

Explaurum Limited
ABN 50 114 175 138

Half Year Report ended 31 December 2017

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CORPORATE DIRECTORY

Directors

Chris Baker
Non-Executive Chairman

John Lawton
Managing Director

Stephen Stroud
Non-Executive Director

Company Secretary

Paul Frederiks FCPA FCIS FAICD

Registered office

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1 Eagle Street BRISBANE QLD 4000
Telephone: +617 3333 2722

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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

DIRECTORS' REPORT

Your directors submit the financial report of the consolidated entity for the half-year ended 31 December 2017. 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
John Lawton
Stephen Stroud

COMPANY SECRETARY

Paul Frederiks

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 wheatbelt of WA. The total number of tenements held by the Company at 31 December 2017 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 2017 \$	6 months ended 31 December 2016 \$
Operating profit / (loss) after income tax expense	(833,730)	(606,092)
Net profit / (loss) attributable to members of Explaurum Limited	(833,730)	(606,092)
Earnings / (loss) per Share (cents per share)	(0.22)	(0.22)
Basic and diluted profit / (loss) per share	(0.22)	(0.22)

DIRECTORS' REPORT (Continued)

REVIEW AND RESULTS OF OPERATIONS (Continued)

In the 6 months to December 2017, Explaurum Limited has made considerable progress. The key achievements and progress made during the period were as follows:

Corporate

- A placement was successfully completed to a number of domestic and international investors raising \$4.5 million through the issue of 42.9 million shares at an issue price of \$0.105 per share.
- The Annual General Meeting was held 3 November 2017 with all resolutions passed.

Exploration and Development

- A new Mineral Resource estimate for the Tampia Gold Project based on the new resource drilling, reported and classified in accordance with the JORC Code (2012), was released being 11.3 million tonnes at 1.91 g/t Au for 695,500 ounces of gold (0.5 g/t Au cut off), more than double the previous 310,000 oz estimate.
- A successful Scoping Study was completed indicating excellent economics based on a standalone mining and processing operation treating 1.5Mtpa. Strong financial metrics include low cost/ high margin (AISC A\$888), initial capital A\$95M, and low technical risk for a project minelife of six years with a 1.5 year payback.
- A Feasibility Study commenced in July 2017 with detailed metallurgy, process design, power supply, mining and geotechnical, groundwater and environmental studies progressing positively. The proposed mining operation will be based in Narembeen with the establishment of camp and catering facilities. The Study is expected to be finalised in late March 2018.

SIGNIFICANT AFTER BALANCE DATE EVENTS

On 15 February 2018, the Company announced that it had successfully completed a book build to raise \$8.3 million through a placement of 79 million shares at an issue price of 10.5 cents per share to a number of domestic and international investors.

There were no other matters or circumstances which have arisen since 31 December 2017, 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, 9 March 2018

Explaurum Limited

ABN 50 114 175 138

Half Year Financial Report ended 31 December 2017

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CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

HALF YEAR ENDED 31 DECEMBER 2017

		CONSOLIDATED	
		6 months ended 31 December 2017	6 months ended 31 December 2016
Note		\$	\$
Continuing operations			
REVENUES			
	Interest Income	23,534	22,406
		23,534	22,406
EXPENSES			
	Foreign Exchange Loss	(348)	-
	Corporate overheads	(846,989)	(623,847)
	Depreciation expense	(9,927)	(4,651)
		(857,264)	(628,498)
	Profit/(loss) before income tax expense	(833,730)	(606,092)
	Income tax benefit / (expense)	-	-
	Net Profit/(loss) for the period	(833,730)	(606,092)
	Gain/(loss) on revaluation of available-for-sale assets	-	(44,400)
	Other Comprehensive Income/(Loss)	-	(44,400)
	Other Comprehensive Income/(Loss) for the period, net of tax	-	(44,400)
	Total Comprehensive Profit/(Loss) for the period attributable to the owners of the parent	(833,730)	(650,492)
	Basic and Diluted profit/(loss) per share (cents per share)	(0.22)	(0.22)

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 2017

AT 31 DECEMBER 2017

		CONSOLIDATED	
		As at 31 December 2017	As at 30 June 2017
Note		\$	\$
ASSETS			
Current assets			
		1,171,789	2,354,777
		201,607	309,602
		1,373,396	2,664,379
Non-current assets			
	5	93,141	73,309
	4	15,091,365	10,538,781
		15,184,506	10,612,090
		16,557,902	13,276,469
LIABILITIES			
Current liabilities			
		922,268	1,307,769
		89,393	62,624
		1,011,661	1,370,393
		1,011,661	1,370,393
		15,546,241	11,906,076
EQUITY			
	7	32,320,168	28,042,168
	8	3,806,763	3,610,868
		(20,580,690)	(19,746,960)
		15,546,241	11,906,076

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 2017

	CONSOLIDATED	
	31 December 2017	31 December 2016
	\$	\$
Cash Flows from Operating Activities		
Payments to suppliers and employees	(617,806)	(658,579)
GST received	558,639	141,740
Interest received	25,862	7,241
Net cash used in operating activities	(33,305)	(509,598)
Cash flows from investing activities		
Payments for exploration and evaluation expenditure	(5,322,924)	(1,190,929)
Payments for property, plant & equipment	(29,759)	(58,242)
Net cash used in investing activities	(5,352,683)	(1,249,171)
Cash Flows from Financing Activities		
Proceeds from issue of shares and options	4,500,000	8,062,672
Payments for share issue cost	(297,000)	(427,344)
Net cash provided by financing activities	4,203,000	7,635,328
Net (decrease) / increase in cash held	(1,182,988)	5,876,559
Cash and cash equivalents at beginning of financial period	2,354,777	636,330
Effects of exchange rate fluctuations on the balances of cash held in foreign currencies	-	-
Cash and cash equivalents at end of the period	1,171,789	6,512,889

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 2017

	Issued Capital \$	Accumulated Losses \$	Option Reserve \$	Total Equity \$
Balance at 1 July 2017	28,042,168	(19,746,960)	3,610,868	11,906,076
Profit/(Loss) for the period	-	(833,730)	-	(833,730)
Other comprehensive income/(loss)	-	-	-	-
Total comprehensive income for the period	-	(833,730)	-	(833,730)
Options issued during the year to directors and employees as performance incentives	-	-	195,895	195,895
Shares issued during the year	4,278,000	-	-	4,278,000
Balance at 31 December 2017	32,320,168	(20,580,690)	3,806,763	15,546,241

	Issued Capital \$	Accumulate d Losses \$	Option Reserve \$	Available for sale reserve \$	Total Equity \$
Balance at 1 July 2016	20,397,841	(18,561,457)	3,346,923	133,200	5,316,507
Profit/(Loss) for the period	-	(606,092)	-	-	(606,092)
Other comprehensive income/(loss)	-	-	-	(44,400)	(44,400)
Total comprehensive income for the period	-	(606,092)	-	(44,400)	(650,492)
Options issued during the year to directors and employees as performance incentives	-	-	57,253	-	57,253
Shares issued during the year	7,635,327	-	-	-	7,635,327
Balance at 31 December 2016	28,033,168	(19,167,549)	3,404,176	88,800	12,358,595

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

NOTE 1 – CORPORATE INFORMATION

The general purpose interim financial report financial report of Explaurum Limited (the Company) for the half-year ended 31 December 2017 was authorised in accordance with a resolution of the Directors on 15 March 2018. 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 2017 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 \$833,730 (2016: \$606,092) and experienced net operating and investing cash outflows of \$5,460,988 (2016: \$1,758,769). As at 31 December 2017, the Group has net current assets of \$361,735 (2016: \$1,293,986) including cash and cash equivalents of \$1,171,789.

On 15 February 2018, the Company announced that it had successfully completed a book build to raise \$8.3 million through a placement of 79 million shares at an issue price of 10.5 cents per share to a number of domestic and international investors.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The funds received from this capital raising are forecast to be sufficient to enable the Group to complete the Tampia Gold Project Feasibility Study expected to be finalised in late Q1 or early Q2 of the 2018 calendar year. In addition, the funds will enable the Group to deliver its planned 24,000 metre exploration and resource drilling program.

The Group does not generate revenue and as such it will be required to raise additional capital in future periods to fund its ongoing operations, its continued investment in exploration and evaluation of the Tampia project and the ultimate development of the Tampia gold mine. The ability of the Group to continue as a going concern is dependent on its ability to raise additional funds.

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

Should the Group 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.

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 2017.

(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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2017

	CONSOLIDATED	
	6 months ended 31 December 2017 \$	6 months ended 31 December 2016 \$
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	9,927	4,651
Exploration expenditure written off	-	-

	CONSOLIDATED	
	31 December 2017 \$	30 June 2017 \$
NOTE 4 – DEFERRED EXPLORATION EXPENDITURE		
Costs carried forward in respect of exploration areas of interest in the following phases:		
Opening balance	10,538,781	4,297,335
Expenditure incurred	4,552,584	6,241,446
Expenditure written off	-	-
Total deferred exploration expenditure	15,091,365	10,538,781

At 31 December 2017, 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 2017 \$	30 June 2017 \$
NOTE 5 – PLANT AND EQUIPMENT		
Movement in carrying amounts		
Opening balance	73,309	7,153
Additions	29,759	79,133
Depreciation	(9,927)	(12,977)
Closing balance	93,141	73,309

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2017

	CONSOLIDATED	
	6 months ended 31 December 2017	6 months ended 31 December 2016
NOTE 6 – LOSS PER SHARE		
Basic and diluted profit/(loss) per share (cents per share)	(0.22)	(0.22)
Weighted average number of ordinary shares outstanding during the period used in the calculation of basic and diluted earnings per share	383,288,144	281,599,905
	31 December 2017 \$	30 June 2017 \$
NOTE 7 – CONTRIBUTED EQUITY		
Issued and Fully Paid Capital		
393,664,697 (30 June 2017 –348,307,553 fully paid ordinary shares)	32,320,168	28,042,168

		Number of Shares	Issue price \$ per share	\$
Movement in ordinary share capital:				
30/06/16	Balance end of financial year	231,374,076		20,397,841
15 Jul 16	Exercise of options	1,041,672	.050	52,084
29 Jul 16	Exercise of options	783,336	.050	39,167
15 Aug 16	Exercise of options	750,005	.050	37,500
31 Aug 16	Exercise of options	2,508,341	.050	125,417
22 Sep 16	Placement	42,919,358	.070	3,004,354
12 Oct 16	Share Purchase Plan	32,978,694	.070	2,308,505
16 Nov 16	Placement	35,652,071	.070	2,495,644
17 May 17	Exercise of options	300,000	.030	9,000
	Share Capital Raising expenses (net of tax)			(427,344)
30/06/17	Balance end of period	348,307,553		28,042,168
9 Aug 17	Placement	42,857,144	.105	4,500,000
	Share Capital Raising expenses (net of tax)			(297,000)
15 Sep 17	Exercise of options	2,500,000	.030	75,000
31/12/17	Balance end of period	393,664,697		32,320,168

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2017

NOTE 8 - RESERVES

	CONSOLIDATED	
	31 December 2017	30 June 2017
	\$	\$
Share based payment reserve	459,840	263,945
Option Premium reserve	3,346,923	3,346,923
Balance at end of period	3,806,763	3,610,868

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 2017	30 June 2017
Explaurum Operations Pty Ltd	Australia	100%	100%
Ninghan Exploration Pty Ltd	Australia	100%	100%

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 2017 the Group had the following commitments with respect to the licences:

Project	Tenement Reference	Commitment	Comment
		\$	
Tampia Hill	E70/2132, M70/815, M70/816, E70/4433, E70/4616, E70/4473, E70/4420, E70/4721, E70/4474, E70/4411, E70/4950	341,100	Committed annually

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2017

NOTE 12 – SHARE BASED PAYMENTS

On 10 November 2016, 14,216,421 share options were granted to senior executives under the Explaurum Limited Share and Option Plan (ESOP). The exercise price of the options of \$0.07 and the market price of the shares on the date of grant was 8.7 cents. For the Managing Director and operational staff, one third of the options will vest upon the announcement of a measured and indicated resource greater than 500,000 ounces at the Tampia Gold Project AND the satisfaction of a 15% per annum compound share price increase from the date of issue; one third of the options will vest upon the announcement of completion of a feasibility study on the Tampia Gold Project to the satisfaction of the Board AND the satisfaction of a 15% per annum compound share price increase from the date of issue; and one third of the options will vest upon the announcement of the achievement of all material consents and approvals to enable mine development at Tampia to proceed AND the satisfaction of a 15% per annum compound share price increase from the date of issue.

For the Non-executive Directors and administration/support staff, one third of the options will vest 12 months after the date of issue and will be exercisable from the first date that the volume weighted average share price for a day is 15% higher than the share price at the date of issue, one third of the options will vest 24 months after the date of issue and will be exercisable from the first date that the volume weighted average share price for a day is 15% per annum compound higher than the share price at the date of issue, and one third of the options will vest 36 months after the date of issue and will be exercisable from the first date that the volume weighted average share price for a day is 15% per annum compound higher than the share price at the date of issue.

The fair value at grant date is estimated using a Black Scholes pricing model, taking into account the terms and conditions upon which the options were granted. The contractual life of each option granted is four years. There is no cash settlement of the options. The fair value of options granted during the six months ended 31 December 2017 was estimated on the date of grant using the following assumptions:

Dividend yield (%) Nil
Expected volatility (%) 143
Risk-free interest rate (%) 1.78 to 2.01
Expected life of share options (years) Average 2.5
Weighted average share price (\$) 0.07

On 1 December 2017, 11,400,000 performance rights were granted to Directors following approval by shareholders at the AGM held on 3 November 2017. The Performance Rights are granted in three tranches as follows:

- 3,800,000 Performance Rights will vest when the Company's 10 trading day VWAP is at least 25 cents.
- 3,800,000 Performance Rights will vest when the Company's 10 trading day VWAP is at least 35 cents.
- 3,800,000 Performance Rights will vest when the Company's 10 trading day VWAP is at least 45 cents.

If the market condition applicable to the Performance Right is satisfied, and the Performance Right vests, the holder is entitled to receive, without payment, on the vesting date for that Performance Right, one fully paid ordinary share in the Company for each vested performance right. All vested Performance Rights lapse three years after the date of grant. The fair value of the performance rights at grant date is estimated using a Monte Carlo valuation, taking into account the terms and conditions upon which the performance rights were granted.

For the six months ended 31 December 2017, the Group has recognised \$195,895 of share-based payment expense in the statement of profit or loss (31 December 2016: \$57,253).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2017

NOTE 13 – FINANCIAL INSTRUMENTS

At 31 December 2017, 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 2017	30 June 2017
	\$	\$
Financial Assets		
Cash and Cash Equivalents (amortised cost)	1,171,789	2,354,777
Receivables (amortised cost)	201,607	309,602
	1,373,396	2,664,379
Financial Liabilities		
Payables (amortised cost)	(922,268)	(1,307,769)
	(922,268)	(1,307,769)

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 does not have any level 1, level 2 or level 3 financial instruments as at 31 December 2017.

NOTE 14 - SUBSEQUENT EVENTS

On 15 February 2018, the Company announced that it had successfully completed a book build to raise \$8.3 million through a placement of 79 million shares at an issue price of 10.5 cents per share to a number of domestic and international investors.

There were no other matters or circumstances which have arisen since 31 December 2017, 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.

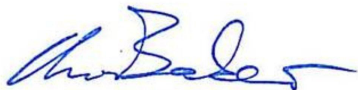
DIRECTORS' DECLARATION

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 2017 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, 9 March 2018

Auditor's Independence declaration to the Directors of Explaurum Limited

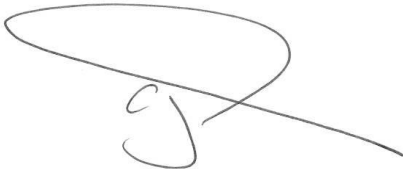
As lead auditor for the review of Explaurum Limited for the half-year ended 31 December 2017, I declare to the best of my knowledge and belief, there have been:

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

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



Ernst & Young



Andrew Carrick
Partner
9 March 2018

Independent Auditor's Review Report to the Members of Explaurum Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of Explaurum Limited (the Company) and its subsidiaries (collectively the Group), which comprises the statement of financial position as at 31 December 2017, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of description of accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half-year financial report of the Group is not in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the consolidated financial position of the Group as at 31 December 2017 and of its consolidated financial 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*.

Emphasis of Matter - Material Uncertainty Related to Going Concern

We draw attention to Note 2 (C) in the half-year financial report, which describes the principal conditions that raise doubt about the Group's ability to continue as a going concern. These events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to 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 half-year 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. Our conclusion is not modified in respect of this matter.

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 control as the directors determine is 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, anything has come to our attention that causes us to believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's consolidated financial position as at 31 December 2017 and its consolidated financial 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 the Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

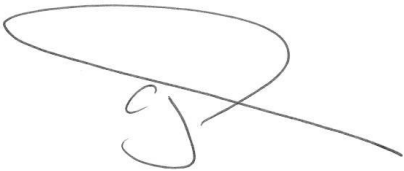
A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards 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*.



Ernst & Young



Andrew Carrick
Partner
Brisbane
9 March 2018