

**2017**

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Special Purpose Financial Report

Carawine Resources Pty Ltd

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The Directors present their report together with the financial statements of the Company for the year ended 30 June 2017. Carawine Resources Pty Ltd ('Carawine' or 'Company') is domiciled in Australia.

### **Directors**

The following persons were Directors of Carawine Resources Pty Ltd during the whole of the financial period and up to the date of this report:

<b>Name</b>	<b>Period of Directorship</b>
<b>Mr Will Burbury</b>	Director since 16 March 2016
<b>Mr Bruce McFadzean</b>	Director since 16 March 2016
<b>Mr Bruce McQuitty</b>	Director since 16 March 2016
<b>Mr David Archer</b>	Director since 16 March 2016

### **Principal Activities**

The principal activity of the Company during the course of the financial period was exploration for base metals within Western Australia and Victoria.

### **Significant changes in the state of affairs**

There have been no significant changes in the state of affairs of the company to the date of this report.

### **Likely developments and expected results**

Disclosure of information regarding likely developments in the operations of the Company in future financial years and the expected results of those operations is likely to result in unreasonable prejudice to the company. Therefore, this information has not been presented in this report.

### **Environmental regulation**

The Company's exploration activities are governed by environmental regulation. To the best of the Directors' knowledge, the Company believes it has adequate systems in place to ensure compliance with the requirements of applicable environmental legislation and is not aware of any material breach of those requirements during the financial year and up to the date of the Directors' Report.

### **Indemnification and insurance of Directors and Officers**

The Company has agreed to indemnify all the Directors and Key Management Personnel of the Company for any liabilities to another person (other than the Company or related body corporate) that may arise from their designated position of the Company, except where the liability arises out of conduct involving a lack of good faith.

During the financial period the Company paid a premium in respect of a contract insuring the Directors and Officers of the Company against any liability incurred in the course of their duties to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

### **Indemnity and insurance of Auditor**

The Company has not, during or since the end of the financial period, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor. During the financial year, the Company has not paid a premium in respect of a contract to insure the auditor of the Company or any related entity.

### **Proceedings on behalf of the company**

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Company, or to 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 part of those proceedings.

### **Significant events after balance date**

There have been no additional matters or circumstances that have arisen after balance date that have significantly affected, or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial periods.

**Non-audit services**

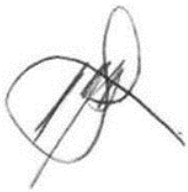
There were no non-audit services provided during the financial period by the auditor, HLB Mann Judd.

**Auditor Independence**

Section 307C of the Corporations Act 2001 requires our auditors, HLB Mann Judd, to provide the Directors of the Company with an Independence Declaration in relation to the audit of the annual report.

This Independence Declaration is set out on page 5 and forms part of this Directors' report for the year ended 30 June 2017.

Signed in accordance with the resolution of the Directors.

A handwritten signature in black ink, appearing to be 'Bruce McFadzean', written over a circular stamp or seal.

**Mr Bruce McFadzean**

**Director**

Perth, 15 September 2017

**AUDITOR'S INDEPENDENCE DECLARATION**

As lead auditor for the audit of the financial report of Carawine Resources Pty Ltd for the period ended 30 June 2017, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

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

**Perth, Western Australia**  
**15 September 2017**



**D I Buckley**  
**Partner**

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE PERIOD ENDED 30 JUNE 2017**

	Note	2017 \$
Exploration impairment	3	(71,777)
<b>Loss before income tax benefit</b>		(71,777)
Income tax benefit		-
<b>Loss for the year</b>		<b>(71,777)</b>
<b>Other comprehensive income</b>		
Other comprehensive income for the year, net of tax		-
<b>Total comprehensive loss for the year</b>		<b>(71,777)</b>

The Statement of Comprehensive Income should be read in conjunction with the accompanying notes

**STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2017**

	Notes	2017 \$
<b>Non-Current Assets</b>		
Deferred exploration expenditure	4	2,352,995
<b>Total Non-Current Assets</b>		2,352,995
<b>Total Assets</b>		2,352,995
<b>Net Assets</b>		<b>2,352,995</b>
<b>Equity</b>		
Issued capital	5	(2,424,772)
Accumulated losses	6	(71,777)
<b>Total Equity</b>		<b>(2,352,995)</b>

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

**STATEMENT OF CHANGES IN EQUITY  
FOR THE PERIOD ENDED 30 JUNE 2017**

	Issued capital	Accumulated losses	Total
	\$	\$	\$
<b>Balance as at 1 July 2016</b>	-	-	-
Loss for the period	-	(71,777)	(71,777)
<b>Total comprehensive loss for the year</b>	-	(71,777)	(71,777)
Shares issued during the period	2,422,772	-	2,422,772
Share issue costs	-	-	-
<b>Balance at 30 June 2017</b>	<b>2,422,772</b>	<b>(71,777)</b>	<b>2,352,995</b>

The Statement of Changes in Equity should be read in conjunction with accompanying notes



**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30 JUNE 2017**

	Notes	Consolidated 2017 \$
<b>Cash flows from operating activities</b>		
Payments to suppliers and employees		-
Interest received		-
Return of bond payments		-
<b>Net cash provided by operating activities</b>		-
<b>Cash flows from investing activities</b>		
Proceeds from sale of prospects		-
Payments for exploration and evaluation expenditure		-
Proceeds from disposal of other non-current assets		-
Purchase of non-current assets		-
<b>Net cash (used in) investing activities</b>		-
<b>Cash flows from financing activities</b>		
Proceeds from issue of shares		-
Payments for share issue costs		-
<b>Net cash provided by financing activities</b>		-
Net decrease in cash and cash equivalents		-
Cash and cash equivalents at beginning of year		-
<b>Cash and cash equivalents at end of year</b>		-

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

**NOTE 1: GENERAL INFORMATION**

Carawine Resources Pty Ltd (the Company) is a proprietary company incorporated in Australia. The parent entity of Carawine Resources Pty Ltd is Sheffield Resources Limited. The addresses of its registered office and principal place of business are as follows:

**Registered office**

Level 2  
41-47 Colin Street  
WEST PERTH WA 6005  
Tel: (08) 6555 8777

**Principal place of business**

Level 2  
41-47 Colin Street  
WEST PERTH WA 6005  
Tel: (08) 6555 8777

The company was incorporated on 16 March 2016 and acquired its first exploration tenements during the 2017 financial year. Accordingly only current year figures covering the period 1 July 2016 – 30 June 2017 are shown.

**NOTE 2: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES****(a) BASIS OF PREPARATION***Special purpose financial report*

In the Directors' opinion, the company is not a reporting entity because there are no users dependent on general purpose financial report.

This is a special purpose financial report that has been prepared for the sole purpose of complying with the Corporations Act 2001 requirements to prepare and distribute a financial report to the members and must not be used for any other purpose.

The financial report has been prepared in accordance with the recognition and measurement principles of all applicable Australian Accounting Standards and Interpretations issued by the Australian Accounting standards Board and the Corporations Act 2001. It contains the disclosures that are mandatory under the Accounting Standards and those considered necessary by the directors to meet the needs of the members. Carawine Resources Pty Ltd is a for-profit entity for the purpose of preparing the financial statements.

*Historical Cost Convention*

The financial report has also been prepared on a historical cost basis. Cost is based on the fair values of the consideration given in exchange for assets.

**(B) ADOPTION OF NEW AND REVISED STANDARDS****Standards and Interpretations applicable to 30 June 2017**

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

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

*Standards and Interpretations in issue not yet adopted*

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

**(C) GOING CONCERN**

The Company is financially dependent on Sheffield Resources Ltd, the parent entity, for its funding. Sheffield Resources Ltd has agreed to fund Carawine's working capital requirements until such time that Carawine is financially viable or is no longer part of the group.

The accounts have been prepared on a going concern basis.

**(D) GOODS AND SERVICES TAX (GST)**

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

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

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

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

**(I) IMPAIRMENT OF ASSETS**

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

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset unless the asset is carried at revalued amount (in which case the impairment loss is treated as a revaluation decrease).

An assessment is also made at each balance date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

**(M) EXPLORATION AND EVALUATION EXPENDITURE**

Exploration and evaluation expenditures in relation to each separate area of interest are recognised as an exploration and evaluation asset in the year in which they are incurred where the following conditions are satisfied:

- a) the rights to tenure of the area of interest are current; and
- b) at least one of the following conditions is also met:
  - the exploration and evaluation expenditures are expected to be recouped through successful development and exploitation of the area of interest, or alternatively, by its sale; or
  - exploration and evaluation activities in the area of interest have not at the balance 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 initially measured at cost and include acquisition of rights to explore, studies, exploratory drilling, trenching and sampling and associated activities and an allocation of depreciation and amortised of assets used in exploration and evaluation activities. General and administrative costs are only included in the measurement of exploration and evaluation costs where they are related directly to operational activities in a particular area of interest.

Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. The recoverable amount of the exploration and evaluation asset (for the cash generating unit(s) to which it has been allocated being no larger than the relevant area of interest) is estimated to determine the extent of the impairment loss (if any). Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in previous years.

**NOTE 3: REVENUE AND EXPENSES**

	2017 \$
<b>Expenses</b>	
Exploration expenditure impaired	71,777
	<b>71,777</b>

**NOTE 4: DEFERRED EXPLORATION AND EVALUATION EXPENDITURE**

	2017 \$
Costs carried forward in respect of:	
<b>Exploration and evaluation phase – at cost</b>	
Balance at beginning of year	-
Expenditure incurred	2,424,772
Exploration expenditure impaired	(71,777)
Total exploration and evaluation expenditure	<b>2,352,995</b>

The recoupment of costs carried forward in relation to areas of interest in the exploration and evaluation phase is dependent on the successful development and commercial exploitation or sale of the respective areas. Capitalised exploration expenditure relating to the surrender of exploration licences has been written off in full during the year.

**NOTE 5: ISSUED CAPITAL**

	2017 \$
100 fully paid ordinary shares	2,424,772

**NOTE 6: COMMITMENTS AND CONTINGENCIES****Exploration commitments**

The Company has certain obligations to perform minimum exploration work and to spend minimum amounts on exploration tenements. The obligations may be varied from time to time subject to approval and are expected to be fulfilled in the normal course of the operations of the Company.

Due to the nature of the Company's operations in exploring and evaluating areas of interest, it is difficult to accurately forecast the nature and amount of future expenditure beyond the next year. Expenditure may be reduced by seeking exemption from individual commitments, by relinquishing of tenure or any new joint venture agreements. Expenditure may be increased when new tenements are granted.

Commitment contracted for at balance date but not recognised as liabilities are as follows:

	2017 \$
Within one year	540,200

**NOTE 7: EVENTS AFTER THE REPORTING PERIOD**

There have been no additional matters or circumstances that have arisen after balance date that have significantly affected, or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial periods.

As stated in note 1 to the financial statements, in the Directors' opinion, the Company is not a reporting entity because there are no users dependent on general purpose financial reports. This is a special purpose financial report that has been prepared to meet Corporations Act 2001 requirements.

The financial report has been prepared in accordance with Accounting Standards and mandatory professional reporting requirements to the extent described in note 2.

1. In the opinion of the Directors of Carawine Resources Pty Ltd (the 'Company'):
  - a. the accompanying financial statements and notes are in accordance with the Corporations Act 2001 including:
    - i. giving a true and fair view of the Company's financial position as at 30 June 2017 and of its performance for the year then ended; and
    - ii. complying with Australian Accounting Standards, the Corporations Regulations 2001, professional reporting requirements and other mandatory requirements.
  - b. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
  - c. the financial statements and notes thereto are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board.
2. This declaration has been made after receiving the declarations required to be made to the directors in accordance with Section 295A of the Corporations Act 2001 for the financial year ended 30 June 2017.

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



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**Mr Bruce McFadzean**  
**Managing Director**

15 September 2017

**INDEPENDENT AUDITOR'S REPORT**

To the Members of Carawine Resources Pty Ltd

**Report on the Audit of the Financial Report***Opinion*

We have audited the accompanying financial report of Carawine Resources Pty Ltd ("the Company") which comprises the statement of financial position as at 30 June 2017, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the period then ended, and notes to the financial statements, including a summary of significant accounting policies, and the director's declaration.

In our opinion, the accompanying financial report presents fairly, in all material aspects, the financial position of the Company as at 30 June 2017, and its financial performance and its cash flow for the period then ended in accordance with the accounting policies described in Note 2 of the financial statements.

*Basis for opinion*

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

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

*Emphasis of matter – Basis of accounting*

We draw attention to Note 2 to the financial report, which describes the basis of accounting. The financial report has been prepared to assist the Company meet the requirements of the members and the financial reporting requirements of the *Corporations Act 2001*. As a result, the financial report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

*Responsibilities of the Directors for the financial report*

Management is responsible for the preparation and fair presentation of the special purpose financial report in accordance with the accounting policies described in Note 2 of the financial statements and the financial reporting requirements of the *Corporations Act 2001* and for such internal control as management determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the special purpose financial report, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Directors are responsible for overseeing the Company's financial reporting process.

**HLB Mann Judd (WA Partnership) ABN 22 193 232 714**

Level 4 130 Stirling Street Perth WA 6000 | PO Box 8124 Perth BC WA 6849 | Telephone +61 (08) 9227 7500 | Fax +61 (08) 9227 7533

Email: [mailbox@hlbwa.com.au](mailto:mailbox@hlbwa.com.au) | Website: [www.hlb.com.au](http://www.hlb.com.au)

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*Auditor's responsibilities for the audit of the financial report*

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

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

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

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



**HLB Mann Judd**  
Chartered Accountants



**D I Buckley**  
Partner

**Perth, Western Australia**  
**15 September 2017**

**Interests in Mining Tenements**

Project	Tenement	Holder	Interest	Location	Status
Nickel	E69/3033	Carawine Resources Pty Ltd <sup>1</sup>	49%	Fraser Range	Granted
Nickel	E69/3052	Carawine Resources Pty Ltd <sup>1</sup>	49%	Fraser Range	Granted
Nickel	E39/1733	Carawine Resources Pty Ltd <sup>1</sup>	49%	Fraser Range	Granted
Nickel	E28/2374-I	Carawine Resources Pty Ltd <sup>1</sup>	49%	Fraser Range	Granted
Copper/Manganese	E46/1041	Carawine Resources Pty Ltd	100%	Pilbara	Granted
Copper/Manganese	E46/1044	Carawine Resources Pty Ltd	100%	Pilbara	Granted
Copper/Manganese	E46/1069-I	Carawine Resources Pty Ltd	100%	Pilbara	Granted
Copper/Manganese	E46/1099	Carawine Resources Pty Ltd	100%	Pilbara	Granted
Copper/Zinc	E45/4871	Carawine Resources Pty Ltd	100%	Patterson	Pending
Copper/Zinc	E45/4881	Carawine Resources Pty Ltd	100%	Patterson	Pending
Copper/Zinc	E45/4844	Carawine Resources Pty Ltd	100%	Patterson	Pending
Copper/Gold	E45/4845	Carawine Resources Pty Ltd	100%	Patterson	Pending
Copper/Gold	E45/4847	Carawine Resources Pty Ltd	100%	Patterson	Pending

Notes:

<sup>1</sup>Carawine Resources Pty Ltd holds a 49% interest, with JV partner Independence Group NL (IGO) holding a 51% interest and earning in.