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Explaurum Limited

ABN 50 114 175 138

Half Year Report ended 31 December 2015

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CORPORATE DIRECTORY

Directors

Chris Baker
Non-Executive Chairman

John Lawton
Managing Director

Mark Calderwood
Non-Executive Director

Stephen Stroud
Non-Executive Director

Company Secretary

Paul Frederiks FCPA FCIS FAICD

Registered office

Level 16, Waterfront Place
1 Eagle Street BRISBANE QLD 4000
Telephone: +617 3333 2722

Corporate Postal Address

GPO Box 3249 BRISBANE QLD 4001

Internet

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info@explaurum.com

Share registry

Computershare Investor Services Pty Limited
GPO Box 2975
MELBOURNE VIC 3001
Telephone: +1300 850 505
International: +613 9415 4000

Auditor

Ernst & Young
Level 51, 111 Eagle Street
BRISBANE QLD 4000

Solicitors

Thomson Geer Lawyers
Level 16, Waterfront Place
1 Eagle Street
BRISBANE QLD 4000

Stock Exchange Listing

Australian Securities Exchange
(Home Exchange: Perth, Western Australia)
Code: EXU

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DIRECTORS' REPORT

Your directors submit the financial report of the consolidated entity for the half-year ended 31 December 2015. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

DIRECTORS

The names of the Directors of Explaurum Limited in office during or since the end of the half-year are:

Chris Baker (Appointed 11 September 2015)
 John Lawton (Appointed 11 September 2015)
 Stephen Stroud (Appointed 21 January 2016)
 Patrick Flint (Resigned 23 October 2015)
 Mark Calderwood
 Paul Jurman (Resigned 11 September 2015)

COMPANY SECRETARY

Paul Frederiks (Appointed 11 September 2015)
 Paul Jurman (Resigned 11 September 2015)

CORPORATE STRUCTURE

Explaurum Limited is a company limited by shares, incorporated and domiciled in Australia. Its registered office is Level 16, Waterfront Place, 1 Eagle Street, Brisbane QLD 4000. It was incorporated on 9 May 2005.

PRINCIPAL ACTIVITIES

Explaurum Limited is an active mineral exploration and development company with land holdings in Western Australia. The Company holds the Tampia Gold project located in the wheat fields of WA. The total number of tenements held by the Company at 31 December 2015 is thirteen granted licences and one application. The three original Tampia tenements are held 90% by the Company subject to Joint Venture, and all other tenements are held 100% by the group.

REVIEW AND RESULTS OF OPERATIONS

The Company realised an operating profit/(loss) after tax for the financial period as listed below:

	6 months ended 31 December 2015	6 months ended 31 December 2014
	\$	\$
Operating profit / (loss) after income tax expense	(205,245)	(130,939)
Net profit / (loss) attributable to members of Explaurum Limited	(205,245)	(130,939)
Earnings / (loss) per Share	(0.17)	(0.45)
Basic and diluted profit / (loss) per share	(0.17)	(0.45)

DIRECTORS' REPORT (Continued)

REVIEW AND RESULTS OF OPERATIONS (Continued)

In the 6 months to December 2015, Explaurum Limited has made considerable progress. The key achievements and progress made during the period were as follows:

Corporate

- Successful completion and implementation of the acquisition of Auzex Exploration Limited through a Scheme of Arrangement
- Subsequent Board restructure with the appointments of Chris Baker (Chairman) and John Lawton (Managing Director) and resignation of Patrick Flint and Paul Jurman; and relocation of Principal and Registered Office from Perth to Brisbane.
- The issue of 12.0 million options to directors of Auzex Exploration in partial compensation for outstanding salaries and fees
- Equity interest in the Tampia gold project was increased from 80% to 90%
- Sale of all Queensland and New South Wales tenements previously held by Auzex
- Placement of 34,782,609 shares to sophisticated and wholesale investors at \$0.023 per share to raise \$800,000

Exploration and Development

- A seven hole diamond drilling program at Tampia confirmed the resource model, located new zones of mineralisation and provided important structural data. Initial metallurgical test work indicated predominantly free milling potential.
- 47 reverse circulation drill holes totalling approximately 2700m were drilled into shallow high grade gold mineralisation at Tampia to assess the potential for toll treatment of in excess of 50,000 ounces contained gold
- Results of this resource drilling and subsequent metallurgical test work are expected to be available in the March Quarter.

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DIRECTORS' REPORT (Continued)

SIGNIFICANT AFTER BALANCE DATE EVENTS

No event has arisen since 31 December 2015, that would be likely to materially affect the operations of the consolidated entity, or its state of affairs not otherwise disclosed in the entity's financial report.

AUDITORS' INDEPENDENCE DECLARATION

The independence declaration of the Company's auditors is listed before the Independent Review Report of the half-year financial report and forms part of this report.

Signed in accordance with a resolution of the Directors.



C. Baker
Non-Executive Chairman
Brisbane, 11 March 2016

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Explaurum Limited

ABN 50 114 175 138

Half Year Financial Report ended 31 December 2015

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

HALF YEAR ENDED 31 DECEMBER 2015

		CONSOLIDATED	
		6 months ended 31 December 2015	6 months ended 31 December 2014
		\$	\$
Continuing operations	Note		
REVENUES			
Interest Income		4,246	3,794
Profit on disposal of tenements	4	559,516	-
Foreign exchange gain		6,256	8,884
		570,018	12,678
EXPENSES			
Exploration expenditure written off	3	(295,911)	-
Corporate overheads		(369,624)	(139,721)
Loss on revaluation of available-for-sale assets	13	(99,900)	-
Depreciation expense		(9,828)	(3,896)
		(775,263)	(143,617)
Profit/(loss) before income tax expense		(205,245)	(130,939)
Income tax benefit / (expense)		-	-
Net Profit/(loss) for the period		(205,245)	(130,939)
Other Comprehensive Income/(Loss)		-	-
Other Comprehensive Income/(Loss) for the period, net of tax		-	-
Total Comprehensive Profit/(Loss) for the period attributable to the owners of the parent		(205,245)	(130,939)
Basic profit/(loss) per share (cents per share)	6	(0.17)	(0.45)

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2015

AT 31 DECEMBER 2015

		CONSOLIDATED	
		As at 31 December 2015	As at 30 June 2015
Note		\$	\$
ASSETS			
Current assets			
		692,834	981,141
		118,120	209,454
		810,954	1,190,595
Non-current assets			
		9,375	9,375
	13	466,200	-
	5	22,954	8,209
	4	3,403,665	288,782
		3,902,194	306,366
		4,713,148	1,496,961
LIABILITIES			
Current liabilities			
		254,494	87,008
	7	-	886,464
		18,686	-
		273,180	973,472
		273,180	973,472
		4,439,968	523,489
EQUITY			
	7	19,163,936	15,195,341
	8	3,346,922	3,193,794
		(18,070,891)	(17,865,646)
		4,439,968	523,489

The above statement of financial position should be read in conjunction with the accompanying notes.

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

	CONSOLIDATED	
	31 December 2015	31 December 2014
	\$	\$
Cash Flows from Operating Activities		
Payments to suppliers and employees	(445,823)	(154,541)
GST received	87,883	-
Interest received	4,098	3,794
Net cash used in operating activities	(353,842)	(150,747)
Cash flows from investing activities		
Payments for exploration and evaluation expenditure	(462,042)	(36,408)
Redemption of short term deposits	10,000	-
Payments for Auzex Exploration Limited acquisition (including working capital)	(800,000)	-
Net cash used in investing activities	(1,252,042)	(36,408)
Cash Flows from Financing Activities		
Proceeds from issue of shares and options	1,383,423	-
Payments for share issue cost	(65,679)	-
Net cash provided by financing activities	1,317,744	-
Net (decrease) / increase in cash held	(288,140)	(187,155)
Cash and cash equivalents at beginning of financial period	980,974	455,530
Effects of exchange rate fluctuations on the balances of cash held in foreign currencies	-	8,884
Cash and cash equivalents at end of the period	692,834	277,259

The above statement of cash flows should be read in conjunction with the accompanying notes.

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

	Issued Capital	Accumulated Losses	Option Premium Reserve	Total Equity
	\$	\$	\$	\$
Balance at 1 July 2015	15,195,341	(17,865,646)	3,193,794	523,489
Profit/(Loss) for the period	-	(205,245)	-	(205,245)
Total comprehensive income for the period	-	(205,245)	-	(205,245)
Shares issued during the year	2,221,257	-	-	2,221,257
Shares and options issued in consideration for acquisition of Auzex Exploration Limited	1,747,338	-	153,128	1,900,466
Balance at 31 December 2015	19,163,936	(18,070,891)	3,346,922	4,439,967

	Issued Capital	Accumulated Losses	Option Premium Reserve	Total Equity
	\$	\$	\$	\$
Balance at 1 July 2014	15,018,706	(17,538,653)	3,193,794	673,847
Loss for the period	-	(130,939)	-	(130,939)
Total comprehensive income for the period	-	(130,939)	-	(130,939)
Balance at 31 December 2014	15,018,706	(17,669,592)	3,193,794	542,908

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

NOTE 1 – CORPORATE INFORMATION

The general purpose interim financial report financial report of Explaurum Limited (the Company) for the half-year ended 31 December 2015 was authorised in accordance with a resolution of the Directors on 11 March 2016. Explaurum Limited is a Company limited by shares, incorporated and domiciled in Australia. Its shares are listed on the Australian securities exchange. It was incorporated on 9 May 2005.

The nature of the operations and principal activities of the Company are described in the Directors' Report.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(A) Statement of Compliance

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

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

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

(B) Basis of Preparation

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

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

(C) Going Concern

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

The Group has incurred a loss for the period after tax of \$205,245 (2014: \$130,939) and experienced net operating and investing cash outflows of \$1,605,884 (2014: \$187,155). As at 31 December 2015, the Group has net current assets of \$537,774.

As at the date of this report, no firm funding facilities are in place. If there are delays in sourcing equity funding for planned activities when the need arises, the Group has plans in place to scale back its activities and budgeted expenditure until adequate funding is obtained.

The Group does not generate revenue to fund operations and ongoing investment in exploration activities. The ability of the Group to continue as a going concern is dependent on its ability to raise additional equity or farm in arrangements on exploration assets.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

The directors are confident that the Company will be successful in raising additional funds through the issue of new equity should the need arise.

Should the Company be unsuccessful in raising additional funds through the issue of new equity, there is a material uncertainty that may cause significant doubt as to whether or not the Group will be able to continue as a going concern and therefore, whether it will realise its assets and discharge its liabilities as and when they fall due and in the normal course of business and at the amounts stated in the financial report.

(D) Significant accounting judgements and key estimates

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

In preparing this interim report, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial report for the year ended 30 June 2015.

(E) Accounting policies and methods of computation

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

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

NOTE 3 – LOSS BEFORE INCOME TAX

The following revenue and expense items are relevant in explaining the financial performance for the half – year

Depreciation on plant and equipment

CONSOLIDATED

6 months
ended 31
December
2015
\$

6 months
ended 31
December
2014
\$

9,828

3,896

Exploration expenditure written off

295,911

-

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

	CONSOLIDATED	
	31 December 2015 \$	30 June 2015 \$
NOTE 4 – DEFERRED EXPLORATION EXPENDITURE		
Costs carried forward in respect of exploration areas of interest in the following phases:		
Opening balance	288,782	230,473
Deferred exploration acquired as part of Auzex Exploration Limited transaction	3,058,624	-
Expenditure incurred	427,359	58,309
Expenditure written off as a result of sale of tenements ¹	(75,189)	-
Expenditure written off ²	(295,911)	-
Total deferred exploration expenditure	3,403,665	288,782

- On 6 November 2015, the Group sold exploration tenements in Queensland and New South Wales (including associated rehabilitation liabilities and bank guarantees) to Jervois Mining Limited ("Jervois"). The consideration for the sale was 11.1 million ordinary shares in Jervois. The Company recorded the shares in Jervois as an available-for-sale financial asset at an initial fair value of \$566,100, resulting in a gain on disposal of the tenements of \$559,516.
- The exploration expenditure written off represents the impairment of the Group's deferred exploration expenditure with respect to Lyons project in Western Australia as a result of the Group relinquishing the tenements in November 2015.

At 31 December 2015, the balance of deferred exploration expenditure is in respect of the Group's Tampia project in Western Australia. The recoupment of costs carried forward in relation to this area of interest is dependent on the successful development and commercial exploitation or sale of the area.

	CONSOLIDATED	
	31 December 2015 \$	30 June 2015 \$
NOTE 5 – PLANT AND EQUIPMENT		
Movement in carrying amounts		
Opening balance	8,209	15,959
Additions	-	-
Assets acquired as part of the Auzex Exploration Limited transaction	24,572	-
Disposals	-	-
Depreciation	(9,828)	(7,750)
Closing balance	22,953	8,209

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

	CONSOLIDATED	
	6 months ended 31 December 2015	6 months ended 31 December 2014
NOTE 6 – LOSS PER SHARE		
Basic profit/(loss) per share (cents per share)	(0.17)	(0.45)
Weighted average number of ordinary shares outstanding during the period used in the calculation of basic earnings per share	117,278,707	29,057,944

	31 December 2015 \$	30 June 2015 \$
NOTE 7 – CONTRIBUTED EQUITY		
Issued and Fully Paid Capital		
192,182,387 (30 June 2015 – 320,494,080) fully paid ordinary shares	19,163,936	15,195,341

		Number of Shares	Issue price \$ per share	\$
Movement in ordinary share capital:				
30/06/14	Balance end of financial year	256,490,660		15,018,706
25 Sep 14	Share placement	64,003,420	.003	192,010
	Share capital raising expenses			(15,375)
30/06/15	Balance end of financial year	320,494,080		15,195,341
3 Jul 15	Consolidation of share capital – 1 for 10 shares approved by shareholders	(288,444,617)		
3 Jul 15	Share placement ¹	36,933,028	.030	1,107,991
4 Aug 15	Share placement	1,866,666	.030	56,000
21 Sep 15	Scheme consideration to Auzex Exploration Limited shareholders	67,205,796	.026	1,747,338
20 Oct 15	Share placement	18,094,825	.020	361,897
18 Dec 15	Share placement	34,782,609	.023	800,000
18 Dec 15	Share placement	1,250,000	.020	25,000
	Share capital raising expenses			(129,631)
31/12/15	Balance end of period	192,182,387		19,163,936

1. Includes \$886,464 of share application proceeds which were received prior to 30 June 2015. These amounts were recorded as a liability at 30 June 2015.

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

NOTE 8– OPTION PREMIUM RESERVE

	CONSOLIDATED	
	31 December 2015	30 June 2015
	\$	\$
Movements during the period:		
Balance at beginning of period	3,193,794	3,193,794
Scheme consideration to the directors of Auzex Exploration Limited ¹	153,128	
Balance at end of period	3,346,922	3,193,794

At 31 December 2015, the Company had a total of 23,300,044 options outstanding at 31 December 2015 (30 June 2015 – nil) comprising 11,300,044 options exercisable at 5 cents and expiring on 31 August 2016 and 12,000,000 options exercisable at 3 cents and expiring on 31 August 2018.

- Under the Scheme of Arrangement to acquire Auzex Exploration Limited, 12,000,000 options were granted to the directors of Auzex Exploration Limited in exchange for the forgiveness of liabilities owing to them in respect of unpaid salaries and other entitlements. At 31 December 2015, the preliminary fair value of the options has been measured with reference to the preferred valuation determined by the Independent Expert as part of the Scheme of Arrangement. This valuation will be finalised as part of the completion of the Group's provision business combination accounting (refer note 12).

NOTE 9 - SEGMENT INFORMATION

The operating segments are identified by management based on the nature of activity undertaken by the Group. The Group operates in one operating business segment being the activity of multi-metal exploration and development. Discreet financial information about the operating business is reported to the executive management team on at least a monthly basis.

NOTE 10 – INTEREST IN SUBSIDIARIES

Name	Country of Incorporation	Percentage of equity interest held by consolidated entity	
		31 December 2015	30 June 2015
Auzex Exploration Pty Ltd	Australia	100%	-
Erongo Sands Pty Ltd	Australia	100%	100%
Ninghan Exploration Pty Ltd	Australia	100%	100%

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

NOTE 11 – COMMITMENTS AND CONTINGENT LIABILITIES

The Group is required to fund exploration expenditures in order to maintain current rights of tenure. At 31 December 2015 the Group had the following commitments with respect to the licences:

Project	Tenement Reference			Commitment \$	Comment
Tampia Hill	P70,1645, E70/2132, E70/4433, E70/4420, E70/4474,	P70/1637, M70/815, E70/4616, E70/4720/ E70/4411	P70/1638, M70/816, E70/4473, E70/4721,	339,716	Committed annually

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

NOTE 12 – PROVISIONAL BUSINESS COMBINATION ACCOUNTING FOR THE ACQUISITION OF AUZEX EXPLORATION LIMITED

On 30 April 2015, the Company announced its Scheme of Arrangement ("Scheme") to acquire 100% of the issued ordinary shares of Auzex Exploration Limited ("Auzex"). On 24 August 2015, the Scheme was approved by Auzex's shareholders and on 3 September the Scheme was approved by the Supreme Court of Queensland. The Scheme became effective on 7 September 2015 and on 21 September 2015 the Scheme was implemented.

Consistent with the Scheme being approval by the Supreme Court on 3 September 2015, the Company assessed it had obtained control and as such, accounted for the acquisition as at that date.

Under the Scheme, Auzex's shareholders received four (4) Explaurum Limited shares for every Auzex share they owned. In addition, the Company provided Auzex with a working capital facility of \$800,000 and granted 12 million options to Auzex's directors in exchange for the forgiveness of liabilities (accrued salaries and other entitlements) owing to them.

As the consideration for the acquisition was partly shares in the Company, the cost of the acquisition was measured with reference to the Explaurum share price at the close of business on the day the Scheme was approved by the Supreme Court, being 2.6 cents per share. In addition, the provisional fair value of the 12 million options granted to Auzex's directors has been measured with reference to a black-scholes valuation reported in the Independent Expert's report prepared as part of the Scheme. This valuation will be finalised in conjunction with the finalisation of the business combination accounting.

In this way, the provisional purchase consideration was measured as \$2,700,466.

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

NOTE 12 – PROVISIONAL BUSINESS COMBINATION ACCOUNTING FOR THE ACQUISITION OF AUZEX EXPLORATION LIMITED (continued)

The provisional business combination accounting resulted in the following fair values being allocated to the identifiable assets and liabilities of Auzex at the acquisition date.

	31-Dec-15
	\$
ASSETS	
Cash and Cash Equivalents	23,544
Trade and Other Receivables	134,137
Total Current Assets	157,681
Property, Plant and Equipment	24,573
Deferred Exploration Expenditure	3,058,624
Total Non Current Assets	3,083,197
Total Assets	3,240,878
LIABILITIES	
Current Liabilities	
Trade and Other Payables	408,029
Provisions	132,383
Total Current Liabilities	540,412
Total Non Current Liabilities	-
Total Liabilities	540,412
Total Identifiable Net Assets At Fair Value	2,700,466
Purchase Consideration	
67,205,796 EXU shares at 2.6 cents per share	1,747,338
Working capital contribution	800,000
Provisional valuation of options	153,128
Total Purchase Consideration	2,700,466

In addition, general and administrative expenses in the Consolidated Statement of Comprehensive Income include \$13836 of transaction costs in respect of the acquisition.

Since acquisition, Auzex's contribution to the Group's loss for the half year ended 31 December 2015 is a gain of \$239,450. The gain chiefly relates to the disposal of Auzex's Queensland and New South Wales tenements. If the combination had taken place at the beginning of the financial year, the Group's revenue from continuing operations would have been unchanged and the loss before tax from continuing operations would have been \$387,626.

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

NOTE 13 – FINANCIAL INSTRUMENTS

At 31 December 2015, the Group's principal financial instruments comprise of cash and cash equivalents, receivables, available-for-sale financial assets and payables.

All financial assets are recognised initially at fair value plus transaction costs, and financial liabilities are recognised initially at fair value. Subsequent measurement of financial assets and liabilities depends on their classification, summarised in the table below.

	31 December 2015 \$	30 June 2015 \$
Financial Assets		
Cash and Cash Equivalents (amortised cost)	692,834	981,141
Receivables (amortised cost)	118,120	218,829
Available-for-sale financial assets (level 1 -fair value measurement)	466,200	-
	1,277,154	1,199,970
Financial Liabilities		
Payables (amortised cost)	254,494	87,008
	254,494	87,008

Financial assets and liabilities carried at amortised cost are measured by taking into account any discount or premium on acquisition, and fees or costs associated with the asset or liability. Due to the short-term nature of these assets and liabilities, their carrying value is assumed to approximate their fair value.

AASB13 Fair Value Measurement requires disclosures of fair value measurements by level of the following fair value measurement hierarchy:

Level 1 – the fair value is calculated using quoted market prices in active markets.

Level 2 – the fair value is estimated using inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).

Level 3 – the fair value is estimated using inputs for the asset or liability that are not based on observable market data.

The Group's available-for-sale financial assets are measured at fair value and comprise 11,100,000 ordinary shares in ASX listed, Jervois Mining Limited (refer note 4 for additional detail). The shares are measured with reference to the quoted market price for the shares at balance date. The change in fair value of the shares of \$99,900 was recorded as an impairment loss in the statement of comprehensive income.

With the exception of available-for-sale financial assets, the Group does not have any other level 1, level 2 or level 3 financial instruments as at 31 December 2015.

NOTE 14 - SUBSEQUENT EVENTS

No event has arisen since 31 December 2015, that would be likely to materially affect the operations of the consolidated entity, or its state of affairs not otherwise disclosed in the entity's financial report.

DIRECTORS' DECLARATION

In accordance with a resolution of the Directors of Explaurum Limited, I state that

In the opinion of the Directors:

- (a) the financial statements and notes of the company are in accordance with the *Corporations Act 2001*, including:
 - (i) give a true and fair view of the company's financial position as at 31 December 2015 and the performance for the half-year ended on that date; and
 - (ii) comply with Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001; and
- (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.

On behalf of the Board.



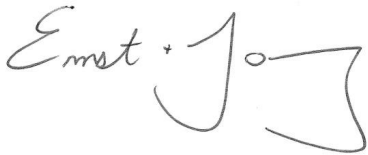
C. Baker
Non-Executive Chairman
Brisbane, 11 March 2016

Auditor's Independence Declaration to the Directors of Explaurum Limited

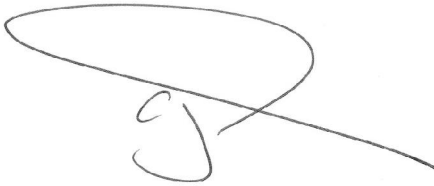
As lead auditor for the audit of Explaurum Limited for the half-year ended 31 December 2015, I declare to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Explaurum Limited and the entities it controlled during the financial year.



Ernst & Young



Andrew Carrick
Partner
11 March 2016

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Independent review report to members of Explaurum Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Explaurum Limited, which comprises the consolidated balance sheet as at 31 December 2015, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated cash flow statement for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

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

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

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the Directors' Report

Conclusion

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

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

Material Uncertainty Regarding Continuation as a Going Concern

Without qualifying our conclusion, we draw attention to Note 2(c) in the half-year financial report which describes the principal conditions that raise doubt about the entity's ability to continue as a going concern. As a result of these matters, there is significant uncertainty whether the entity will continue as a going concern, and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report. The half-year financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the entity not continue as a going concern.



Ernst & Young



Andrew Carrick
Partner
Brisbane
11 March 2016