasberg deposit, Indonesia where he spent 2 years), Lihir Gold (Lihir mine, Papua New Guinea), Placer Dome (Nevada, USA), BHP Billiton (Ingwe Coal, South Africa), Rio Tinto (West Angeles Iron Ore, Australia), Nickel West (Western Australia) and QNI Yabulu refinery (Queensland, Australia). Mr Werner is currently a director of unlisted public company Nickel Mines Limited.

Other current listed company directorships: None.

Former directorships in the last three years: None.

Interests in shares and options: 1,830,000 shares directly held and 3,738,334 shares indirectly held as at the date of this report.



Peter James Nightingale
Director and Chief Financial Officer

Director since 30 November 2009.

Peter Nightingale graduated with a Bachelor of Economics degree from the University of Sydney and is a member of the Institute of Chartered Accountants in Australia. He has worked as a chartered accountant in both Australia and the USA.

As a director or company secretary Mr Nightingale has, for more than 25 years, been responsible for the financial control, administration, secretarial and in-house legal functions of a number of private and public listed companies in Australia, the USA and Europe including Pangea Resources Limited, Timberline Minerals Inc., Perseverance Corporation Limited, Valdora Minerals N.L., Mogul Mining N.L., Bolnisi Gold N.L., Callabonna Uranium Limited, Sumatra Cooper & Gold plc and Cockatoo Coal Limited. Mr Nightingale is currently a director of Argent Minerals Limited, Planet Gas Limited and unlisted public companies Nickel Mines Limited and Prospech Limited.

Other current listed company directorships: Argent Minerals Limited and Planet Gas Limited.

Former directorships in the last three years: Nil.

Interests in shares and options: 12,375,000 shares indirectly held as at the date of this report.

MEETINGS OF DIRECTORS

DIRECTORS	Directors' Meetings	
	N° eligible to attend	N° attended
Norman A. Seckold	3	3
Peter J. Nightingale	3	3
Justin C. Werner	3	3

COMPANY SECRETARY

The Company Secretary, Richard Edwards, was appointed on 3 September 2012.

Richard Edwards graduated with a Bachelor of Commerce degree from the University of New South Wales, is a Fellow of the Governance Institute of Australia, is a member of CPA Australia and holds a Graduate Diploma of Applied Finance and Investment from FINSIA. Following eight years as an owner/manager of his own business, Mr Edwards has worked for over ten years providing financial reporting and company secretarial services to a range of publicly listed companies in Australia with a focus on the mining sector. This has included as Company Secretary and Chief Financial Officer for Sumatra Copper & Gold plc and Callabonna Uranium Limited. He is also Company Secretary of ASX listed Indo Mines Limited and unlisted public companies Nickel Mines Limited and Prospech Limited.

DIRECTORS' INTERESTS

The following table provides the total ordinary shares held by each director as at the date of this report:

	Directly held	Indirectly held
Norman A. Seckold	-	52,082,903
Peter J. Nightingale	-	12,375,000
Justin C. Werner	-	5,568,334
Total	-	70,026,237

There were no options over unissued ordinary shares granted to directors or executives of the Company during or since the end of the financial year.

UNISSUED SHARES UNDER OPTION

At the date of this report, unissued ordinary shares of the Company under option are:

Number of options	Exercise price	Expiry date
10,000,000	\$0.02	24 October 2018

SHARES ISSUED ON EXERCISE OF OPTIONS

The Group has not issued any ordinary shares of the Company as a result of the exercise of options during or since the end of the financial year.

INDEMNIFICATION OF OFFICERS AND AUDITOR

During or since the end of the financial year, the Group has not indemnified or made a relevant agreement to indemnify an officer or auditor of the Company against a liability incurred by such an officer or auditor. In addition, the Group has not paid or agreed to pay, a premium in respect of a contract insuring against a liability incurred by an officer or auditor.

PROCEEDINGS ON BEHALF OF THE 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 for all or any part of those proceedings.

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

NON-AUDIT SERVICES

During the year ended 30 June 2017 KPMG, the Company's auditor, has not performed other services in addition to their statutory audit duties.

STATUTORY AUDIT

	2017 \$	2016 \$
Auditors of the Company		
Audit of annual and interim financial reports - KPMG	80,750	63,700

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001.

The lead auditor's independence declaration is set out on page 26 as required under section 307C of the *Corporations Act 2001*.

REMUNERATION REPORT - (AUDITED)

Principles of Compensation - (Audited)

Key management personnel have authority and responsibility for planning, directing and controlling the activities of the Group. Key management personnel comprise the directors of the Company. No other employees have been deemed to be key management personnel.

The policy of remuneration of directors and senior executives is to ensure the remuneration package properly reflects the person's duties and responsibilities, and that remuneration is competitive in attracting, retaining and motivating people of the highest quality. The Board is responsible for reviewing and evaluating its own performance. The evaluation process is intended to assess the Group's business performance, whether long term strategic objectives are being achieved and the achievement of individual performance objectives.

Remuneration generally consists of salary payments. Longer term incentives are able to be provided through the Group's Incentive Option Plan which acts to align the directors and senior executives' actions with the interests of the shareholders. The remuneration disclosed below represents the cost to the Group for the services provided under these arrangements.

No directors or senior executives receive performance related remuneration.

There were no remuneration consultants used by the Group during the year ended 30 June 2017, or in the prior year.

REMUNERATION REPORT - (AUDITED) (CONT.)

Details of Remuneration for the Year Ended 30 June 2017 - (Audited)

Details of director and senior executive remuneration and the nature and amount of each major element of the remuneration of each director of the Company, and other key management personnel of the Group are set out below:

Key management personnel	Year	Short term	Post-employment	Share based payments	Total \$	Proportion of remuneration related %	Value of options as a proportion of remuneration %
		Salary and fees \$	Superannuation \$	Options \$			
Norman A. Seckold	2017	90,000	-	-	90,000	-	-
	2016	90,000	-	-	90,000	-	-
Peter J. Nightingale	2017	90,000	-	-	90,000	-	-
	2016	90,000	-	-	90,000	-	-
Justin C. Werner	2017	150,000	-	-	150,000	-	-
	2016	150,000	-	-	150,000	-	-
Total	2017	330,000	-	-	330,000	-	-
Total	2016	330,000	-	-	330,000	-	-

No bonuses were paid during the financial year and no performance based components of remuneration exist. The Group employed no other key management personnel.

CONSEQUENCES OF PERFORMANCE ON SHAREHOLDER WEALTH - (AUDITED)

In considering the Group's performance and benefits for shareholder wealth, the Board of Directors have regard to the following indices in respect of the current financial year and the previous four financial years:

	2017	2016	2015	2014	2013
Loss attributable to owners of the Company	\$2,519,816	\$832,714	\$738,499	\$2,316,023	\$1,024,118
Dividends paid	Nil	Nil	Nil	Nil	Nil
Change in share price	\$0.009	\$0.003	(\$0.02)	\$0.015	(\$0.025)
Return on capital employed*	(32%)	(9%)	(8%)	(23%)	(17%)

* Return on capital employed is calculated by dividing the profit or loss for the year by total assets less current liabilities.

The overall level of key management personnel's compensation is assessed on the basis of market conditions, status of the Group's projects, and financial performance of the Company.

REMUNERATION REPORT - (AUDITED) (CONT.)

Movement in shares

No shares were granted to key management personnel during the reporting period as compensation in 2016 or 2017. The movement during the reporting period in the number of ordinary shares in the Company held directly, indirectly or beneficially, by each key management person, including their related parties, is as follows:

KEY MANAGEMENT PERSONNEL	Held at 1 July 2016	Purchased shares	Sales	Held at 30 June 2017
Norman A. Seckold	52,082,903	-	-	52,082,903
Peter J. Nightingale	12,375,000	-	-	12,375,000
Justin C. Werner	5,568,334	-	-	5,568,334

KEY MANAGEMENT PERSONNEL	Held at 1 July 2015	Purchased shares	Sales	Held at 30 June 2016
Norman A. Seckold	52,082,903	-	-	52,082,903
Peter J. Nightingale	12,375,000	-	-	12,375,000
Justin C. Werner	5,568,334	-	-	5,568,334

MOVEMENT IN OPTIONS

There were no options issued to key management personnel during the financial year ended 30 June 2017 or 30 June 2016.

These key management personnel related entities transacted with the Group during the year as follows:

During the year ended 30 June 2017, Norman A. Seckold and Peter J. Nightingale held a controlling interest in an entity, MIS Corporate Pty Ltd, which provided full administration services to the Group, including administrative and accounting staff both within Australia and Indonesia, rental accommodation, services and supplies. Fees charged by MIS Corporate Pty Ltd during the year amounted to \$294,916 (2016 - \$292,356). At 30 June 2017 there were \$269,213 of fees outstanding (2016 - \$33). MIS Corporate Pty Ltd have signed a confirmation that they will continue to defer amounts for services and will not call for repayment until such time as the Group has sufficient working capital to allow repayment without adversely impacting the continuation of the Group as a going concern.

Included within current liabilities are amounts totalling \$330,000 due to the Directors of the Company. The Directors have signed confirmations that they will continue to defer amounts for services and will not call for repayment until such time as the Group has sufficient working capital to allow repayment without adversely impacting the continuation of the Group as a going concern.

Apart from the details disclosed in this note, no Director has entered into a material contract with the Group since the end of the previous financial year and there were no material contracts involving Director's interests existing at year end.

There were no loans made to key management personnel or their related parties during the 2017 and 2016 financial years year and no amounts were outstanding at the year end (2016 - \$nil).

Signed at Sydney this 29th day of September 2017 in accordance with a resolution of the Board of Directors.



Justin C. Werner
Managing Director



Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of Collierina Cobalt Limited

I declare that, to the best of my knowledge and belief, in relation to the audit of Collierina Cobalt Limited for the financial year ended 30 June 2017 there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- ii. no contraventions of any applicable code of professional conduct in relation to the audit.

A handwritten signature in blue ink that reads 'KPMG'.

KPMG

A handwritten signature in blue ink, appearing to be 'Adam Twemlow'.

Adam Twemlow

Partner

Brisbane

29 September 2017

KPMG, an Australian partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

Liability limited by a scheme approved under Professional Standards Legislation.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2017

	Notes	Consolidated 2017 \$	2016 \$
CONTINUING OPERATIONS			
Other income		204,375	21,223
Administration and consultant expenses		(525,653)	(587,313)
Audit and other professional fees	6	(80,750)	(63,700)
Depreciation and amortisation expenses	6	(1,780)	(6,329)
Directors' and company secretarial fees		(220,250)	(234,000)
Exploration and evaluation expenditure – pre-licence costs		(101,868)	-
Legal fees		(16,986)	(11,965)
Impairment loss – exploration and evaluation expenditure	13	(1,969,432)	(59,711)
Operating loss before financing income		(2,712,344)	(941,795)
Finance income	5	1,803	5,015
Finance expense	5	(179,254)	-
Net financing income/(expense)		(177,451)	5,015
LOSS BEFORE INCOME TAX EXPENSE		(2,889,795)	(936,780)
Income tax expense	8	-	-
Loss after income tax expense		(2,889,795)	(936,780)
OTHER COMPREHENSIVE INCOME FOR THE YEAR			
Items that may be classified subsequently to profit or loss			
Net change in fair value of available-for-sale financial assets		(300)	300
Foreign currency translation		15,701	220,439
Total other comprehensive income		15,401	220,739
Total comprehensive loss for the year		(2,874,394)	(716,041)
LOSS IS ATTRIBUTABLE TO:			
Owners of the Company		(2,519,816)	(832,714)
Non-controlling interest		(369,979)	(104,066)
Loss for the year		(2,889,795)	(936,780)
TOTAL COMPREHENSIVE LOSS IS ATTRIBUTABLE TO:			
Owners of the Company		(2,498,146)	(741,013)
Non-controlling interest		(376,248)	24,972
Total comprehensive loss for the year		(2,874,394)	(716,041)
EARNINGS PER SHARE			
Basic and diluted loss per share (cents)	9	(0.74)	(0.26)

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position

As at 30 June 2017

		Consolidated	
	Notes	2017 \$	2016 \$
CURRENT ASSETS			
Cash and cash equivalents	10	594,029	262,657
Trade and other receivables	11	189,774	185,521
Prepayments		82,550	69,313
Total current assets		866,353	517,491
NON-CURRENT ASSETS			
Available-for-sale financial assets	12	-	1,500
Property, plant and equipment		5,642	12,307
Exploration and evaluation expenditure	13	8,698,397	9,517,202
Other assets	14	15,000	15,000
Total non-current assets		8,719,039	9,546,009
Total assets		9,585,392	10,063,500
CURRENT LIABILITIES			
Trade and other payables	15	892,436	94,135
Taxes payable	16	789,365	1,185,267
Total current liabilities		1,681,801	1,279,402
NON-CURRENT LIABILITIES			
Taxes payable	16	103,015	-
Total current liabilities		103,015	
Total liabilities		1,784,816	1,279,402
Net assets		7,800,576	8,784,098
EQUITY			
Issued capital	17	26,712,574	25,628,095
Reserves	17	122,630	74,959
Accumulated losses		(19,693,582)	(17,173,766)
Total equity attributable to equity holders of the Company		7,141,622	8,529,288
Non-controlling interest		658,954	254,810
Total equity		7,800,576	8,784,098

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity

For the year ended 30 June 2017

ATTRIBUTABLE TO EQUITY HOLDERS OF THE GROUP	Notes	Issued capital \$	Reserves \$	Accumulated losses \$	Total \$	Non-controlling interest \$	Total equity \$
Balance at 1 July 2015		25,628,095	(16,742)	(16,341,052)	9,270,301	229,838	9,500,139
Total comprehensive income for the year							
Loss for the year		-	-	(832,714)	(832,714)	(104,066)	(936,780)
Total other comprehensive income		-	91,701	-	91,701	129,038	220,739
Total comprehensive loss for the year		-	91,701	(832,714)	(741,013)	24,972	(716,041)

TRANSACTIONS WITH OWNERS RECORDED DIRECTLY IN EQUITY CONTRIBUTIONS BY AND DISTRIBUTIONS TO OWNERS OF THE COMPANY

Balance at 30 June 2016		25,628,095	74,959	(17,173,766)	8,529,288	254,810	8,784,098
Balance at 1 July 2016		25,628,095	74,959	(17,173,766)	8,529,288	254,810	8,784,098
Total comprehensive income for the year							
Loss for the year		-	-	(2,519,816)	(2,519,816)	(369,979)	(2,889,795)
Total other comprehensive income		-	21,671	-	21,671	(6,269)	15,402
Total comprehensive loss for the year		-	21,671	(2,519,816)	(2,498,146)	(376,248)	(2,874,394)

TRANSACTIONS WITH OWNERS RECORDED DIRECTLY IN EQUITY CONTRIBUTIONS BY AND DISTRIBUTIONS TO OWNERS OF THE COMPANY

Issue of shares	17	1,200,000	-	-	1,200,000	-	1,200,000
Costs of issue	17	(115,521)	26,000	-	(89,521)	-	(89,521)
Contribution from non-controlling interest		-	-	-	-	780,392	780,392
Balance at 30 June 2017		26,712,574	122,630	(19,693,582)	7,141,622	658,954	7,800,576

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows

For the year ended 30 June 2017

	Notes	Consolidated	
		2017 \$	2016 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash payments in the course of operations		(469,485)	(806,889)
Interest received		1,803	5,015
Net cash used in operating activities	19	(467,682)	(801,874)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for exploration and evaluation expenditure		(1,005,779)	(1,461,132)
Payments for property, plant and equipment		-	(202)
Proceeds from disposal of investment		4,050	-
Proceeds from sale of property, plant and equipment		977	-
Receipt of R&D tax incentive		-	551,629
Repayment of R&D tax incentive		(199,052)	-
Net cash used in investing activities		(1,199,804)	(909,705)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments for issue of shares		1,200,000	-
Transaction costs on share issue		(89,521)	-
Contribution by non-controlling interest		886,533	-
Proceeds from borrowings		5,371	-
Repayment of borrowings		(5,371)	-
Net cash provided by financing activities		1,997,012	-
Net increase/(decrease) in cash held		329,526	(1,711,579)
Cash and cash equivalents at 1 July		262,657	2,013,672
Effect of exchange rate adjustments on cash held		1,846	(39,436)
Cash and cash equivalents at 30 June	10	594,029	262,657

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

1. REPORTING ENTITY

Collerina Cobalt Limited (the 'Company') is a company domiciled in Australia. The address of the Company's registered office is at Level 2, 66 Hunter Street, Sydney, NSW, 2000. The consolidated financial statements of the Company as at and for the year ended 30 June 2017 comprise the Company and its subsidiaries (together referred to as the 'Group'). The Group is a for-profit entity and is primarily engaged in the acquisition, exploration and development of mineral deposits in Indonesia, Australia and Chile.

2. BASIS OF PREPARATION

(a) Statement of compliance

The consolidated financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards ('AASBs') adopted by the Australian Accounting Standards Board ('AASB') and the *Corporations Act 2001*. The consolidated financial statements comply with the International Financial Reporting Standards ('IFRSs') adopted by the International Accounting Standards Board ('IASB').

The consolidated financial statements were authorised for issue by the directors on 29 September 2017.

(b) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for the following items in the Statement of Financial Position:

- Investments - Available-for-sale financial assets are measured at fair value.

(c) Functional and presentation currency

These consolidated financial statements are presented in Australian dollars, which is the Company's functional currency.

(d) Use of estimates and judgements

The preparation of the consolidated 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 expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are described in the following notes:

- | | | | |
|--------|------|---|----------------------------------------|
| • Note | 2(e) | - | Going concern |
| • Note | 8 | - | Unrecognised deferred tax assets |
| • Note | 13 | - | Exploration and evaluation expenditure |
| • Note | 16 | - | Taxes payable |

(e) Going concern

The financial statements have been prepared on a going concern basis which contemplates the realisation of assets and settlement of liabilities in the ordinary course of business.

2. BASIS OF PREPARATION (Cont.)

(e) Going concern (Cont.)

The Group recorded a loss attributable to equity holders of the Company of \$2,519,816 for the year ended 30 June 2017, including impairment losses of \$1,969,432, and has accumulated losses of \$19,693,582 at 30 June 2017. The Group has cash and cash equivalents of \$594,029 at 30 June 2017 and used \$1,473,461 of cash in operations, including payments for exploration and evaluation, for the year ended 30 June 2017. Additional funding will be required to meet the Group's projected cash outflows for a period of 12 months from the date of the Directors' Declaration.

During the year, the Company raised \$1,110,479 (net of associated costs) through the placement of 120,000,000 shares at \$0.01 per share.

Included within current liabilities are amounts totalling \$662,051 due to related parties. These parties have signed confirmations that they will continue to defer amounts for services and will not call for repayment until such time as the Group has sufficient working capital to allow repayment without adversely impacting the continuation of the Group as a going concern.

During the year the Company also finalised a voluntary tax amendment of Research & Development claims made for the 2014 and 2015 financial year and entered into a repayment arrangement with the Australian Taxation Office ('ATO'), under which the Company planned to complete repayments in August 2018. Subsequent to year end, the repayment arrangement with the ATO was amended to reduce the repayments due in September and October 2017 to allow the Company sufficient time to raise additional funding. Future repayments beyond October 2017 have been amended and the amended repayment arrangement will now be completed in July 2018.

These conditions give rise to a material uncertainty that may cast significant doubt upon the Group's ability to continue as a going concern. The ongoing operation of the Group is critically dependent upon the Group raising additional funding from shareholders or other parties in the near term.

The directors have prepared cash flow projections that support the ability of the Group to continue as a going concern. These cash flow projections assume the Group obtains sufficient additional funding from shareholders or other parties in the near term.

In the event that the Group does not obtain additional funding in the near term, which is inherently uncertain until such funding is secured, it may not be able to continue its operations as a going concern and therefore may not be able to realise its assets and extinguish its liabilities in the ordinary course of operations and at the amounts stated in the financial statements.

(f) Changes in accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, and have been applied consistently by entities in the Group.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, and have been applied consistently by all entities in the Group.

(a) Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the entities and the revenue can be reliably measured.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont.)

(b) Finance income and finance costs

Finance income comprises interest income on funds invested (including available-for-sale financial assets), dividend income and gains on the disposal of available-for-sale financial assets. Interest income is recognised as it accrues in profit or loss, using the effective interest method. Dividend income is recognised in profit or loss on the date that the Group's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

Finance costs comprise interest expense on borrowings, losses on disposal of available-for-sale financial assets and impairment losses recognised on financial assets. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

(c) Exploration, evaluation and development expenditure

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

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

- the expenditures are expected to be recouped through successful development and exploitation of the area of interest; or
- activities in the area of interest have not at the reporting date, reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves and active and significant operations in, or in relation to, the area of interest are continuing.

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

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

(d) Property, plant and equipment

Items of property, plant and equipment are measured on the cost basis less depreciation and impairment losses.

Depreciation

The depreciable amount of all fixed assets is depreciated over the assets' estimated useful lives to the Group commencing from the time the asset is ready for use.

The depreciation rates and useful lives used for each class of depreciable assets are:

Class of fixed asset	Depreciation rates	Depreciation basis
Furniture and fittings	25.0%	Prime cost
Motor vehicles	25.0%	Prime cost
Office equipment	25.0%	Prime cost
Plant and equipment	25% to 37.5%	Prime cost

3. SIGNIFICANT ACCOUNTING POLICIES (Cont.)

(e) Research and development grants

Where a rebate is received relating to research and development costs that have been expensed, the rebate is recognised as other income when the rebate becomes receivable and the Company complies with all attached conditions. If the research and development costs have been capitalised, the rebate is deducted from the carrying value of the underlying asset when the grant becomes receivable and the Group complies with all attached conditions.

(f) Financial instruments

Non-derivative financial assets

The Group initially recognises loans and receivables on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in such transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the Statement of Financial Position when, and only when, the Group has a legal right to offset the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

The Group classifies non-derivative financial assets into the following categories:

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are classified as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if they are expected to be settled within 12 months; otherwise they are classified as non-current. Financial assets at fair value through profit or loss are measured at fair value and changes therein, which take into account any dividend income, are recognised 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. Such assets are recognised at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses. They are included in current assets, except for those with maturities greater than 12 months after the reporting period, which are classified as non-current assets. Loans and receivables comprise cash and cash equivalents and trade and other receivables.

Available-for-sale financial assets

The Group's investments in equity securities are classified as available-for-sale financial assets. Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or are not classified in any of the above categories of financial assets. Available-for-sale financial assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses, are recognised in other comprehensive income and presented in the fair value reserve in equity. When an investment is derecognised, the cumulative gain or loss is reclassified to profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont.)

(f) Financial instruments (Cont.)

Non-derivative financial liabilities

The Group initially recognises debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

Other financial liabilities comprise trade and other payables.

Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

(g) Basis of consolidation

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases. The accounting policies of the subsidiaries have been changed when necessary to align them with the policies adopted by the Group.

Non-controlling interests represent the portion of profit or loss and net assets in subsidiaries not held by the Group and are presented separately in the Statement of Profit or Loss and Other Comprehensive Income and within equity in the Consolidated Statement of Financial Position. Losses are attributed to the non-controlling interests even if that results in a deficit balance.

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary.

Loss of control

On the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently that retained interest is accounted for as an equity accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

Investments in associates and jointly controlled entities are accounted for under the equity method and are initially recognised at cost. The cost of the investment includes transaction costs.

Transactions eliminated on consolidation

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

3. SIGNIFICANT ACCOUNTING POLICIES (Cont.)

(h) Tax

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

Current tax

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantially enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; or
- taxable temporary differences arising on the initial recognition of goodwill.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(i) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with an original maturity of three months or less.

(j) 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 Australian Taxation Office. 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 in the balance sheet are shown inclusive of GST.

Cash flows are presented in the Consolidated Statement of Cash Flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont.)

(k) Impairment

Non-derivative financial assets

A financial asset not classified as at fair value through profit or loss is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

For an investment in an equity security classified as available-for-sale, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment. The Group consider a decline of 20 per cent to be significant and a period of 9 months to be prolonged.

Financial assets measured at amortised cost

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. Losses are recognised within profit or loss. When an event occurring after the impairment was recognised causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Available-for-sale financial assets

Impairment losses on available-for-sale financial assets are recognised by reclassifying the losses accumulated in the fair value reserve in equity to profit or loss. The cumulative loss that is reclassified from equity to profit or loss is the difference between the acquisition cost and the current fair value, less any impairment loss recognised previously in profit or loss. Any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognised in other comprehensive income.

Non-financial assets

The carrying amounts of the Group's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit (CGU) exceeds its recoverable amount. The recoverable amount of an asset or CGU is the greater of their fair value less costs to sell and value in use. 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 or CGU. For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Impairment losses are recognised in profit or loss.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(l) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont.)

(l) Foreign currency transactions (Cont.)

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Foreign currency differences arising on retranslation are recognised in profit or loss.

(m) Foreign operations

The assets and liabilities of foreign operations are translated to the functional currency at the foreign exchange rate ruling at the reporting date. The income and expenses of foreign operations are translated to Australian dollars at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income, and presented in the foreign currency translation reserve in equity. However, if the foreign operation is a non-wholly-owned subsidiary, then the relevant proportion of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the foreign currency translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such items are considered to form part of the net investment in the foreign operation and are recognised in other comprehensive income, and are presented in the foreign currency translation reserve in equity.

(n) Segment reporting

Determination and presentation of operating segments

The Group determines and presents operating segments based on the information that is provided internally to the Managing Director, who is the Group's chief operating decision maker.

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are regularly reviewed by the Group's Managing Director to make decisions about resources to be allocated to the segment and assess its performance.

Segment results that are reported to the Managing Director include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets (primarily the Company's headquarters), head office expenses, and income tax assets and liabilities.

(o) Employee benefits

Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont.)

(o) Employee benefits (Cont.)

Share-based payment transactions

The grant date fair value of share-based payment awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

(p) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as a finance cost.

Site restoration

In accordance with the Group's environmental policy and applicable legal requirements, a provision for site restoration in respect of contaminated land, and the related expense, is recognised when the land is contaminated.

(q) New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 July 2016, and have not been applied in preparing these consolidated financial statements. Those which may be relevant to the Group are set out below. The Group does not plan to adopt these standards early.

AASB 9 Financial Instruments

AASB 9 published in July 2014, replaces the existing guidance in AASB 139 *Financial Instruments: Recognition and Measurement*. AASB 9 includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets, and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39.

AASB 9 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted. The Group does not plan to adopt this standard early and the standard is not expected to have a significant effect on the financial statements.

4. DETERMINATION OF FAIR VALUES

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

Equity securities

The fair values of investments in equity securities are determined with reference to their quoted closing bid price at the measurement date.

4. DETERMINATION OF FAIR VALUES (Cont.)

Share-based payment transactions

The fair value of the employee share options is measured using the Black-Scholes formula. Measurement inputs include share price on the measurement date, exercise price of the instrument, expected volatility (based on an evaluation of the historic volatility of the Company's share price, particularly over the historical period commensurate with the expected term), expected term of the instruments (based on historical experience and general option holder behaviour), expected dividends, and the risk-free interest rate (based on government bonds). Service and non-market performance conditions are not taken into account in determining fair value.

	Consolidated	
	2017	2016
	\$	\$

5. FINANCE INCOME AND FINANCE COSTS

Recognised in profit or loss

Interest income on cash deposits	1,803	5,015
Net finance income recognised in profit or loss	1,803	5,015

Recognised in profit or loss

Interest expense	179,254	-
Net finance expense recognised in profit or loss	179,254	-

6. LOSS FOR THE YEAR

Loss before income tax expense has been determined after:

Depreciation of non-current assets		
– Plant and equipment	1,780	6,329
Foreign exchange gain	(61,987)	(21,223)
Remuneration of the auditors of the Company - KPMG		
– Audit of annual and interim financial statements	80,750	63,700
Total remuneration of the auditors	80,750	63,700

7. FINANCIAL INSTRUMENTS

Financial risk management objectives and policies

The Group's financial instruments comprise deposits with banks, receivables, investments in available-for-sale financial assets, trade and other payables and from time to time short term loans from related parties. The Group does not trade in derivatives or in foreign currency.

The Group manages its risk exposure of its financial instruments in accordance with the guidance of the Board of Directors. The main risks arising from the Group's financial instruments are market risk, credit risk and liquidity risks. This note presents information about the Group's exposure to each of these risks, its objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

7. FINANCIAL INSTRUMENTS (Cont.)

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. Risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. These policies are reviewed regularly to reflect changes in market conditions and the Group's activities.

The primary responsibility to monitor the financial risks lies with the Chief Financial Officer and the Company Secretary under the authority of the Board.

Market risks

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Interest rate risk

The Group's exposure to market interest rates relates exclusively to cash and cash equivalents.

At balance date the Group's variable interest bearing financial instruments were:

	Consolidated	
	2017	2016
	\$	\$
Financial assets		
Cash and cash equivalents	594,029	262,657

The Group did not have any variable interest bearing financial liabilities in the current or prior year.

The Group does not have interest rate swap contracts. The Group has two interest bearing accounts from where it draws cash when required to pay liabilities as they fall due. The Group normally invests its funds in at least two accounts to maximise the available interest rates. The Group always analyses its interest rate exposure when considering renewals of existing positions including alternative financing.

The following sensitivity analysis is based on the interest rate risk exposures at balance date.

For the year ended 30 June 2017, if the interest rates had moved, as illustrated in the table below, with all other variables held constant, the post-tax loss and equity would have been affected as follows:

Judgement of reasonable possible movements:

	Post tax loss (Higher) /Lower 2017 \$	Post tax loss (Higher) /Lower 2016 \$	Total equity (Higher) /Lower 2017 \$	Total equity (Higher) /Lower 2016 \$
+ 1% higher interest rate	4,283	11,382	4,283	11,382
- 0.5% lower interest rate	(2,142)	(5,691)	(2,142)	(5,691)

The movements in the loss after tax are due to higher/lower interest earned from variable movement in the interest rate on cash balances.

7. FINANCIAL INSTRUMENTS (Cont.)

Market risks (Cont.)

The Groups functional currency is Australian dollars. The Group is exposed to foreign currency risks due to the fact that the functional currency of its operating subsidiaries PT MME and PT Alexis is in Indonesian Rupiah and the intercompany transfers are denominated in United States Dollars.

The Group's gross financial position exposure to foreign currency risk at 30 June 2017 is as follows:

- US\$26,565 (A\$35,165) cash at bank;
- IDR115,927,799 (A\$11,340) cash at bank;
- IDR857,467,022 (A\$83,877) of receivables;
- IDR771,993,272 (A\$75,516) of prepayments;
- US\$18,000 (A\$23,421) of trade and other payables;
- IDR162,166,021 (A\$15,863) of trade and other payables.

The Group's gross financial position exposure to foreign currency risk at 30 June 2016 is as follows:

- US\$65,091 (A\$87,465) cash at bank;
- IDR154,390,694 (A\$15,809) cash at bank;
- IDR221,543,095 (A\$22,685) of trade and other payables.

Currency risk

The following significant exchange rates applied during the year:

	Average rate		Reporting date spot rate	
	2017	2016	2017	2016
AUD				
IDR	9,980	9,916	10,223	9,766
USD	0.7536	0.7286	0.7686	0.7442

The following sensitivity analysis is based on the exchange rate risk exposures at balance date.

For the year ended 30 June 2017, if the exchange rate between the Australian dollar to the United States dollar and Indonesian Rupiah had moved, as illustrated in the table below, with all other variables held constant, the post-tax loss and equity would have been affected as follows:

Judgement of reasonable possible movements:

	Post tax loss (Higher) /Lower	Post tax loss (Higher) /Lower	Total equity (Higher) /Lower	Total equity (Higher) /Lower
	2017 \$	2016 \$	2017 \$	2016 \$
+ 10% higher AUD to USD exchange rate	(1,068)	4,003	1,068	(4,003)
- 5% lower AUD to USD exchange rate	534	(2,318)	(534)	2,318
+ 10% higher AUD to IDR exchange rate	(14,079)	22,125	14,079	(22,125)
- 5% lower AUD to IDR exchange rate	7,040	(12,810)	(7,040)	12,810

7. FINANCIAL INSTRUMENTS (Cont.)

Market risks (Cont.)

Price risk

As the investments held by the Group and classified in the balance sheet as available-for-sale were sold during the year the Group is no longer exposed to equity securities price risk.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group monitors rolling forecasts of liquidity on the basis of expected fund raisings, trade payables and other obligations for the ongoing operation of the Group.

At balance date, the Group has available funds of \$594,029 for its immediate use.

The following are the contractual maturities of financial liabilities, including estimated interest payments:

Financial liabilities	Carrying amount \$	Contractual cash flows \$	Less than 6 months \$	6 to 12 months \$	1 to 5 years \$	More than 5 years \$
30 June 2017						
Trade and other payables	892,436	892,436	892,436	-	-	-
Taxes payable	892,380	939,568	416,224	416,224	107,120	-
	<u>1,784,816</u>	<u>1,832,004</u>	<u>1,308,660</u>	<u>416,224</u>	<u>107,120</u>	<u>-</u>

Included within trade and other payables are amounts totalling \$662,051 due to related parties. These parties have signed confirmations that they will continue to defer amounts for services and will not call for repayment until such time as the Group has sufficient working capital to allow repayment without adversely impacting the continuation of the Group as a going concern.

30 June 2016

Trade and other payables	<u>94,135</u>	<u>(94,135)</u>	<u>(94,135)</u>	<u>-</u>	<u>-</u>	<u>-</u>
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It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The carrying amount of financial assets represents the maximum credit risk exposure. The maximum exposure to credit risk at the reporting date was:

	Carrying amount	
	2017 \$	2016 \$
Cash and cash equivalents	594,029	262,657
Trade and other receivables	189,774	185,521
Other financial assets	15,000	15,000
	<u>798,803</u>	<u>463,178</u>

7. FINANCIAL INSTRUMENTS (Cont.)

Credit risks (Cont.)

Other financial assets for the year ended 30 June 2017 and 30 June 2016 represent environmental bonds held with Government Departments.

All financial assets and liabilities are current, with the exception of environmental bonds totalling \$15,000 and taxes payable of \$103,015. All financial assets are not past due or impaired and the Group does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the Group except as described below.

Receivables

During the year, the Company has, at the Wonogiri project, been incurring expenditures on behalf of PT Smart Resources, holder of a 55% interest in PT Alexis Perdana Mineral, holder of the exploration IUP covering Wonogiri. At 30 June 2017, there was a receivable amount of \$85,572 outstanding (2016 - \$167,436).

Cash and cash equivalents

The Group held cash and cash equivalents of \$594,029 at 30 June 2017 (2016 - \$262,657), which represents its maximum credit exposure on these assets. The cash and cash equivalents are held with bank and financial institution counterparties, which are rated Aa2 (\$542,581) to Baa3 (\$51,448), based on rating agency Moody's Investor Service ratings.

Capital management

Management controls the capital of the Group in order to maintain an appropriate debt to equity ratio, provide the shareholders with adequate returns and ensure that the Group can fund its operations and continue as a going concern.

The Group's capital includes ordinary share capital supported by financial assets. There are no externally imposed capital requirements on the Group.

Management effectively manages the Group's capital by assessing the Group'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 cash levels, distributions to shareholders and share issues.

There have been no changes in the strategy adopted by management to control the capital of the Group since the prior year.

Estimation of fair values

The carrying amounts of financial assets and financial liabilities included in the balance sheet approximate fair values.

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

7. FINANCIAL INSTRUMENTS (Cont.)

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
30 June 2017				
Available-for-sale financial assets	-	-	-	-
30 June 2016				
Available-for-sale financial assets	1,500	-	-	1,500

All available-for-sale financial assets relate to investments held in listed equity securities (designated as Level 1 financial assets). The fair value is based on quoted market prices at the end of the reporting period. The quoted market price used is the current bid price at the reporting date.

There have been no transfers between the levels of valuation method for each classification of financial asset held during the years ended 30 June 2017 and 30 June 2016.

	Consolidated	
	2017 \$	2016 \$
8. INCOME TAX		
Current tax expense		
Current year	(305,028)	(274,202)
Tax losses not recognised	305,028	274,202
	-	-
Numerical reconciliation of income tax expense to prima facie tax payable:		
Loss before tax	(2,889,795)	(936,780)
Prima facie income tax benefit at the Australian tax rate of 27.5% (2016 - 30%)	(794,694)	(281,034)
Increase in income tax expense due to:		
Non-deductible expenses	577,070	89,849
Tax losses not recognised	305,028	274,202
Effect of net deferred tax assets not brought to account	(87,404)	(83,017)
Income tax expense	-	-
Unrecognised deferred tax assets		
Deferred tax assets have not been recognised in respect of the following items:		
Taxable temporary differences (net)	276,469	(275,636)
Tax losses	2,075,683	2,103,695
Net	1,799,214	1,828,059

Deferred tax assets have not been recognised in respect of these items because it is not considered probable that future taxable profit will be available against which the Group can utilise the benefits therefrom.

9. LOSS PER SHARE

Basic and diluted loss per share have been calculated using:

Net loss for the year attributable to equity holders of the Company	(2,519,816)	(832,714)
	N° of shares	N° of shares
Weighted average number of ordinary shares (basic and diluted)		
– Issued ordinary shares at the beginning of the year	315,818,198	315,818,198
– Effect of shares issued on 22 March 2017	13,014,486	-
– Effect of shares issued on 28 April 2017	12,570,105	-
Weighted average number of shares at the end of the year	341,402,789	315,818,198

As the Group is loss making, none of the potentially dilutive securities are currently dilutive.

	Consolidated	
	2017	2016
	\$	\$

10. CASH AND CASH EQUIVALENTS

Cash at bank	594,029	262,657
Cash and cash equivalents in the statement of cash flows	594,029	262,657

11. TRADE AND OTHER RECEIVABLES

Current

GST receivable - Australia	-	18,085
Other receivables	189,774	167,436
	189,774	185,521

12. AVAILABLE-FOR-SALE FINANCIAL ASSETS

Equity investments – available-for-sale at fair value	-	1,500
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During the year the Company sold 150,000 shares in Stonewall Resources Limited at 2.7 cents per share.

13. EXPLORATION AND EVALUATION EXPENDITURE

Costs carried forward in respect of areas of interest in exploration phase:

New South Wales – opening balance	1,151,964	1,006,681
Additions	172,922	145,283
Net book value	1,324,886	1,151,964
Indonesia – opening balance	8,365,238	6,091,439
Additions	899,846	1,597,832
R&D tax incentive rebate (refer Note 16)	-	633,638
Impairment*	(1,969,432)	(59,711)
Exchange movements	(147,472)	102,040
Net book value	7,148,180	8,365,238
Chile – opening balance	-	-
Additions	225,331	-
Net book value	225,331	-
	8,698,397	9,517,202

Exploration programs in each area of interest continue but have not reached a stage which permits a reasonable assessment of economically recoverable reserves. The ultimate recoupment of these costs is dependent on the successful development and exploitation, or alternatively sale, of the respective areas of interest.

At 30 June 2017 the Directors decided, given the lack of activity at the Gorontalo properties during 2017 to fully impair the carry value of the projects. Despite this the Company still sees significant exploration potential at the Gorontalo properties and the Company has provided property data to third parties considering a potential joint venture.

	Consolidated	
	2017	2016
	\$	\$

14. OTHER ASSETS

Non-current

Environmental bonds	15,000	15,000
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15. TRADE AND OTHER PAYABLES

Current

Trade creditors	672,370	69,135
Sundry creditors and accruals	220,066	25,000
	892,436	94,135

16. TAXES PAYABLE

Current

Taxes payable (1)	789,365	1,185,267
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Non-current

Taxes payable (1)	103,015	-
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16. TAXES PAYABLE (Cont.)

During the year, a review of the R&D claims made by the Company for the 2014 and 2015 financial years was completed. At 30 June 2016 a provision had been recognised equal to the estimated amount repayable in the event it were determined that there was no eligible R&D expenditure claimable. This review indicated that the claims made did not meet the criteria for eligible R&D expenditure. The Company submitted a voluntary tax amendment with the Australian Taxation Office ('ATO') during the year and entered into a repayment arrangement with the ATO that will allow the Company to continue with the ongoing development of its projects.

Consolidated

2017
\$

2016
\$

17. CAPITAL AND RESERVES

Share capital

435,818,198 (2016 - 315,818,198) fully paid ordinary shares

26,712,574

25,628,095

	2017		2016	
	N° of shares	\$	N° of shares	\$
Ordinary shares				
Balance at the beginning of the year	315,818,198	25,628,095	315,818,198	25,628,095
Issue of shares	120,000,000	1,200,000	-	-
Costs of issue	-	(115,521)	-	-
Balance at the end of the year	435,818,198	26,712,574	315,818,198	25,628,095

During the year ended 30 June 2017 the Group issued 120,000,000 shares at \$0.01 each for cash totalling \$1,200,000. There were no amounts unpaid on the shares issued. Shares issue costs totalled \$115,521 including non-cash costs of \$26,000 relating to options issued for broker services (Refer Note 18).

Terms and conditions - shares

The Company does not have authorised capital or par value in respect of its issued shares. All issued shares are fully paid.

Ordinary shares have the right to receive dividends as declared and, in the event of winding up the Company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held.

Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the Company.

Nature and purpose of reserves

Fair value reserve

Changes in fair value of investments, such as equities; classified as available-for-sale financial assets, are recognised in other comprehensive income and accumulated in a separate reserve within equity. Amounts are reclassified to profit or loss when the associated assets are sold or impaired.

17. CAPITAL AND RESERVES (Cont.)

Foreign currency translation reserve

The foreign currency translation reserve records the foreign currency differences arising from the translation of the financial statements of foreign operations where their functional currency is different to the presentation currency of the reporting entity.

	Consolidated	
	2017	2016
	\$	\$
Option premium reserve	26,000	-
Fair value reserve	-	300
Foreign currency translation reserve	96,630	74,659
	<u>122,630</u>	<u>74,959</u>
Non-controlling interest	<u>658,954</u>	<u>254,810</u>
Movements during the period		
Option premium reserve		
Balance at beginning of period	-	-
Share options issued	26,000	-
Balance at end of period	<u>26,000</u>	<u>-</u>
Fair value reserve		
Balance at beginning of period	300	-
Net change in fair value of available-for-sale financial assets	(300)	300
Balance at end of period	<u>-</u>	<u>300</u>
Foreign currency translation reserve		
Balance at beginning of period	74,659	(16,742)
Currency translation differences	21,971	91,401
Balance at end of period	<u>96,630</u>	<u>74,659</u>
Non-controlling interests		
Balance at beginning of period	254,810	229,838
Current period loss	(369,979)	(104,066)
Share of foreign currency translation reserve	(6,269)	129,038
Contribution by non-controlling interest	780,392	-
Balance at end of period	<u>658,954</u>	<u>254,810</u>

18. SHARE BASED PAYMENTS

Subsequent to the end of the year the Company issued 10,000,000 \$0.02 options with a grant date of 8 March 2017, and an expiry date of 24 October 2018, to Bell Potter Securities. The options were issued as brokerage fees in relation to the two tranche placement to sophisticated investors completed during the year ended 30 June 2017.

18. SHARE BASED PAYMENTS (Cont.)

The fair value of the options granted is measured using a Black-Scholes formula, taking into account the terms and conditions upon which the options were granted. The fair value of the options granted on 8 March 2017 was \$26,000. The Black-Scholes formula model inputs were the Company's share price of \$0.01 at the grant date, a volatility factor of 90% (based on historical share price performance), a risk-free interest rate of 1.50% and a dividend yield of 0%. The options fully vested on grant date.

19. RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES

	Consolidated	
	2017	2016
	\$	\$
Cash flows from operating activities		
Loss from ordinary activities after income tax	(2,889,795)	(936,780)
Adjustments for:		
– Depreciation	1,780	6,329
– Impairments	1,969,432	59,711
Effect of exchange rate adjustments	63,310	39,436
Exploration and evaluation expenditure pre-licence costs	101,868	
Changes in assets and liabilities:		
– Trade and other receivables	(1,837)	(37,360)
– Prepayments	(7,209)	33,530
– Trade and other payables	294,769	33,260
Net cash used in operating activities	(467,682)	(801,874)

20. RELATED PARTIES

Parent and ultimate controlling party

Collerina Cobalt Limited is both the parent and ultimate controlling party of the Group.

Key management personnel compensation

Information regarding individual key management personnel's compensation and some equity instruments disclosures as required by the *Corporations Act* and *Corporations Regulations 2M.3.03* are provided in the Remuneration Report section of the Directors' Report. Compensation paid to key management personnel during the year is set out in the table below. At 30 June 2017 there were \$330,000 of fees outstanding (2016 - \$27,500).

Primary fees/salary	330,000	330,000
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20. RELATED PARTIES (Cont.)

Key management personnel and director transactions

The following key management personnel holds a position in another entity that results in them having control or joint control over the financial or operating policies of that entity, and this entity transacted with the Company during the year as follows:

During the year, Norman Seckold and Peter Nightingale held a controlling interest in an entity, MIS Corporate Pty Ltd, which provided full administration services to the Group, including rental accommodation, administrative staff, services and supplies. Fees charged by MIS Corporate Pty Ltd, during the year amounted to \$294,916 (2016 - \$292,356). At 30 June 2017, there were \$269,213 of fees outstanding (2016 - \$33). MIS Corporate Pty Ltd have signed a confirmation that they will continue to defer amounts for services and will not call for repayment until such time as the Group has sufficient working capital to allow repayment without adversely impacting the continuation of the Group as a going concern.

Included within current liabilities are amounts totalling \$330,000 due to the Directors of the Company. The Directors have signed confirmations that they will continue to defer amounts for services and will not call for repayment until such time as the Group has sufficient working capital to allow repayment without adversely impacting the continuation of the Group as a going concern.

21. SEGMENT INFORMATION

Segment information is presented in respect of the Group's management and internal reporting structure.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly income earning assets and revenue, interest bearing loans, borrowings and expenses, and corporate assets and expenses.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets that are expected to be used for more than one period in that geographic region.

Geographical segments

For the year ended 30 June 2017, the Group had three segments, being minerals exploration in NSW, Indonesia and South America.

21. SEGMENT INFORMATION (Cont.)

The Group has three reportable geographical segments as follows:

	NSW \$	Indonesia \$	South America	Total \$
30 June 2017				
External revenues	-	-	-	-
Reportable segment loss before tax	-	(2,120,370)	(101,821)	(2,222,191)
Interest income				
Depreciation and amortisation	-	(1,780)	-	(1,780)
Impairment of exploration and evaluation expenditure		(1,969,432)	-	(1,969,432)
Reportable segment assets	1,339,886	7,328,307	257,090	8,925,283
Reportable segment liabilities	-	94,545	-	94,545
30 June 2016				
External revenues	-	-	-	-
Reportable segment loss before tax	-	(298,895)	-	(298,895)
Interest income	-	-	-	-
Depreciation and amortisation	-	(6,329)	-	(6,329)
Impairment of exploration and evaluation expenditure	-	(59,711)	-	(59,711)
Reportable segment assets	1,168,464	8,526,257	-	9,694,721
Reportable segment liabilities	-	22,685	-	22,685

	Consolidated	
	2017	2016
	\$	\$
21. SEGMENT INFORMATION (Cont.)		
Reconciliations of reportable segment revenues and profit or loss		
Profit or loss		
Total loss for reportable segments	(2,222,191)	(298,895)
Unallocated amounts:		
– Interest income	1,803	5,015
– Other income	179,480	21,223
– Net other corporate expenses	(848,887)	(664,123)
Consolidated loss before tax	<u>(2,889,795)</u>	<u>(936,780)</u>
Reconciliations of reportable assets and liabilities		
Assets		
Total assets for reportable segments	8,925,283	9,694,721
Unallocated corporate assets	660,109	368,779
Consolidated total assets	<u>9,585,392</u>	<u>10,063,500</u>
Liabilities		
Total liabilities for reportable segments	94,545	22,685
Unallocated corporate liabilities	1,690,271	1,256,717
Consolidated total liabilities	<u>1,784,816</u>	<u>1,279,402</u>

Geographical information

In presenting information on the basis of geography, segment revenue and segment assets are based on the geographical location of the operations.

22. COMMITMENTS AND CONTINGENCIES

There are no contingent assets or liabilities as at the date of this financial report.

Company

	2017	2016
	\$	\$

23. PARENT ENTITY DISCLOSURES

As at and throughout the financial year ended 30 June 2017 the parent and ultimate controlling entity of the Group was Collierina Cobalt Limited.

Result of the parent entity:

Net loss	(1,139,338)	(3,016,696)
Other comprehensive income	(300)	-
Total comprehensive loss	<u>(1,139,638)</u>	<u>(3,016,696)</u>

Financial position of the parent entity:

Current assets	660,109	368,780
Non-current assets	1,339,886	1,148,958
Total assets	<u>1,999,995</u>	<u>1,517,738</u>

Current liabilities	1,665,418	1,256,717
Total non-current liabilities	103,015	-
Total liabilities	<u>1,768,433</u>	<u>1,256,717</u>
Net assets	<u>231,562</u>	<u>261,021</u>

Total equity of the parent entity:

Share capital	26,712,574	25,628,095
Option premium reserve	26,000	-
Investment premium reserve	-	300
Accumulated losses	(26,507,012)	(25,367,374)
Total equity	<u>231,562</u>	<u>261,021</u>

The directors are of the opinion that no contingencies existed at, or subsequent to year end.

The Company had no capital commitments at the balance date.

24 EVENTS SUBSEQUENT TO REPORTING DATE

Subsequent to the end of the financial year the Company executed the Becker Joint Venture Agreement on 4 August 2017.

Other than the matters detailed above, no matters or circumstances have arisen since the end of the reporting period, which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

25. GROUP ENTITIES

Particulars in relation to controlled entities:

	Country of incorporation	Company interest in ordinary shares	
		2017 %	2016 %
Parent entity			
Collerina Cobalt Limited	Australia		
Controlled entities			
Augur Investments Pty Limited	Australia	100	100
Bugis Pty Ltd	Australia	100	100
Carlin Resources Pty Ltd	Australia	100	-
Goron Pty Ltd	Australia	100	100
MMG Exploration Singapore (Number One) Pte. Ltd.	Singapore	80	80
MMG Exploration Singapore (Number Two) Pte. Ltd.	Singapore	80	80
PT Alexis Perdana Mineral	Indonesia	45	45
PT Explorasi Indonusa Jaya	Indonesia	80	80
PT Gunung Mulia Mineral	Indonesia	80	80
PT Multi Mineral Explorasi	Indonesia	80	80
PT Oxindo Exploration	Indonesia	80	80
PT Panah Emas	Indonesia	80	80
Solindo Pty Ltd	Australia	100	100
Wonogiri Pty Ltd	Australia	100	100

The Company continues to control the PT Alexis Perdana Mineral subsidiary through the operation of a shareholders agreement.

26. COMPANY DETAILS

The registered office of the Company is:

Collerina Cobalt Limited
Level 2, 66 Hunter Street
Sydney NSW 2000
Australia

1. In the opinion of the directors of Collierina Cobalt Limited (the Company):
 - (a) the consolidated financial statements and notes thereto, set out on pages 27 to 55, and the Remuneration Report in the Directors Report, as set out on pages 23 to 25, 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 financial year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001;
 - (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.
2. The directors have been given the declarations required by Section 295A of the Corporations Act 2001 from the chief executive officer and chief financial officer for the financial year ended 30 June 2017.
3. The directors draw attention to note 2(a) of the consolidated financial statements, which includes a statement of compliance with International Financial Reporting Standards.

Signed at Sydney this 29th day of September 2017 in accordance with a resolution of the Board of Directors.



Justin C. Werner
Managing Director



Independent Auditor's Report

To the shareholders of Collierina Cobalt Limited

Report on the audit of the Financial Report

Opinion

We have audited the **Financial Report** of Collierina Cobalt Limited (the Company).

In our opinion, the accompanying Financial Report of the Company is in accordance with the *Corporations Act 2001*, including:

- 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
- complying with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The **Financial Report** comprises:

- *Consolidated statement of financial position* as at 30 June 2017
- *Consolidated statement of profit or loss and other comprehensive income, Consolidated statement of changes in equity, and Consolidated statement of cash flows* for the year then ended
- Notes including a summary of significant accounting policies
- *Directors' Declaration*.

The **Group** consists of the Company and the entities it controlled at the year end or from time to time during the financial year.

Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 fulfilled our other ethical responsibilities in accordance with the Code.

KPMG, an Australian partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

Liability limited by a scheme approved under Professional Standards Legislation.



Material uncertainty related to going concern

We draw attention to Note 2(e), "Going Concern" in the financial report. The conditions disclosed in Note 2(e), indicate a material uncertainty exists that may cast doubt on the Group's ability to continue as a going concern and, therefore, whether it will realise its assets and discharge its liabilities in the normal course of business, and at the amounts stated in the financial report. Our opinion is not modified in respect of this matter.

In concluding there is a material uncertainty related to going concern we evaluated the extent of uncertainty regarding events or conditions casting significant doubt in the Group's assessment of going concern. Our approach to this involved:

- Analysing the cash flow projections by:
 - Evaluating the underlying data used to generate the projections for consistency with other information tested by us, our understanding of the Group's intentions, and past results and practices;
 - Assessing the planned levels of operating and capital expenditures for consistency of relationships and trends to the Group's historical results, results since year end, and our understanding of the business, industry and economic conditions of the Group;
- Assessing significant non-routine forecast cash inflows and outflows including the expected impact of planned capital raisings for feasibility, quantum and timing. We used our knowledge of the client, its industry and current status of those initiatives to assess the level of associated uncertainty;
- Reading Directors minutes and relevant correspondence with the Group's advisors to understand the Group's ability to raise additional shareholder funds, and assess the level of associated uncertainty; and
- Evaluating the Group's going concern disclosures in the financial report by comparing them to our understanding of the matter, the events or conditions incorporated into the cash flow projection assessment, the Group's plans to address those events or conditions, and accounting standard requirements. We specifically focused on the principle matters giving rise to the material uncertainty.

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 matter described below to be the Key Audit Matter.



Exploration and evaluation expenditure (\$8,698,397)	
Refer to Note 13 to the Financial Report	
The key audit matter	How the matter was addressed in our audit
<p>Exploration and evaluation expenditure is a key audit matter due to:</p> <ul style="list-style-type: none"> • the significance of the balance (representing 91% of total assets) at 30 June 2017; • the level of judgement required in evaluating management's application of the requirements of AASB 6 <i>Exploration for and Evaluation of Mineral Resources</i>. AASB 6 is an industry specific accounting standard requiring the application of significant judgements, estimates and industry knowledge. This includes specific requirements for expenditure to be capitalised as an asset, and subsequent requirements which must be complied with for capitalised expenditure to continue to be carried as an asset; and • the assessment of impairment of exploration and evaluation expenditure can be inherently difficult, particularly in uncertain market conditions such as Indonesia where the Group's major exploration projects are based. <p>Areas of significant judgement for us and management included:</p> <ul style="list-style-type: none"> • the assessment of specific areas of interest; • whether specific exploration licence requirements are complied with, particularly where there are complex agreements in place with other parties and/or where the licence is in a foreign jurisdiction; • whether expenditure meets the capitalisation carry forward conditions of AASB 6. This included consideration of management's assessment of whether exploration and evaluation expenditure is expected to be recouped 	<p>Our procedures included:</p> <ul style="list-style-type: none"> • We evaluated the Group's accounting policy to recognise exploration and evaluation assets using the criteria in the accounting standard; • We assessed management's determination of its areas of interest for consistency with the definition in AASB 6. This involved analysing the tenements in which the Group holds an interest, including separation by geographical location and type of mineral deposit; • For each area of interest, we assessed the Group's current rights to tenure by corroborating the ownership of the relevant license to government registries and government correspondence. We also sample tested for compliance with any requirements to maintain the licences in good standing, such as consideration of any minimum spend requirements; • We tested capitalised exploration and evaluation expenditure for the period by evaluating a statistical sample of recorded expenditure for consistency to underlying records and the capitalisation requirements of AASB 6; • We considered the activities in each area of interest, and assessed the Group's planned future activities for each area of interest, by evaluating work programmes and budgets to determine whether the carry forward conditions of AASB 6 have been satisfied; • We assessed each area of interest for one or more of the circumstances, as described in left column that may indicate impairment of the capitalised expenditure. We did this through testing the status of the Group's tenure and documented planned future activities, reading board minutes, considering the results of exploration programmes completed to date, and discussion with management.



<p>through successful development and exploitation of the area of interest, or alternatively through sale; and</p> <ul style="list-style-type: none"> • whether there are indicators of impairment, in particular: <ul style="list-style-type: none"> ○ licences for the right to explore expiring in the near future or are not expected to be renewed; ○ substantive expenditure for further exploration in the specific area is neither budgeted nor planned; ○ decision or intent by the Group to discontinue activities in the specific area of interest due to lack of commercially viable quantities of resources; and ○ data indicating that, although a development in the specific area is likely to proceed, the carrying amount of the exploration assets is unlikely to be recovered in full from successful development or sale. 	
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Other Information

Other Information is financial and non-financial information in Collierina Cobalt Limited's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we 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.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.



Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

- preparing the Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*
- implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error
- assessing the Group and Company's ability to continue as a going concern. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Group and Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- 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 *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They 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 at: http://www.auasb.gov.au/auditors_files/ar2.pdf. This description forms part of our Auditor's Report.



Report on the Remuneration Report

Opinion

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

Directors' 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 responsibilities

We have audited the Remuneration Report included in *pages 22 to 24* of the Directors' report for the year ended 30 June 2017.

Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with *Australian Auditing Standards*.

KPMG

Adam Twemlow

Partner

Brisbane

29 September 2017

Additional information required by the Australian Securities Exchange Limited and not shown elsewhere in this report is as follows. The information is current as at 31 August 2017.

DISTRIBUTION OF EQUITY SECURITIES

Ordinary Shares		
Range	Number of Holders	Number of Shares
1 - 1,000	36	6,056
1,001 - 5,000	56	183,646
5,001 - 10,000	109	1,025,830
10,001 - 100,000	176	7,473,429
100,001 - 9,999,999	155	433,134,237
Total	532	441,818,198

The number of shareholders holding less than a marketable parcel is 226.

TWENTY LARGEST SHAREHOLDERS

The names of the twenty largest holders of quoted shares are:

N°	Ordinary Shares Shareholder	Number of Shares	Total %
1	PT Archi Indonesia	110,536,400	25.02
2	Permgold Pty Ltd	52,082,903	11.79
3	Budworth Capital Pty Ltd <Rolling Hills Capital A/C>	30,500,000	6.90
4	BT Portfolio Services Limited <Warrell Holdings S/F A/C>	27,950,000	6.33
5	Palmer Bookmaking Pty Limited	20,000,000	4.53
6	Rosignol Pty Ltd <Nightingale Family A/C>	12,375,000	2.80
7	Oon Peng Lim	10,000,000	2.26
8	Mr Robert Simeon Lord	10,000,000	2.26
9	Rigi Investments Pty Limited <The Cape A/C>	9,156,840	2.07
10	TKM Pty Ltd <The Mahony Family A/C>	7,500,000	1.70
11	Michael C Corey	6,000,000	1.36
12	Neon Capital Ltd	6,000,000	1.36
13	HSBC Custody Nominees (Australia) Limited	5,750,190	1.30
14	Company Fifty Pty Ltd <McDonald Super Fund A/C>	5,185,423	1.17
15	Pindari Custodians Pty Ltd	5,000,000	1.13
16	Spinite Pty Ltd	5,000,000	1.13
17	Citicorp Nominees Pty Ltd	4,976,151	1.13
18	Ichiya Co Ltd	4,947,102	1.12
19	Guy Jones Pty Ltd <The Guy Jones Family S/F A/C>	4,500,000	1.02
20	Mrs Susan Holt	4,396,896	1.00
Total		341,856,905	77.38

SUBSTANTIAL SHAREHOLDERS

Substantial shareholders and the number of equity securities in which it has an interest, as shown in the Company's Register of Substantial Shareholders is:

Shareholder	Number of Shares Held	% to Issued Shares
PT Archi Indonesia	110,536,400	25.02
Permgold Pty Ltd	52,082,903	11.79
Budworth Capital Pty Ltd <Rolling Hills Capital A/C>	30,500,000	6.90
BT Portfolio Services Limited <Warrell Holdings S/F A/C>	27,950,000	6.33

CLASS OF SHARES AND VOTING RIGHTS

The voting rights attached to ordinary shares, as set out in the Company's Constitution, are that every member in person or by proxy, attorney or representative, shall have one vote when a poll is called, otherwise each member present at a meeting has one vote on a show of hands.

Tenement Schedule

Project	Tenement number	Interest %
Australia		
Collerina	EL 6336	100%
Yeoval	ML 811	25%
Indonesia		
Wonogiri	IUP No. 545.21/054/2009	45%
Tapadaa	IUP No.540/DPEBB/286/VIII/2009	80%
Toluludu	IUP NO.65 Tahun/2010	80%

DIRECTORS:

Mr Norman A. Seckold (Chairman)
Mr Justin C. Werner (Managing Director)
Mr Peter J. Nightingale

COMPANY SECRETARY:

Mr Richard J. Edwards

PRINCIPAL PLACE OF BUSINESS AND REGISTERED OFFICE:

Level 2, 66 Hunter Street
SYDNEY NSW 2000
Phone: 61-2 9300 3310
Fax: 61-2 9221 6333
Homepage: www.collerinacobalt.com.au

AUDITORS:

KPMG
Level 16, Riparian Plaza
71 Eagle Street
BRISBANE QLD 4000

SHARE REGISTRAR:

Computershare Investor Services Pty Limited
Level 4, 60 Carrington Street
SYDNEY NSW 2000
Phone: 1300 787 272
Overseas Callers: 61-3 9415 4000
Fax: 61-3 9473 2500

SOLICITORS:

DLA Piper Australia
1 Martin Place
Sydney NSW 2000



COLLERINA
Cobalt Limited

