Phillips River Mining Limited

ABN 61 004 287 790

Annual Financial Report

for the financial year ended

30 June 2016

Corporate Directory

Directors

Chris West	Executive Chairman
Timothy Koster	Executive Director
Mark Sumner	Managing Director

Company Secretary

Chris West

Principal Office

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Sydney, NSW, 2000

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Email: chris.west@sparcapital.com.au

Registered Office

Level 7, 92 Pitt Street
Sydney, NSW, 2000

Solicitors

K&L Gates
Level 31, 1 O'Connell Street
Sydney, NSW, 2000

Share Register

Advanced Share Registry Services Ltd
110 Stirling Highway
Nedlands WA 6009

Auditors

Nexia Sydney
Level 16
1 Market Street
Sydney, NSW, 2000

Internet Address

www.phillipsriver.com.au

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Directors' Report

The Directors present their report on the consolidated entity consisting of Phillips River Mining Limited ("Phillips River" or "the Company") and the entities it controlled at the end of, or during the financial year ended 30 June 2016 ("the Group" or "the Consolidated Entity").

Directors

The names and details of the Company's Directors in office during the financial year and until the date of this report are detailed below. The Directors were in office for the entire period unless otherwise stated.

Chris West
Executive Chairman and Company Secretary
Appointed 26 March 2014

Mr West has over 30 years of experience in corporate finance and resource funds management. Currently, he is the head of SPAR Capital, a boutique specialist fund manager with over $600 million in assets under management. Between 1991 and 2007, he was the Global Head of Corporate Finance and Funds Management at Allco Finance Group, where he led a corporate finance and funds management team in over $30 billion of public and private financings and had over $15 billion in assets under management. Prior to Allco, he was the head of project finance and resources management at State Bank of New South Wales, where he led a team of 6 geologists and engineers managing a $1.5 billion portfolio of resource assets across coal, iron ore, oil & gas, bauxite and copper.

Mr West holds a Bachelor of Commerce from the University of New South Wales and a Master of Business Administration from the University of Sydney, where he studied the coal industry of Australia.

Mr West has held no other Directorships in public listed companies in the last three years.

Mark Sumner
Managing Director
Appointed 26 March 2014

Mr Sumner is the founder of Kiwanda Group LLC ("Kiwanda Group"). Prior to founding the Kiwanda Group in 2008, he was an investment specialist at Madison Avenue Financial Group, a private wealth boutique with approximately $220 million in assets under management. Since 2008, Mr Sumner has been the Managing Director of the Kiwanda Group. As Managing Director of the Kiwanda Group, he has arranged private and public equity investments into oil, natural gas, gold, zinc/lead, iron ore and gold projects in Asia, South America and Sub-Saharan Africa.

Mr Sumner has held no other Directorships in public listed companies in the last three years.

Timothy Koster
Executive Director
Appointed 26 March 2014

Mr Koster is an investment banking and business development professional with over 30 years of experience. He has a strong track record of establishing, financing and developing investment and operational businesses. Mr Koster established Azure Water and Energy Infrastructure Fund focused on Middle East water and energy utility assets. He also established Convergence Capital, a structured finance and business development investment bank, based in Australia and the Dubai International Finance Centre. He has funded several acquisitions and divestments of mining assets in Australia and China.

Mr Koster has held no other Directorships in public listed companies in the last three years.

Directors' Report

Company Secretary

Chris West
Appointed 26 March 2014

Principal Activities

During the year, the Company's main activity has been directed towards the completion of the heads of agreement to acquire a number of phosphate and coal mining assets in Chile and Colombia and satisfaction of the ASX listing.

Review of Operations

During the year the Company has been focussed on the completion of the acquisition of its new assets and satisfying ASX for the purpose of listing the Company's shares. Neither objective was achieved during the year.

Operating results

The consolidated loss of the consolidated group for the financial year after providing for income tax amounted to $1,524,628 (2015 loss of $748,198).

Dividends

No dividends have been paid or declared during the financial year, nor do the directors recommend the declaration of a dividend.

Financial Position

The net assets of the consolidated group increased by $1,870,110 from $49,430 as at 30 June 2015 to $1,919,540 as at 30 June 2016.

Significant Events Subsequent to Reporting Date

Significant changes in the state of the Consolidated Group that occurred during the year ended 30 June 2016 were as follows:

- On 12 August 2016 the Company completed a Pro-rata Issue, raising $6,920,708 and issuing 27,682,836 shares as shown in the table below. The company repaid in full the loan provided by Kiwanda Mines by the issue of 20,017,808 shares. In addition the Company issued 5,371,400 shares for application subscribed by Kiwanda Mines relating to the Assumption liability. The remaining shares were issued for subscriptions received up to 30 June 2016.

	Balance at 30 June 2016 $	Movements $	Balance at 12 August 2016 $	Total shares issued on 12 August 2016
Shareholder loan	4,978,650	25,802[(1)]	5,004,452[(1)]	20,017,808
Assumption liability	1,342,850	-	1,342,850	5,371,400
Cash received	598,407	(25,000)[(2)]	573,407	2,293,628
Total	**6,919,907**	**802**	**6,920,709**	**27,682,836**

(1) Includes accrued interest. Balance of shareholder loan reflected above is the gross amount convertible to shares. Refer to notes 18 and 19 of the financial statements.

Directors' Report

(2) Includes return of funds to investors.

- On 24 August 2016 the Company transferred to Chile an amount of $935,054 (USD714,000) and on 8 September an additional amount of $46,915 (USD36,000) for the acquisition of the rock phosphate asset located in Chile. These funds are currently in a trust account of the company's solicitor and will be released once the Acquisition Agreement is executed by the vendors.

- On 7 October 2016 the Company sent to Chile a letter of credit for USD250,000 which will be issued as guarantee for future payments to the vendors of the rock phosphate asset.

- As at the date of this report the company is completing loan arrangements which are expected to provide funding to the company of up to $1.9 million. These arrangements have not been completed but are committed.

Environmental Regulations and Performance

The Company was not subject to any environmental regulators or authorities during the year.

REMUNERATION REPORT – AUDITED

This remuneration report which forms part of the directors' report, sets out information about the remuneration of Phillips River Mining Limited's key management personnel for the financial year ended 30 June 2016. The term "key management personnel" refers to those persons having authority and responsibility for planning, directing and controlling the activities of the consolidated entity.

Key management personnel

The following were key management personnel of the Group at any time during the reporting period:

	Position held as at 30 June 2016 and any change during the year	Contract details (term of agreement and termination)	Proportion of elements of remuneration related to performance			Proportion of elements of remuneration not related to performance	
			Non-salary cash based incentives	Shares /units	Option/ Rights	Fixed salary fees	Total
			%	%	%	%	%
Directors:							
Chris West	Executive Chairman and Company Secretary		-	-	-	100	-
Mark Sumner	Managing Director		-	-	-	100	-
Timothy Koster	Executive Director		-	-	-	100	-
Management:							
Rolando Tinoco[(1)]	Chief Financial Officer	On-going commencing 4 Jan.2016 / 1 month	-	-	-	100	-

Directors' Report

[(1)] Appointed 4 January 2016

The company pays a fixed fee to each of the current Directors. The employment term and conditions of key management personnel are formalised in contracts of employment.

Remuneration details for the year ended 30 June 2016

The following table of benefits and payments details, in respect to the financial year, the components of remuneration for each member of the key management personnel of the consolidated group.

Table of Benefits and Payments for the Year Ended 30 June 2016

	Short term benefits		**Post employment benefits**	**Share-base payment**	**Total**
	Cash salary, fees and other	Deferred salary	Superannuation contribution	Option/shares	
Directors:					
Chris West	78,000	-	-	-	78,000
Mark Sumner	78,000	-	-	-	78,000
Timothy Koster	78,000	-	-	-	78,000
Management:					
Rolando Tinoco [(1)]	72,500	-	6,888	-	79,388
Total benefits	306,500	-	6,888	-	313,388

[(1)] Appointed 4 January 2016

Table of Benefits and Payments for the Year Ended 30 June 2015

	Short term benefits		**Post-employment benefits**	**Share-base payment**	**Total**
	Cash salary ,fees and other	Deferred salary	Superannuation contribution	Option/shares	
Directors:					
Chris West	80,000	-	-	-	80,000
Mark Sumner	80,000	-	-	-	80,000
Timothy Koster	80,000	-	-	-	80,000
Total benefits	240,000	-	-	-	240,000

End of Remuneration Report – Audited

Directors' Meetings

The number of Directors' meetings (including meetings of committees of Directors) and number of meetings attended by each of the Directors of the Company whilst they were a Director during the financial year are:

	Number of meetings held	Number of meetings attended
Board of Directors:		
Chris West	6	6
Mark Sumner	6	6
Timothy Koster	6	6

Directors' Report

Directors' Interests

The relevant interest of each Director in the share capital as notified by the Directors to the Australian Securities Exchange in accordance with s205G(1) of the *Corporations Act 2001*, at the date of this report is as follows:

	Fully Paid Ordinary Shares	Options[(1)]
Chris West	3,882,518	2,925,998
Mark Sumner	7,028,983	5,851,995
Tim Koster	3,946,518	2,925,997
Total	**14,858,019**	**11,703,990**

[(1)] Options received by Directors corresponds to the phosphate options attached to the ownership transfer, done on 23 May 2016, of Kiwanda Alliance (BVI) Inc. and Andean Coal (BVI) to Kiwanda Australia Pty Ltd and subsequently, on 9 June 2016, the ownership transfer of Kiwanda Australia to Phillips River Mining Ltd.

Indemnification and Insurance of Directors and Officers

The Company has agreed to indemnify the current Directors and Officers against any liability (other than the Company or related body corporate) that may arise from their position as Directors and Officers of the Company except where the liability arises out of conduct involving a lack of good faith. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Phillips River has not provided any insurance or indemnity to the auditor of the Company.

Key management personnel equity holdings

Details of the movements in the holdings of key management personnel in the fully paid ordinary shares of the Company are:

	Balance at 1 July No.	Shares acquired No.	Balance at 30 June No.
2016:			
Chris West	159,450	3,723,068	3,882,518
Mark Sumner	318,901	6,710,082	7,028,983
Timothy Koster	159,450	3,787,068	3,946,518
Total	637,801	14,220,218	14,858,019
2015:			
Chris West ^	159,450	-	159,450
Mark Sumner ^	318,901	-	318,901
Timothy Koster ^	159,450	-	159,450
Total	637,801	-	637,801

^ *The shares in the Company were acquired by Kiwanda Group LLC, an entity jointly controlled by the Directors and do not form part of any remuneration of the Directors.*

Other transactions with key management personnel of the Group

Acquisition of mining assets from Kiwanda Mines (NA) LLC

On 14 October 2014 the Company entered into a Heads of Agreement with Kiwanda Mines (NA) LLC ('Kiwanda Mines') and Lara Exploration Ltd ('Lara') to acquire a number of phosphate and coal mining interests in Chile and Colombia. Kiwanda Mines is an entity that is controlled by the Directors of the Company. As an implementation of the transaction for the acquisition of the South American assets, on 23 May 2016 Kiwanda Mines (NA) LLC and Lara

Directors' Report

Exploration Ltd interest (50% each) over the above South American assets were transferred to Kiwanda Australia Pty Ltd and on 9 June 2016, the Company acquired 100% of Kiwanda Australia Pty Ltd.

Other receivables from related party

On 2 May 2016 Kiwanda Mines subscribed for 10 million shares at 0.25 cents per share (total $2,500,000) for the next capital raising. These funds will be offset against the loan given to Kiwanda Australia. At 30 of June 2016 the Company has not issued the shares yet.

On 2 June 2016 Kiwanda Mines and the Company executed an Assumption Agreement where Kiwanda Mines assumes and agrees to fulfil and discharge certain liabilities and obligations acquired under this agreement and the Company agrees to pay the Assumption amount for $1,342,850 to Kiwanda Mines. Kiwanda Mines agrees to arrange subscription for new shares (5,371,400 shares) in the Company equal to the Assumption amount by unrelated parties.

Loan Facility from related party

On 16 February 2015 the Company entered into a new short term loan agreement with Kiwanda Australia Pty Ltd (the "Financier") to enable the Company to pay its ongoing operating expenses whilst finalising the acquisition of the Kiwanda Assets.

The loan is unsecured and has been provided at an interest rate of 15%. The loan is repayable upon the earlier of (i) the completion of a capital raising by the Company of sufficient funds to enable the Facility to be fully repaid, (ii) termination or cancellations of the loan agreement by the Financier.

Each drawing under the facility is made at a 30% discount to the face value of the borrowing. The loan is repayable in cash or by the Company issuing new ordinary shares to the Financier at a deemed issue price of $0.25 per share. The choice of repayment method is at the discretion of the Company and each repayment is required to be at 150% of the face value of the initial advance plus accrued interest.

On 9 June 2016 Kiwanda Australia was acquired by the Company and the above loan was treated as an intercompany loan. Kiwanda Australia Pty Ltd on 16 February 2015 entered into a new short term loan agreement with Kiwanda Mines NA (LLC) to enable the them to pay its ongoing operating expenses whilst finalising the acquisition of the Kiwanda Assets. This loan has same terms as the loan detailed above between Kiwanda Australia Pty Ltd and the Company.

Other payables to related party

As a part of the cash consideration for the acquisition of Kiwanda Australia Pty Ltd, the Company owns to Kiwanda Mines NA (LLC) the amount of $268,781 (USD200,000).

Loans to related parties

The company has made total loans of $567,408 to five related entities, which of $352,829 are interest free and unsecured and were made to enable the entities to meet their ongoing operating costs. These loans are anticipated to be repaid from cash flows received from the mining assets owned by these entities. The remaining loan of $214,579 has been given to Spar Capital Partners at an interest rate of 5% per annum. The purpose of this loan is to enable the borrower to acquire Notes issued by Kiwanda Mines to the Keadland Group prior to the relisting of the Phillips River Mining Ltd. Recoverability of this loan will be on 20 April 2017. In addition the company has made loans totalling $60,000 to two directors (Chris West and Tim Koster) of the Company.

Placement fees

The Company paid placement fees of $49,247 to Spar Capital Partners for the raising of funds which were lent to the Company as a shareholder loan by Kiwanda Australia Pty Ltd - refer to note 18. Spar Capital Partners is an entity controlled by two of the Directors. These placement fees were subsequently paid to unrelated parties.

Rent

The Company paid rent of $64,000 (2015: $60,000) to Spar Capital Partners in accordance with a rental agreement for the use of the Company's head office facilities. Spar Capital Partners is an entity controlled by two Directors. The arrangement was on a monthly basis and was terminated on 14 April 2016. Subsequently the Company became the primary tenant of the premises.

Directors' Report

Apart from the details disclosed, no Director has entered into a material contract with the Company or the Group since the end of the financial year and there were no other material contracts involving Directors' interests existing at the end of the year.

Remuneration of key management personnel

Information about the remuneration of key management personnel is set out in the remuneration report section of this director's report. The term 'key management personnel' refers to those persons having authority and responsibility for planning, directing and controlling the activities of the consolidated entity, directly or indirectly, including any director (whether executive or otherwise) of the consolidated entity.

Share Options

At the date of this report, the unissued ordinary shares of Phillips River Mining Ltd under options are as follows:

Grant date	Date of expiry	Exercise price	Number under option
09/06/16	09/06/19	First 12 months: $0.25 Second 12 months: $0.30 Third 12 months: $0.40	11,703,990

Proceedings on Behalf of the Company

At the date of this report there are no leave applications or proceedings brought on behalf of the Group under section 237 of the *Corporations Act 2001*.

Auditor's Independence

Section 307C of the *Corporations Act 2001* requires Phillips River's auditors Nexia Australia to provide the Directors of Phillips River with an Independence Declaration in relation to the audit of the financial report for the year ended 30 June 2015. This Independence Declaration is included on page 12 of this annual report.

Non-Audit Services

Details of amounts paid or payable to the auditor for non-audit services provided during the year by the auditor are outlined in note 26 to the financial statements.

The directors are satisfied that the provision of non-audit services, during the year, by the auditor (or by another person or firm on the auditor's behalf) is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*.

The directors are of the opinion that the services as disclosed in note 26 to the financial statements do not compromise the external auditor's independence, for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of these services undermine the general principles relating to auditor independence as set out in APES 110 'Code of Ethics for Professional Accountants' issued by the Accounting Professional & Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risks and rewards.

Directors' Report

This Directors' Report is signed in accordance with a resolution of directors made pursuant to s.298(2) of the *Corporations Act 2001*.

On behalf of the Directors

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Chris West
Executive Chairman
30 November 2016

nexia
australia

the next solution

To the Board of Directors of Phillips River Mining Limited

Auditor's Independence Declaration under section 307C of the *Corporations Act 2001*

As lead audit partner for the audit of the financial statements of Phillips River Mining Limited for the financial year ended 30 June 2016, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(a) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(b) any applicable code of professional conduct in relation to the audit.

Yours sincerely

Nexia

Nexia Sydney
Chartered Accountants

Joseph Santangelo
Partner

Date: 30 November 2016
Sydney

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PHILLIPS RIVER MINING LIMITED

Report on the Financial Report

We have audited the accompanying financial report of Phillips River Mining Limited, which comprises the statement of financial position as at 30 June 2016, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration of the company and the consolidated entities comprising Phillips River Mining Limited and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In note 3.1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements,* that the financial statements comply with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001* would be in the same terms if it had been given to the directors as at the time of this auditor's report.

Basis for qualified opinion

Included in the statement of financial position and note 12 are investments accounted for using the equity method of $1,853,842. We were unable to obtain sufficient appropriate audit evidence confirming the carrying value of the investments at balance date. Consequently, we were unable to determine whether any adjustments to the amounts recognised were necessary.

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Qualified opinion

In our opinion, except for the possible effects of the matter described in the Basis for qualified opinion paragraph:

(a) the financial report of Phillips River Mining Limited is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2016 and of its performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

(b) the financial statements also comply with International Financial Reporting Standards as disclosed in Note 3.1.

Emphasis of Matter

Going Concern

Without modifying our conclusion, we draw your attention to Note 3.3 'Going concern', which indicates the consolidated entity incurred a net loss of $1,524,628 for the year ended 30 June 2016 (30 June 2015: $748,198) and experienced net cash outflows from operating of $666,636 during the year ended 30 June 2016 (30 June 2015: $774,301).

The financial report has been prepared on a going concern basis which assumes continuity of normal business activities, the realisation of assets and the settlement of liabilities in the ordinary courses of business.

In Note 3.3, the directors state why they consider the going concern basis used in the preparation of the financial report is appropriate. As discussed in that note, if the equity raisings are not successful, the planned sales of phosphate are not met or if the continued financial support from third party lenders is not available, there exists material uncertainty as to whether the company and the consolidated entity will be able to continue as a going concern. Therefore, the company may be unable to realize its assets and discharge its liabilities in the normal course of business and pay its debts as and when they become due and payable.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 6 to 7 of the directors' report for the year ended 30 June 2016. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001.* Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of Phillips River Mining Limited for the year ended 30 June 2016, complies with section 300A of the *Corporations Act 2001.*

Nexia Sydney
Chartered Accountants

Date: 1 December 2016

Joseph Santangelo
Partner

Sydney

Directors' Declaration

The directors declare that:

a) in the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable;

b) in the directors opinion, the attached financial statements are in compliance with International Financial Reporting Standards, as stated in note 3.1 to the financial statements;

c) in the directors' opinion, the attached financial statements and notes thereto are in accordance with the *Corporations Act 2001*, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the consolidated entity; and

d) the directors have been given the declarations required by s295A of the *Corporations Act 2001*.

Signed in accordance with a resolution of the Board of Directors made pursuant to s.295(5) of the *Corporations Act 2001*.

On behalf of the Directors

Chris West
Executive Chairman
30 November 2016

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2016

	Note	30 June 2016 $	30 June 2015 restated $
Other income	6	766	-
Corporate and administrative expenses	6	(1,118,621)	(757,293)
Finance income	6	382	-
Finance expenses	6	(14,507)	(19,783)
Exploration expenses		(124,436)	-
Gain on extinguishment of financial liability		-	252,234
Share of loss of joint venture		(8,630)	(49,613)
Impairment of investment accounted for using accounting method		(259,582)	-
Impairment of related party loans		-	(173,743)
Loss before income tax expense		(1,524,628)	(748,198)
Income tax (expense)/benefit	7	-	-
Loss for the year		(1,524,628)	(748,198)
Other comprehensive income, net of income tax		-	-
Total comprehensive loss for the year		(1,524,628)	(748,198)
Loss attributable to:			
Owners of the Company		(1,524,628)	(748,198)
Total comprehensive loss attributable to:			
Owners of the Company		(1,524,628)	(748,198)

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statement of Financial Position

At 30 June 2016

	Note	30 June 2016 $	30 June 2015 Restated $
Assets			
Current assets			
Cash and cash equivalents	8	1,637,351	106,809
Trade and other receivables	9	3,885,914	4,934
Financial assets – term deposit		99,940	-
Prepayments and other assets	10	6,086	15,071
Loan to related parties - current	13	214,579	-
Total current assets		5,843,870	126,814
Non-current assets			
Property, plant and equipment	11	10,660	-
Investments accounted for using the equity method	12	1,853,842	7,438
Loans to related parties- no current	13	412,829	-
Total non-current assets		2,277,331	7,438
Total assets		8,121,201	134,252
Liabilities			
Current liabilities			
Trade and other payables	14	5,480,346	84,822
Provisions	16	6,107	-
Total current liabilities		5,486,453	84,822
Non-current liabilities			
Borrowings – non current	15	535,307	-
Other provisions	16	179,901	-
Total non-current liabilities		715,208	-
Total liabilities		6,201,661	84,822
Net assets		1,919,540	49,430
Equity			
Issued capital	18	59,893,096	58,593,923
Reserves	19	2,938,512	842,947
Accumulated losses	19	(60,912,068)	(59,387,440)
Total equity		1,919,540	49,430

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

For the year ended 30 June 2016

	Issued capital $	Shareholder loan $	Options reserve $	Accumulated losses $	Total equity $
Balance at 1 July 2015	58,593,923	842,947	-	(59,387,440)	49,430
Loss for the year	-	-	-	(1,524,628)	(1,524,628)
Total comprehensive loss for the year	-	-	-	(1,524,628)	(1,524,628)
Movement in shareholder loan	-	1,180,036	-	-	1,180,036
Shareholder loan placement fees	-	(67,963)	-	-	(67,963)
Share-based payment	-	-	983,492	-	983,492
Shares issued during the year	1,587,444	-	-	-	1,587,444
Transaction cost	(288,271)	-	-	-	(288,271)
Balance at 30 June 2016	59,893,096	1,955,020	983,492	(60,912,068)	1,919,540
Balance at 1 July 2014	58,593,923	-	-	(58,639,242)	(45,319)
Loss for the year	-	-	-	(748,198)	(748,198)
Total comprehensive loss for the year	-	-	-	(748,198)	(748,198)
Recognition of shareholder loan		880,581	-	-	880,581
Shareholder loan placement fees		(37,634)	-	-	(37,634)
Balance at 30 June 2015	58,593,923	842,947	-	(59,387,440)	49,430

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows

For the year ended 30 June 2016

	Note	30 June 2016 $	30 June 2015 $
Cash flows from operating activities			
Cash payments to suppliers and employees		(667,784)	(754,518)
Cash used in operations		(667,784)	(754,518)
Interest received		-	-
Interest paid		1,148	(19,783)
Net cash used in operating activities	22	(666,636)	(774,301)
Cash flows from investing activities			
Purchase of property, plant and equipment		(12,495)	-
Loans to related parties		(490,081)	(173,743)
Investment in associated companies		-	(43,466)
Net cash generated (used in)/from investing activities		(502,576)	(217,209)
Cash flows from financing activities			
Proceeds from share issue		1,165,343	-
Proceeds from funds received in advance		4,441,257	-
Proceeds from shareholder loan		594,801	1,132,816
Proceeds from third party loans		560,000	-
Repayment of loans		(3,842,850)	-
Brokerage fees		(218,797)	(37,634)
Net cash generated from/(used in) financing activities		2,699,754	1,095,182
Net decrease in cash and cash equivalents		1,530,542	103,672
Cash and cash equivalents at 1 July		106,809	3,137
Cash and cash equivalents at 30 June	8	1,637,351	106,809

The accompanying notes are an integral part of these consolidated financial statements.

Notes to the Consolidated Financial Statements

1. General information

Phillips River Mining Limited (the 'Company') is a company domiciled in Australia. The Company's registered office address is Level 7, 92 Pitt Street, Sydney, NSW, 2000. The consolidated financial statements of the Company as at and for the year ended 30 June 2016 comprise the Company and its subsidiaries (together referred to as the 'Group' and individually as 'Group' or 'consolidated entity'). The Company has been developing its assets in South America.

2. Application of new and revised Accounting Standards

2.1 Amendments to AASBs and the new Interpretation that are mandatorily effective for the current year

The following Standards and Interpretations will be applied for the first time by entities with financial years ending on or after 30 June 2016 (unless early adopted):

Reference	Summary of Change	Application date of the standard	Applies to financial year ended
AASB 2015-3	***Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031*** **Materiality** The Standard completes the AASB's project to remove Australian guidance on materiality from Australian Accounting Standards.	1 July 2015	30 June 2016
AASB 2015-4	***Amendments to Australian Accounting Standards – Financial Reporting Requirements for Australian Groups with a Foreign Parent*** Amends AASB 128 to require that the ultimate Australian entity apply the equity method in accounting for an interest in an associate or joint venture, when either the parent or the group is a reporting entity or both the parent and the group are reporting entities. The amendments eliminated an inconsistency with the requirement in AASB 10 for the ultimate Australian parent to present consolidated financial statements.	1 July 2015	30 June 2016

2.2 Standards and Interpretations in issue not yet adopted

At the date of authorisation of the financial statements, the Standards and Interpretations that were issued but not yet effective are listed below.

Reference	Summary of Change	Application date of the standard	Applies to financial year ended
AASB 14	***Regulatory Deferral Accounts*** This Standard permits a first-time adopter within its scope to continue to account for regulatory deferral account balances in its first IFRS financial statements in accordance with its previous GAAP when it adopts IFRS. *[This Standard is unlikely to have applicability for Australian entities].*	1 January 2016	30 June 2017
AASB 1057	***Application of Australian Accounting Standards*** This Standard deletes the application paragraphs previously contained in each Australian Accounting	1 January 2016	30 June 2017

Notes to the Consolidated Financial Statements

	Standard (or Interpretation) and moves them into this Standard. The application requirements of each other Australian Accounting Standard have not been amended.		
AASB 2014-1	***Amendments to Australian Accounting Standards*** Amends AASB 1 *First-time Adoption of Australian Accounting Standards*, which arise from the issuance of AASB 14 *Regulatory Deferral Accounts.*	1 July 2016	30 June 2017
AASB 2014-3	***Accounting for Acquisitions of Interests in Joint Operations – Amendments to AASB 11*** This amendment to AASB 11 *Joint Arrangements* requires the acquirer of an interest in a joint operation in which the activity constitutes a business, as defined in AASB 3 *Business Combinations*, to apply all of the principles on business combinations accounting in AASB 3.	1 January 2016	30 June 2017
AASB 2014-4	***Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to AASB 116 and AASB 138*** *These amendments to AASB 116 and AASB 138 clarify that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset.* *The standard also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset.*	1 January 2016	30 June 2017
AASB 2014-9	***Equity Method in Separate Financial Statements (Amendments to AASB 127)*** *Amends IAS 27 to permit entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements.*	1 January 2016	30 June 2017
AASB 2015-2	***Amendments to Australian Accounting Standards – Investment Entities: Applying the Consolidation Exception*** *This Standard amends AASB 10, AASB 12 and AASB 128* a) *to confirm that the exemption from preparing consolidated financial statements set out in paragraph 4(a) of AASB 10 is available to a parent entity that is a subsidiary of an investment entity;* b) *to clarify the applicability of AASB 12 to the financial statements of an investment entity; and* c) *to introduce relief in AASB 128 to permit a non-investment entity investor in an associate or joint venture that is an investment entity to retain the fair value through profit or loss measurement applied by the associate or joint venture to its*	1 January 2016	30 June 2017

Notes to the Consolidated Financial Statements

	subsidiaries.		
AASB 2016-1	***Amendments to Australian Accounting Standards – Recognition of Deferred Tax Assets for Unrealised Losses [AASB 112]*** This Standard amends AASB 112 *Income Taxes* to clarify the circumstances in which the recognition of deferred tax assets may arise in respect of unrealised losses on debt instruments measured at fair value.	1 January 2017	30 June 2018
AASB 2016-2	***Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107*** This Standard amends AASB 107 Statement of Cash Flows to include additional disclosures and reconciliation relating to changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.	1 January 2017	30 June 2018
AASB 2014-10	***Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to AASB 10 and AASB 128)*** Amends AASB 10 and AASB 128 to remove the inconsistency in dealing with the sale or contribution of assets between an investor and its associate or joint venture. A full gain or loss is recognised when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. The mandatory application date of AASB 2014-10 has been amended and deferred to annual reporting periods beginning on or after 1 January 2018 by AASB 2015-10.	1 January 2018	30 June 2019
AASB 9	***Financial Instruments*** AASB 9 includes requirements for the classification and measurement of financial assets and incorporates amendments to the accounting for financial liabilities and hedge accounting rules to remove the quantitative hedge effectiveness tests and have been replaced with a business model test. AASB 9 improves and simplifies the approach for classification and measurement of financial assets compared with the requirements of AASB 139 as follows: a) Financial assets that are debt instruments will be classified based on (1) the objective of the entity's business model for managing the financial assets; (2) the characteristics of the contractual cash flows. b) Allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that	1 January 2018	30 June 2019

	are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument. c) Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases. d) Where the fair value option is used for financial liabilities the change in fair value is to be accounted for as follows: i) The change attributable to changes in credit risk are presented in other comprehensive income (OCI) ii) The remaining change is presented in profit or loss. AASB 2012-6 also modifies the relief from restating prior periods by amending AASB 7 to require additional disclosures on transition to AASB 9 in some circumstances. Consequential amendments were made to other standards as a result of AASB 9 by AASB 2014-7 and AASB 2014-8. The mandatory application date of AASB 9 has been deferred to annual reporting periods beginning on or after 1 January 2018 by AASB 2014-1.		
AASB 16	***Leases*** AASB 16 replaces AASB 117 Leases and sets out the principles for the recognition, measurement, presentation and disclosure of leases. AASB 16 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligations to make lease payments. A lessee measures right-of-use assets similarly to other non-financial assets (such as property, plant and equipment) and lease liabilities similarly to other financial liabilities. As a consequence, a lessee recognises depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows applying AASB 107 Statement of Cash Flows. AASB 16 substantially carries forward the lessor accounting requirements in AASB 117 Leases. Accordingly, a lessor continues to classify its leases as	1 January 2019	30 June 2020

operating leases or finance leases, and to account for those two types of leases differently.
This Standard applies to annual reporting periods beginning on or after 1 January 2019. Earlier application is permitted provided the entity also applies AASB 15 Revenue from Contracts with Customers at or before the same date.

3. Significant accounting policies

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

3.1 Statement of compliance

These financial statements are general purpose financial statements which have been prepared in accordance with the *Corporations Act 2001*, Accounting Standards and Interpretations, and comply with other requirements of the law.

The financial statements comprise the consolidated financial statements of the Group. For the purposes of preparing the consolidated financial statements, the Company is a for-profit entity.

Accounting Standards include Australian Accounting Standards. Compliance with Australian Accounting Standards ensures that the financial statements and notes of the Company and the Group comply with International Financial Reporting Standards ('IFRS').

The financial statements were authorised for issue by the Directors on 30 November 2016.

3.2 Basis of preparation

The consolidated financial statements have been prepared on the basis of historical cost. Historical cost is generally based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars unless otherwise noted. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis.

3.3 Going concern

The financial report has been prepared on a going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the discharge of liabilities in the normal course of business.

At 30 June 2016, the Group has net assets of $1,919,540. During the year ended 30 June 2016, the Group incurred a consolidated net loss of $1,524,628 and has negative cash flows from operations of $666,636. The Group has not generated cash inflows from operations and has historically relied upon a shareholder loan to fund its operations.

The Directors have considered the appropriateness of the going concern assumption with reference to the facts and circumstances presented below, which include a partially completed transaction with Lara Exploration Ltd ("Lara") and Kiwanda Mines (NA) LLC ("Kiwanda Mines") (together referred to as the "Vendors") together with an associated equity capital raising (the "Kiwanda Transaction").

On 14 October 2014, the Company announced it had entered into a Definitive Agreement to purchase from the Vendors, rights and options over early stage coal and phosphate rock production and exploration assets located in Colombia and Chile. On 24 May 2016, Kiwanda Mines transferred its 50% interest in the Kiwanda assets (as defined in the Definitive Agreement) to Kiwanda Australia Pty Ltd ("Kiwanda Australia") and on 9 June 2016, the Company acquired Kiwanda

Notes to the Consolidated Financial Statements

Australia and therefore the 50% interest in the Kiwanda assets from Kiwanda Mines in accordance with the Definitive Agreement. As part of the Kiwanda Transaction, on 9 June 2016 the Company undertook an equity capital raising of $1,165,000 to fund the continued development and operations of the acquired assets. On 18 July 2016, the Company lodged a Pro-rata Rights Issue Prospectus in order to raise up to $13,100,000. This offer was closed after year end raising $6,920,709. The Company will use net proceeds of the offer for general working capital, the development of the Company's assets and debt repayment.

The remaining 50% interest in the Kiwanda Assets is still currently owned by Lara, however as described in Note 12, the Company and Lara have executed a Share Transfer Form and an Escrow Deed on 23 June 2016. The Escrow Deed effectively stipulates that on certain conditions being met, Lara will transfer their 50% interest to the Company. As at the date of this report, the conditions have not been met in their entirety.

Kiwanda Australia Pty Ltd has provided loan facilities to the Company. The balance as at 30 June 2016 of this facility was $1,589,589. Kiwanda Australia Pty Ltd in turn has borrowed funds from Kiwanda Mines on equivalent terms. The balance of the facility between Kiwanda Australia and Kiwanda Mines as at 30 June 2016 was $4,978,650.

The Company has used $5,004,452 (the balance of loan at 12 August 2016 when this loan was settled) of the proceeds of the above Rights offer and the placement completed on 9 June 2016 to fully repay the loans which have been provided by Kiwanda Mines. As such, the loans to the Company by Kiwanda Australia will be repaid from equity subscriptions, including subscriptions received from Kiwanda Mines. Kiwanda Australia will in turn repay the funds it owes to Kiwanda Mines. These transactions have been completed post 30 June 2016.

In order to loan the above funds to Kiwanda Australia, Kiwanda Mines has borrowed funds from various investors in the form of Convertible Notes. The terms of the Convertible Notes are such that at the re-listing of the shares of the Company, at the Convertible Note investor's option, the Convertible Notes may be converted into ordinary shares in the Company. In the event that this conversion occurs, the Convertible Note holders will receive shares in the Company equal to 150% of the face value of the Convertible Note which they hold. The shares in the Company for the purposes of this conversion are valued at $0.25 (being the share value that Phillips River used in acquiring the Kiwanda Assets). These shares are not sourced from the Company – instead they come from the Shares held by Kiwanda Mines in Phillips River. The conversion or otherwise of the Convertible Notes has no dilutionary or other effect on Shareholders.

The Directors of the Company are of the view that recognition of the exposure to Kiwanda Australia as either debt and or equity does not affect the cash outcome for the Company – the Company repays the obligation owed to Kiwanda Australia and the cash in the Company remains unaffected.

At the date of his report the Company is completing loan arrangements which are expected to provide funding to the Company of up to $1,900,000. These arrangements have not been completed but are committed. These loans will bear interest at 20% p.a. payable at maturity. The loans are repayable by 31 December 2017.

The Company further intends to raise additional new share capital in the year ended 30 June 2017 once all of the conditions under the Escrow Deed with Lara are met and the remaining 50% interest is transferred to the Company. These funds will be used for general working capital and the development of the Company's assets in Chile and Colombia.

Furthermore, once the conditions are met under the Escrow Deed and 100% ownership of the Kiwanda Assets is obtained by the Company, there is an expectation that there will be cash inflows from the sale of phosphate.

In considering the above, the Directors have reviewed the Company's financial position and are of the opinion that the use of the going concern basis of accounting is appropriate as they believe the Company will be able realise its assets and discharge its liabilities in the normal course of business.

However, if the Company is not successful in achieving the planned capital raisings, the planned sales of phosphate or the financial support from third party lenders do not eventuate, there is a material uncertainty that may cast significant doubt whether the Company will continue as a going concern and therefore the Company may be unable to realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

Notes to the Consolidated Financial Statements

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

3.4 Foreign Currencies

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each group entity are expressed in Australian dollars, which is the functional currency of the Company and the presentation currency for the consolidated financial statements.

3.5 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intra-group transactions, balances, income and expenses and cash flows are eliminated in full on consolidation.

Notes to the Consolidated Financial Statements

3.6 Investments in joint ventures

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing joint control.

The results and assets and liabilities of joint ventures are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with AASB 5. Under the equity method, an investment in a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the joint venture. When the Group's share of losses of a joint venture exceeds the Group's interest in that joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the joint venture.

An investment in a joint venture is accounted for using the equity method from the date on which the investee becomes a joint venture. On acquisition of the investment in a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The requirements of AASB139 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in a joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with AASB136 'Impairment of Assets' as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with AASB136 to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date when the investment ceases to be a joint venture, or when the investment is classified as held for sale. When the Group retains an interest in the former joint venture and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with AASB139. The difference between the carrying amount of the joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the joint venture is included in the determination of the gain or loss on disposal of the joint venture. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that joint venture on the same basis as would be required if that joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

The Group continues to use the equity method when an investment in a joint venture becomes an investment in an associate. There is no remeasurement to fair value upon such changes in ownership interests.

When the Group reduces its ownership interest in a joint venture but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a group entity transacts with a joint venture of the Group, profits and losses resulting from the transactions with the joint venture are recognised in the Group's consolidated financial statements only to the extent of interests in the joint venture that are not related to the Group.

Notes to the Consolidated Financial Statements

3.7 Receivables

Trade and other receivables are stated at amortised cost. Receivables are usually settled within no more than 30 days.

Receivables are reviewed on an ongoing basis. An impairment loss is recognised for debts which are known to be uncollectible. An impairment provision is raised for any doubtful accounts (see accounting policy 3.10).

3.8 Cash and cash equivalents

For statement of cash flows purposes, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts.

3.9 Impairment

(i) Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate.

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

All impairment losses are recognised in the statement of Profit or Loss and Comprehensive Income.

(ii) Non-financial assets

The carrying amounts of the Group's non-financial assets, other than exploration and evaluation, inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. 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. For the purpose of impairment testing, assets are grouped together into smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the 'cash generating unit').

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Notes to the Consolidated Financial Statements

3.10 Interest-bearing borrowings

The financial assets and financial liabilities included in non-current assets and non-current liabilities approximate fair values. Fair value is calculated based on discounted expected future principal and interest cash flows.

3.11 Employee benefits

(i) Short-term benefits
Liabilities for employee benefits for wages, salaries and annual leave that are expected to be settled within twelve months of the reporting date represent present obligations resulting from employee's services provided to reporting date, are calculated at undiscounted amounts based on remuneration wage and salary rates that the Group expects to pay as at reporting date including related on-costs, such as workers compensation insurance and payroll tax.

(ii) Long-term benefits
Liabilities for employee benefits for long service leave that are not expected to be settled within twelve months of the reporting date represent present obligations resulting from employee's services provided to reporting date and are calculated at undiscounted amounts based on remuneration wage and salary rates that the Group expects to pay as at reporting date.

(iii) Termination benefits
Termination benefits are recognised as an expense when the Group is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the Group has made an offer encouraging voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably.

3.12 Provisions

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

3.13 Trade and other payables

Liabilities are recognised for amounts to be paid in the future for goods and services provided to the Group prior to the end of the reporting period and are stated at amortised cost. The amounts are unsecured and are usually paid within 30 days of recognition.

3.14 Revenue

(i) Goods sold
Revenue from the sale of goods is recognised in profit or loss when the significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due.

Revenues are recognised at fair value of the consideration received net of the amount of GST. Exchanges of goods or services of the same nature and value without any cash consideration are not recognised as revenue.

(ii) Interest
Interest income is recognised as it accrues using the effective interest method.

Notes to the Consolidated Financial Statements

3.15 Finance income and expenses

Finance income comprises interest income on funds invested, dividend income, and foreign currency gains that are recognised in profit or loss. Interest income is recognised as it accrues in profit or loss, using the effective interest method. Dividend income is recognised in profit or loss on the date that the Group's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

Finance expenses comprise interest expense on borrowings, unwinding of the discount on provisions, foreign currency losses and impairment losses recognised on financial assets that are recognised in profit or loss. All borrowing costs are recognised in profit or loss using the effective interest method.

3.16 Taxes

(i) Income tax

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

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

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities that affects both accounting nor taxable profit and differences relating to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(ii) Tax consolidation

The Company and its wholly-owned Australian resident entities have formed a tax-consolidated group with effect from 1 July 2003 and are therefore taxed as a single entity from that date. The head entity within the tax-consolidated group is Phillips River Mining Limited.

Current tax expense/income, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax-consolidated group are recognised in the separate financial statements of the members of the tax-consolidated group using the 'separate taxpayer within group' approach by reference to the carrying amounts of assets and liabilities in the separate financial statements of each entity and the tax values applying under tax consolidation.

Any current tax liabilities (or assets) and deferred tax assets arising from unused tax losses of the subsidiaries are assumed by the head entity in the tax-consolidated group and are recognised by the Company as amounts payable (receivable) to/(from) other entities in the tax-consolidated group in conjunction with any tax funding arrangement amounts (refer below). Any difference between these amounts is recognised by the Company as an equity contribution or distribution.

The Company recognises deferred tax assets arising from unused tax losses of the tax-consolidated group to the extent that it is probable that future taxable profits of the tax-consolidated group will be available against which the asset can be utilised.

Notes to the Consolidated Financial Statements

Any subsequent period adjustments to deferred tax assets arising from unused tax losses as a result of revised assessments of the probability of recoverability is recognised by the head entity only.

(iii) Nature of tax funding arrangements and tax sharing arrangements

The head entity, in conjunction with other members of the tax-consolidated group, has entered into a tax funding arrangement which sets out the funding obligations of members of the tax-consolidated group in respect of tax amounts. The tax funding arrangements require payments to/from the head entity equal to the current tax liability/(asset) assumed by the head entity and any tax-loss deferred tax asset assumed by the head entity, resulting in the head entity recognising an inter-entity receivable/(payable) equal in amount to the tax liability/(asset) assumed. The inter-entity receivables/ (payables) are at call.

Contributions to fund the current tax liabilities are payable as per the tax funding arrangement and reflect the timing of the head entity's obligation to make payments for tax liabilities to the relevant tax authorities.

The head entity in conjunction with other members of the tax-consolidated group has also entered into a tax sharing agreement. The tax sharing agreement provides for the determination of the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations. No amounts have been recognised in the financial statements in respect of this agreement as payment of any amounts under the tax sharing agreement is considered remote.

3.17 Goods and services tax

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the Statement of Financial Position.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

3.18 Segment reporting

A segment is a distinguishable component of the Group that is identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segments and to assess their performance. The Group's primary format for segment reporting is based on the type/nature of products and services provided.

3.19 Financial instruments

(i) Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs. Subsequent to initial recognition non-derivative financial instruments are measured as described below.

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

Notes to the Consolidated Financial Statements

Financial assets at fair value through profit or loss

An instrument is classified as at fair value through profit or loss if it is held for trading or is designated as such upon initial recognition. Financial instruments are designated at fair value through profit or loss if the Group manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Group's documented risk management or investment strategy. Upon initial recognition attributable transaction costs are recognised in profit or loss when incurred. Financial instruments at fair value through profit or loss are measured at fair value, and changes therein are recognised in profit or loss.

Other

Other non-derivative financial instruments are measured at amortised cost using the effective interest method, less any impairment losses.

(ii) Derivative financial instruments

The Group does not use derivative financial instruments to hedge its foreign currency and interest rate risk exposures and is exposed to changes in foreign exchange rates and commodity prices from its activities. As at the end of the financial year the Group does not use gold derivatives or hedging and it does not hold or deal in financial instruments for speculative purposes.

Derivatives not used for hedging are recognised initially at fair value; attributable transaction costs are recognised in profit or loss when incurred. Subsequent to initial recognition, derivatives are measured at fair value and changes therein are accounted for immediately in profit or loss.

3.20 Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects. Dividends on ordinary shares are recognised as a liability in the period in which they are declared.

4 Critical accounting judgments and key sources of estimation uncertainty

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Management discusses with the Board of Directors the development, selection and disclosure of the Group's critical accounting policies and estimates and the application of these policies and estimates.

4.1 Recoverability of loans to related parties

The company has made total loans of $567,408 to five related entities, which of $352,829 are interest free and unsecured and were made to enable the entities to meet their ongoing operating costs. These loans are anticipated to be repaid from cash flows received from the mining assets owned by these entities. The remaining loan of $214,579 has been given to Spar Capital Partners at an interest rate of 5% per annum. The purpose of this loan is to enable the borrower to acquire Notes issued by Kiwanda Mines to the Keadland Group prior to the relisting of the Phillips River Mining Ltd. Recoverability of this loan will be on 20 April 2017. In addition the company has made loans totalling $60,000 to two directors (Chris West and Tim Koster) of the Company.

5 Segment information

AASB 8 Operating Segments requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segments and to assess their performance.

Notes to the Consolidated Financial Statements

The Company did not operate a trading business during the period under review. Its results and financial position are therefore reported to the chief operating decision maker on a single segment basis being that of the overall company.

6 Loss before income tax expense

Other income	30 June 2016 $	30 June 2015 $
Other revenues	766	-
Total	766	-

Administrative expenses	30 June 2016 $	30 June 2015 $
Consultants and advisory expenses	(133,670)	(228,027)
Share registry and listing costs	(43,305)	(65,625)
Directors fees	(234,000)	(240,000)
Employee benefit expenses	(86,281)	-
Rates, taxes and rental outgoings	(393,497)	(60,000)
Insurance expenses	(13,852)	(15,880)
Audit Fees	(49,000)	(60,395)
Other administrative expenses	(163,182)	(87,366)
Depreciation	(1,834)	-
Total	(1,118,621)	(757,293)

Net finance income (loss)

	30 June 2016 $	30 June 2015 restated $
Finance Income		
Interest income	382	-
Finance expenses		
Interest loan	(14,507)	(88,176)
Net finance income (loss)	(14,125)	(88,176)

7 Income tax expense/(benefit)

	30 June 2016 $	30 June 2015 restated $
a) Income tax expense comprises:		
Current income tax		
Current income tax charge/ (benefit)	-	-
Under/(over) recognition in the prior year	-	-
Deferred tax		
Movement in temporary differences	-	-
Income tax expense	-	-

Notes to the Consolidated Financial Statements

	30 June 2016 $	30 June 2015 $
b) Reconciliation of prima facie income tax expense to income tax expense per the Consolidation Statement of Profit or Loss and Comprehensive Income		
Accounting losses before tax	(1,524,628)	(748,198)
Prima facie income tax expense at 30% (2015: 30%)	(457,388)	(224,459)
Non-deductible expenses	188,782	109,514
Recognition of previously unrecognised temporary difference	(32,423)	(53,369)
Deferred tax assets not recognised	301,030	168,314
Total income tax expense/(benefit)	-	-

Total available tax and capital losses to date amount to $45,897,440 (2015: $44,894,008). As at the date of this report, no deferred tax assets have been recognised as it is not yet considered sufficiently probable that future taxable profits will be generated in the appropriate jurisdictions to enable these to be utilised. The total deferred tax asset not recognised in relation to tax losses and timing differences are $14,017,062 (2015: $13,593,771).

8 Cash and cash equivalents

Current	30 June 2016 $	30 June 2015 $
Cash at bank and on hand	1,637,351	106,809
	1,637,351	106,809

9 Trade and other receivables

Current	30 June 2016 $	30 June 2015 $
Trade receivables	-	-
Other receivables	43,064	4,934
Other receivables from related party – Kiwanda Mines	3,842,850	-
	3,885,914	4,934

Other receivables from related party includes:
On 2 May 2016 Kiwanda Mines subscribed for 10 million shares at 0.25 cents per share (total $2,500,000) for the next capital raising. These funds will be offset against the loan given to Kiwanda Australia. At 30 June 2016 the Company has not been issued the shares yet.

On 2 June 2016 Kiwanda Mines and the Company executed an Assumption Agreement where Kiwanda Mines assumes and agrees to fulfil and discharge certain liabilities and obligations acquired under this agreement and the Company agrees to pay the Assumption amount for $1,342,850 to Kiwanda Mines. Kiwanda Mines agrees to arrange subscription for new shares (5,371,400 shares) in the Company equal to the Assumption amount by unrelated parties.

10 Prepayments and other assets

Current	30 June 2016 $	30 June 2015 $
Prepayments	6,086	15,071
	6,086	15,071

Notes to the Consolidated Financial Statements

11 Property, plant and equipment

Current	30 June 2016 $	30 June 2015 $
Computer equipment	7,353	-
Accumulated depreciation	(1,234)	-
	6,119	-
Software	5,141	-
Accumulated depreciation	(600)	-
	4,541	-
Total	**10,660**	

Movements in carrying amounts

Movements in carrying amounts for each class of property , plant and equipment

Computer equipment		
Carrying value at beginning of the year	-	-
Additions	7,353	-
Accumulated depreciation	(1,234)	-
Carrying value at the end of the year	6,119	-
Software		
Carrying value at beginning of the year	-	-
Additions	5,141	-
Accumulated depreciation	(600)	-
Carrying value at the end of the year	4,541	-
Total		
Carrying value at beginning of the year	-	-
Additions	12,495	-
Accumulated depreciation	(1,835)	-
Carrying value at the end of the year	10,660	-

12 Associates and Joint Arrangements

The Company's shareholding in Kiwanda Copper was reduced to 34% in August 2015, following a further equity raising by Kiwanda Copper. The joint venture interest has been contracted to be sold to a listed ASX company subject to various conditions.

On 9 June 2016 the Company acquired 100% of Kiwanda Australia Pty Ltd which has 50% interest in Kiwanda Alliance (BVI) Inc. and 50% interest in Andean Coal (BVI) Ltd. The acquisition of assets by Kiwanda Australia Pty Ltd. can be disregarded as Kiwanda Australia Pty. Ltd. was being used as a structuring vehicle to structure this transaction. The primary purpose of Kiwanda Alliance is to facilitate exploration, mining and sale of rock phosphate through its 100% subsidiary Kiwanda Chile S.A. in Bahia Inglesa located in north Chile. The primary purpose of Andean Coal is to produce and operate coal deposits in Colombia.

Details of the purchase consideration for the investment in Kiwanda Alliance (BVI) and Andean Coal (BVI) and recognised in the accounts, and the net assets involved are as follows.

Notes to the Consolidated Financial Statements

	Shares / options issued recognised in accounts (50%)*	50% Consideration*
		$
Ordinary shares issued	13,935,237	422,101
Options issued	11,703,990	270,185
Contingent consideration (shares)	14,067,607	426,103
Contingent consideration (options)	12,441,250	287,204
Provision consideration		179,901
Cash component		268,348
Total purchase consideration		**1,853,842**

The fair value of the 13,935,237 shares and the 14,067,607 contingent shares as part of the consideration paid was based on the off–market acquisition of 19.9% of the issued capital of Phillips River Mining Ltd for $135,000 by Kiwanda Group LLC which was $0.0303 per share.

* On 23 June 2016 the Company signed an agreement with Lara Exploration Ltd and agreed that the Share transfer form executed by Lara Exploration Ltd (as Transferor) to Kiwanda Australia Pty Ltd (as Transferee) in relation to all of the shares held by Lara in the BVI companies (50%) be held in escrow subject to certain conditions. The escrow release conditions are the following:

a) all payments due pursuant to the Promissory Note obligation are satisfied (not completed;
b) the issue and delivery of the consideration shares by Phillips River to Lara (or its nominee) (completed);
c) the successful completion of the capital raising by Phillips River Mining Ltd (completed);
d) the approval of the ASX for the listing of Phillips River Mining Ltd (not completed); and
e) the proceeds from the capital raising are made to Phillips River Mining Ltd (completed).

Based on the above the company has not yet have full control of Kiwanda Alliance (BVI) and Andean Coal (BVI) so this issue of shares has not been recognised in the financial statements.

Set out below are the material associates and joint ventures for the Group:

			Proportion of ownership interest and voting power held by the Group		Carrying value	
Name	**Classification**	**Place of Business/ Incorporation**	**30 June 2016**	**30 June 2015**	**30 June 2016 $**	**30 June 2015 $**
Kiwanda Alliance (BVI) Inc.	Associate	British Virgin Island	50%	-	1,549,812	-
Andean Coal (BVI)	Associate	British Virgin Island	50%	-	304,030	-
Kiwanda Copper LLC	Joint venture	Oregon, USA	34%	50%	-	7,438

The summarised financial information below represents amounts shown in the associates and joint venture's financial statements prepared in accordance with Australian Accounting Standards adjusted by the Group for equity accounting purposes.

Notes to the Consolidated Financial Statements

Summarised Financial Position

	Kiwanda Alliance		Andean Coal		Kiwanda Copper	
	30 Jun.16	**30 Jun.15**	**30 Jun.16**	**30 Jun.15**	**30 Jun.16**	**30 Jun.15**
Current assets	-	-	-	-	-	14,876
Non-current assets	508,189		651,665			-
Current liabilities	1,006,216	-	680,351	-	-	-
Non-current liabilities	-	-	-	-	-	-
Net assets	(498,027)	-	(28,686)	-	-	14,876

Summarised Financial Performance

	Kiwanda Alliance		Andean Coal		Kiwanda Copper	
	30 Jun.16	**30 Jun.15**	**30 Jun.16**	**30 Jun.15**	**30 Jun.16**	**30 Jun.15**
Revenue	114,725	-	134,088	-	-	-
Expenses	(55,790)	-	(14,286)		-	(49,613)
Profit/(Loss) from continuing operations	58,935	-	119,802	-	-	(49,613)
Other comprehensive income for the year	-	-	-	-	-	-
Total comprehensive loss for the year	58,935	-	119,802	-	-	(49,613)
Dividends received for the year	-	-	-	-	-	

Reconciliation of the above summarised financial information to the carrying amount of the interest in the associates and joint venture recognised in the consolidated financial statements:

	Kiwanda Alliance		Andean Coal		Kiwanda Copper	
	30 Jun.16	**30 Jun.15**	**30 Jun.16**	**30 Jun.15**	**30 Jun.16**	**30 Jun.15**
Net assets of associates and Joint arrangements	(498,027)	-	(28,686)	-	-	14,876
Proportion of the group's ownership interest	50%	-	50%	-	50%	50%
Carrying amount of the Group	(249,014)		(14,343)			7,438

13 Loans to related parties

	30 June 2016 $	30 June 2015 $
Current		
Loan to related parties	214,579	-
Total loan -current	214,579	-
Non-Current		
Loans to related parties	352,829	173,743
Loans to Directors	60,000	-
Impairment losses	-	(173,743)
Total loan – non-current	412,829	
Total loans	627,408	**-**

Notes to the Consolidated Financial Statements

14 Trade and other payables

	30 June 2016 $	30 June 2015 $
Current		
Trade payables	320,527	12,234
Other payables and accruals*	718,562	72,588
Funds received in advance for capital raising	4,441,257	-
	5,480,346	84,822

The average credit period on purchases of goods and services is 30 days. No interest is generally charged or imposed on the trade payables for the first 30 days from the date of the invoice or thereafter. The Group has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

*As a part of the consideration for the acquisition of Kiwanda Australia Pty Ltd, the Company owes to Kiwanda Mines NA (LLC) the amount of $268,781 (USD200,000). In addition the Company will owe to Lara Exploration Ltd an additional amount of $162,739 (USD121,094) to settle its share on the acquisition of Kiwanda Alliance (BVI) and Andean Coal (BVI) by Kiwanda Australia Pty Ltd. This amount has not been recognized in the financial statements due to the share transfer form executed by Lara Exploration Ltd (as Transferor) to Kiwanda Australia Pty Ltd (as Transferee) in relation to all of the shares held by Lara in the BVI companies (50%) are in escrow subject to meet certain conditions.

15 Borrowings

	30 June 2016 $	30 June 2015 $
Non-Current		
Unsecured liabilities:		
Converting ordinary shares	535,307	-
Total borrowings	535,307	-

The Company entered into a Loan Agreements with third parties to enable the Company to pay its operating expenses whilst finalizing the acquisition of the Kiwanda assets. This loan is unsecured. Attached to the loan is a call option agreement whereby lenders may acquire shares from Kiwanda Mines who will pay up options which it holds to acquire shares in Phillips River at an exercise price of $0.25. The loan has been provided at an interest rate of 15%. The loan is repayable upon the earlier of the exercise date or the repayment date which is 15 August 2017.

16 Provisions

	30 June 2016 $	30 June 2015 $
Current		
Employee benefits	6,107	-
Total current provisions	6,107	-
Non-Current		
Royalties	179,901	-
Total non-current provision	179,901	-
Total provisions	186,008	-

Notes to the Consolidated Financial Statements

	Employee benefits $	Royalties $	Total $
Opening balance at 1 July 2015	-	-	-
Raised during the year	6,107	179,901	186,008
Amounts used	-	-	-
Unused amounts reversed	-	-	-
Balance at 30 June 2016	6,107	179,901	186,008

Provision for royalties:

A provision of $179,901 at 30 June 2016 has been recognised by the Company for royalties in respect of the 50% acquisition of the Phosphate and Coal assets.

17 Share-based payments

Share options granted in the year

No options were granted to the Directors during the year ended 30 June 2016.

Movements in share options during the year

On 9 June 2016 the Board authorised the issue of 23,407,980 options to Kiwanda Mines as a part payment for the acquisition of the South American assets. As at the date of this report only 50% had been issued or 11,703,980 as the conditions required for the other 50% are yet to be satisfied. These options entitle the holder to acquire one ordinary share in Phillips River Mining Ltd. Exercise period shall be 3 years from the date of issue. The 50% of the options yet to be issued are subject to an escrow agreement dated 23 June 2016.

The following table reconciles the share options outstanding at the beginning and end of the year:

	30 June 2016		30 June 2015	
	Number of options	Weighted average strike price	Number of options	Weighted average strike price
Balance at beginning of year	-	-	-	-
Granted	23,407,980	-		
Issued	11,703,990			
Pending Issuance	11,703,990			
Lapsed/Forfeited during the year			-	-
Balance authorised at end of year	**23,407,980**	**-**	-	-
Exercisable at end of year	**-**	**-**	-	-

18 Issued Capital

	30 June 2016 $	30 June 2015 $
Ordinary shares 21,801,947 (2015: 3,205,339) fully paid ordinary shares*	59,893,096	58,593,923

Notes to the Consolidated Financial Statements

Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held.

At the shareholders' meeting each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

Movements in ordinary shares on issue		**No. of shares**	**$**
	Balance at 1 July 2014	3,205,339	58,593,923
	Movements	-	-
	Balance at 30 June 2015	3,205,339	58,593,923
	Balance at 1 July 2015	3,205,339	58,593,923
09/06/16	Issue of shares as partial consideration to vendors (Kiwanda Mines)	13,935,236	422,101
09/06/16	Issue of shares as partial consideration to vendors (Lara Exploration Ltd) of Kiwanda Alliance (BVI) and Andean Coal (BVI)*	13,935,236	422,101
09/06/16	Placement	4,661,372	1,165,343
	Less: transaction cost on share issue	-	(288,271)
	Sub-total	35,737,183	60,315,197
23/06/16	Less: Shares issued to Lara Exploration*	(13,935,236)	(422,101)
	Balance at 30 June 2016	**21,801,947**	**58,893,096**

*On 23 June 2016 the Company signed an agreement with Lara Exploration Ltd and agreed that the Share transfer form executed by Lara Exploration Ltd (as Transferor) to Kiwanda Australia Pty Ltd (as Transferee) in relation to all of the shares held by Lara in the BVI companies (50%) be held in escrow subject to certain conditions. The escrow release conditions are the following:

a) all payments due pursuant to the Promissory Note obligation are satisfied (not completed);
b) the issue and delivery of the consideration shares by Phillips River to Lara (or its nominee) (completed);
c) the successful completion of the capital raising by Phillips River Mining Ltd (completed);
d) the approval of the ASX for the listing of Phillips River Mining Ltd (not completed); and
e) the proceeds from the capital raising are made to Phillips River Mining Ltd (completed).

Based on the above the company does not have full control of Kiwanda Alliance (BVI) and Andean Coal (BVI) so this issue of shares has not been recognised in the financial statements.

Changes to the then Corporations Law abolished the authorised capital and par value concept in relation to share capital from 1 July 1998. Therefore the company does not have a limited amount of authorised capital and issued shares do not have a par value.

Fully paid ordinary shares carry one vote per share and carry a right to dividends.

Repayment of shareholder loan through issue of ordinary shares
The Company has the option to repay the shareholder loan through the issue of shares at a deemed issue price of $0.25 per share. The choice of repayment is at the discretion of the Company and each repayment is required to be at 150% of the face value of the initial advance plus accrued interest. Based on the repayment amount plus accrued interest for the outstanding loan balance at 30 June 2016, this equates to options over 19,914,600 shares. Refer to note 19 for additional information on the shareholder loan. Subsequent to year end the loan has been repaid in full.

Movements in options		No. of options
	Balance at 1 July 2014	-
	Movements	-
	Balance at 30 June 2015	-
	Balance at 1 July 2015	-
09/06/16	Issue of options as partial consideration to vendors (Kiwanda Mines) of Kiwanda Alliance (BVI) and Andean Coal (BVI)	11,703,990
09/06/16	Issue of options partial consideration to vendors (Kiwanda Mines) of Kiwanda Alliance (BVI) and Andean Coal (BVI)*	11,703,991
	Sub-total	23,407,981
23/06/16	Less: Options in escrow*	(11,703,991)
	Balance at 30 June 2016	**11,703,990**

*On 23 June 2016 the Company signed an agreement with Lara Exploration Ltd and agreed that the Share transfer form executed by Lara Exploration Ltd (as Transferor) to Kiwanda Australia Pty Ltd (as Transferee) in relation to all of the shares held by Lara in the BVI companies (50%) be held in escrow subject to certain conditions. Based on this, the Company does not yet have full control of Kiwanda Alliance (BVI) and Andean Coal (BVI), and this issue of options attached to this shares has not been recognised in the financial statements.

19 Reserves and Accumulated losses

a) Reserves	30 June 2016 $	30 June 2015 restated $
Shareholder loan reserve	2,060,617	880,581
Shareholder placement fee	(105,598)	(37,634)
Options reserve	983,492	
	2,938,512	842,947
Movements:		
Shareholder loan reserve		
At the beginning of the year	842,947	-
Shareholder loan arising during the year	-	880,581
Net effect resulting from subsidiary acquisition	1,217,670	-
Balance at end of the year	1,886,626	880,581
Shareholder placement fee		
At the beginning of the year	(37,634)	-
Shareholder placement fee arising during the year	(67,964)	(37,634)
Balance at end of the year	(105,598)	(37,634)
Options reserve		
At the beginning of the year	-	-
Options issued during the year	983,492	-
Balance at end of the year	983,492	-

Shareholder loan reserve

On 16 February 2015 the Company entered into a new short term loan agreement with Kiwanda Australia Ltd (the “Financier”) to enable the Company to pay its ongoing operating expenses whilst finalising the acquisition of the Kiwanda Assets.

Notes to the Consolidated Financial Statements

The loan is unsecured and has been provided at an interest rate of 15%. The loan is repayable upon the earlier of (i) the completion of a capital raising by the Company of sufficient funds to enable the Facility to be fully repaid, (ii) termination or cancellations of the loan agreement by the Financier.
Each drawing under the facility is made at a 30% discount to the face value of the borrowing. The loan is repayable in cash or by the Company issuing new ordinary shares to the Financier at a deemed issue price of $0.25 per share. The choice of repayment method is at the discretion of the Company and each repayment is required to be at 150% of the face value of the initial advance plus accrued interest.

Total drawings for the 2016 financial year was $1,112,143.

As the Company has the option of repaying the shareholder loan through the issue of shares, it has been accounted for as an equity instrument in accordance of AASB 132; Financial Instruments: Presentation.

On 9 June 2016 Kiwanda Australia was acquired by the Company and the above loan was treated as an intercompany loan. Kiwanda Australia Pty Ltd on 16 February 2015 entered into a new short term loan agreement with Kiwanda Mines NA (LLC) to enable the them to pay its ongoing operating expenses whilst finalising the acquisition of the Kiwanda Assets. This loan has same terms as the loan detailed above between Kiwanda Australia Pty Ltd and the Company. Subsequent to the year end the loan has been repaid in full.

Options reserve
As part of the consideration of the purchase of the South American assets the company granted contingent shares subject to certain milestones and options to the vendors.

b) Accumulated losses	**30 June 2016**	**30 June 2015 restated**
	$	**$**
Movements in accumulated losses were as follows:		
Accumulated losses at the beginning of the year	(59,387,440)	(58,639,242)
Net loss attributable to member of Phillips River Mining Ltd	(1,524,628)	(748,198)
Accumulated losses at the end of the financial year	(60,843,674)	(59,387,440)

20 Controlled entities

	Country of Incorporation	**Percentage owned**	
		30 June 2016	**30 June 2015**
Tectonic Systems Pty Ltd	Australia	100%	100%
Tectonic Management Pty Ltd	Australia	100%	100%
Kiwanda Australia Pty Ltd	Australia	100%	100%

21 Commitments and contingencies

Operating lease commitments	**30 June 2016**	**30 June 2015**
	$	**$**
Not later than 12 months	152,697	-
Between 12 months and five year	241,905	-
	394,602	-

Contingencies:
On 18 April 2016 the Company received a claim for an Access and Compensation Agreement entered into by its subsidiaries Tectonic Resources and Tectonic Systems Pty Ltd back in 2003. This Agreement provided for (among other things) a) an extensions of term of the original Agreement (1999 Agreement), b) the payment of the sum of $1,400 per month where the term of the 2003 Agreement exceeds 18 months and c) obligations as to rehabilitation on an ongoing basis and upon

the termination of the 2003 Agreement. The Directors are aware of a potential claim for no more than $181,720. The Directors consider that there are grounds for the Company rejecting this claim in its entirety.

Additionally, and unrelated to the above, the company has given a bank guarantee as at 30 June 2016 of $99,940. A term deposit of an equal amount is held by the company as at 30 June 2016. This term deposit will be used to make payment of the $99,940 if required.

22 Cash flow information

Reconciliation of cash flows from operating activities	**30 June 2016** **$**	**30 June 2015 restated** **$**
Cash flows from operating activities		
Loss for the year	(1,524,628)	(816,591)
Adjustments for:		
Depreciation	1,834	-
Extinguishment of financial liability	-	(252,234)
Share of losses from joint venture	8,630	49,613
Impairment of related party loans	(138,518)	173,743
Impairment investments	259,582	
Foreign exchange	433	-
Net gain on equity	(703,665)	68,393
Operating loss before changes in working capital and provisions	(2,096,332)	(777,076)
Change in trade and other debtors	(3,980,920)	284
Change in prepayments	8,985	(13,267)
Change in trade and other payables	5,395,524	15,758
Change in provisions	6,107	-
Net cash used in operating activities	(666,636)	(774,301)

Non cash transactions

The Company has entered into a shareholder loan as disclosed in note 19. The loan is unsecured and has been provided at an interest rate of 15%. Interest is due at maturity of the loan which is the earlier of (i) the completion of a capital raising by the Company of sufficient funds to enable the Facility to be repaid, (ii) 28 February 2016, or (iii) termination or cancellation of the loan agreement by the Financier.

The Company has the option of repaying the loan by the issue of shares and so the loan has been accounted for as an equity instrument in accordance with *AASB 132: Financial instruments: Presentation*. Subsequent to year end the loan was repaid in cash and the various parties subscribed for shares in the Company equal to the amount repaid.

During the current year, the Group did not enter into any other non-cash investing and financing activities which are not reflected in the consolidated statement of cash flows.

23 Financial risk management and financial instruments

Overview

The Company and Group have exposure to the following risks from their use of financial instruments:

- credit risk
- liquidity risk
- market risk (including currency risk, equity price risk and interest rate risk)

Notes to the Consolidated Financial Statements

This note presents information and quantitative disclosures about the Company and Group's exposure to each of the above risks, their objectives, policies and processes for measuring and managing risk, and the management of capital.

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. Risk management policies are established to identify and analyse the risks faced by the Company and Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company and Group's activities. The Company and Group, through their training and management standards and procedures, aim to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

(i) Credit risk

Credit risk is the risk of financial loss to the Group and Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group and Company's cash and cash equivalents and trade and other receivables.

Exposure to credit risk

The carrying amounts of the Group's financial assets represent the maximum credit exposure and were as follows at the reporting date:

	Note	30 June 2016 $	30 June 2015 $
Current financial assets			
Cash and cash equivalents	8	1,637,351	106,809
Trade and other receivables	9	3,885,914	4,934
Financial assets – term deposit		99,940	-
Loan to related parties – current	13	214,579	-
Total financial assets		5,837,784	111,743

The Group and Company's short term cash surpluses are placed with banks that have investment grade ratings. The Board analyses each new customer individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. Considering the nature of the Group's ultimate customers and the relevant terms and conditions entered into with such customers, the Group believes that its credit risk exposure is limited.

Impairment losses

The Group believes that no impairment allowance is necessary in respect of trade and other receivables. The ageing of the Group's trade and other receivables at the reporting date was:

	Gross 2016 $	Gross 2015 $
Not past due	-	4,934
	-	4,934

(ii) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group ensures that it has sufficient liquidity to meet expected operational expenses for a period of 180 days, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting arrangements:

Notes to the Consolidated Financial Statements

	Carrying amount $	Contractual cash flows $	Within 1 year $	1 to 5 years $
2016				
Non-derivative financial liabilities				
Trade and other payables	5,480,346	5,480,346	5,480,346	-
	5,480,346	5,480,346	5,480,346	-
2015				
Non-derivative financial liabilities				
Trade and other payables	84,822	84,822	84,822	-
	84,822	84,822	84,822	-

The Group has access to a shareholder loan facility provided by Kiwanda Mines (NA) LLC. At 30 June 2016 $2,092,853 (30 June 2015: $1,132,815) of the loan facility had been drawn (this amount does not include accrued interest).

The loan is unsecured and has been provided at an interest rate of 15%. Interest is capitalised on the loan and repayable at maturity. The loan is repayable upon the earlier of (i) the completion of a capital raising by the Company of sufficient funds to enable the Facility to be fully repaid, or (ii) termination or cancellations of the loan agreement by the Financier.

The loan is repayable in cash or by the Company issuing new ordinary shares to the Financier at a deemed issue price of $0.25 per share. The choice of repayment method is at the discretion of the Company and each repayment is required to be at 150% of the face value of the initial advance plus accrued interest. As the Company has the option of repaying the shareholder loan through the issue of shares, it has been accounted for as an equity instrument in accordance with *AASB 132: Financial instruments: Presentation* and is therefore not included in the above table.

(iii) Market risk

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

Interest rate risk

At 30 June 2016 the only financial instrument subject to interest rate risk was the Company's cash holdings.

	Weighted average interest rate	Fixed interest maturing in: 1 year or less $	1 to 5 years $	Non-interest bearing $	Floating interest rate $	Total $
2016						
Financial assets						
Cash and cash equivalents	0%	-	-		1,637,351	1,637,351
Trade and other receivables	-	-	-	3,985,854	-	3,985,854
Trade and other receivables	-	-	-	-	214,579	214,579
		-	-	3,985,854	1,851,930	5,837,784
Financial liabilities						
Trade and other payables	-	-	-	5,480,346	-	5,480,346
		-	-	5,480,346	-	5,480,346

Notes to the Consolidated Financial Statements

2015						
Financial assets						
Cash and cash equivalents	0%	-	-	-	106,809	106,809
Trade and other receivables	-	-	-	4,934	-	4,934
		-	-	4,934	106,809	111,743
Financial liabilities						
Trade and other payables	-	-	-	84,822	-	84,822
		-	-	84,822	-	84,822

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore a change in interest rates on fixed rate instruments at the reporting date would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments

A change of 1.00% in interest rates at the reporting date would have increased (decreased) equity and profit or loss of the Group and the Company by the amounts shown below.

	Profit or loss		Equity	
	1.00% Increase $	**1.00% decrease $**	**1.00% increase $**	**1.00% decrease $**
2016				
Variable rate financial assets	16,373	-	16,373	-
Cash flows sensitivity	16,373	-	16,373	-
2015				
Variable rate financial assets	1,068	-	1,068	-
Cash flows sensitivity	1,068	-	1,068	-

(iv) Capital management

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The capital structure of the Group consists of cash and cash equivalents, and equity attributable to equity holders of the parent, comprising issued capital, reserves and accumulated losses as described in notes 18 and 19 to the financial statements. The Company is currently in the process of an equity capital raising to increase its liquid funds and this will enable the Company to continue as a going concern for the foreseeable future.

There were no changes in the Group’s approach to capital management during the year. Risk management policies and procedures are established with regular monitoring and reporting.

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

(v) Fair values

The carrying amounts of financial assets and liabilities recognised in the consolidated financial statements approximate their fair values.

Notes to the Consolidated Financial Statements

24 Key management personnel compensation

a) Name and position held of key management personnel in office at any time during or since the end of the financial year

Directors:
Chris West
Mark Summer
Timothy Koster

Management:
Rolando Tinoco, CFO (1)

(1) Appointed 4 January 2016

The aggregate compensation made to directors and other former key management personnel included in employee expenses (see the Remuneration Report) are as follows:

	30 June 2016 $	30 June 2015 $
Short term employee benefits (cash & deferred)	234,000	240,000
Post-employment benefits	-	-
Employment termination benefits	-	-
Equity compensation benefits	-	-
	234,000	240,000

Information regarding individual Director and executive's compensation and some equity instruments are permitted by Corporations Regulations 2M.3.03 and 2M.6.04 is provided in the Remuneration Report section of the Directors' Report on pages 8 to 11.

b) Share holdings

The number of shares in the Company held during the financial year by each key management personnel of Phillips River Mining Ltd, including they related parties are set out below:

	Balance at 1 July 2015	Received as Compensation	Net change	Balance at 30 Jun 2016
Directors:				
Chris West	159,450	-	3,723,068	3,882,518
Mark Summer	318,901	-	6,710,082	7,028,983
Timothy Koster	159,450	-	3,787,067	3,946,517
Management:				
Rolando Tinoco, CFO (1)	-	-	-	-

c) Option holdings

	Balance at 1 July 2015	Received as Compensation	Net change	Balance at 30 Jun 2016
Directors:				
Chris West	-	-	2,975,997	2,975,997
Mark Summer	-	-	5,951,995	5,951,995
Timothy Koster	-	-	2,975,995	2,975,995
Management:				
Rolando Tinoco, CFO (1)	-	-	-	-

Notes to the Consolidated Financial Statements

(1) Appointed 4 January 2016

25 Related party transactions

Acquisition of mining assets from Kiwanda Mines (NA) LLC

On 14 October 2014 the Company entered into a Heads of Agreement with Kiwanda Mines (NA) LLC ('Kiwanda Mines') and Lara Exploration Ltd ('Lara') to acquire a number of phosphate and coal mining interests in Chile and Colombia. Kiwanda Mines is an entity that is controlled by the Directors of the Company. As an implementation of the transaction for the acquisition of the South American assets, on 23 May 2016 Kiwanda Mines (NA) LLC and Lara Exploration Ltd interest (50% each) over the above South American assets were transferred to Kiwanda Australia Pty Ltd and on 9 June 2016, the Company acquired 100% of Kiwanda Australia Pty Ltd.

Other receivables from related party

On 2 May 2016 Kiwanda Mines subscribed for 10 million shares at 0.25 cents per share (total $2,500,000) for the next capital raising. These funds will be offset against the loan given to Kiwanda Australia. At 30 of June 2016 the Company has not been issued the shares yet.

On 2 June 2016 Kiwanda Mines and the Company executed an Assumption Agreement where Kiwanda Mines assumes and agrees to fulfil and discharge certain liabilities and obligations acquired under this agreement and the Company agrees to pay the Assumption amount of $1,342,850 to Kiwanda Mines. Kiwanda Mines agrees to arrange subscription for new shares (5,371,400 shares) in the Company equal to the Assumption amount by unrelated parties.

Loan Facility from related party

On 16 February 2015 the Company entered into a new short term loan agreement with Kiwanda Australia Pty Ltd (the "Financier") to enable the Company to pay its ongoing operating expenses whilst finalising the acquisition of the Kiwanda Assets.

The loan is unsecured and has been provided at an interest rate of 15%. The loan is repayable upon the earlier of (i) the completion of a capital raising by the Company of sufficient funds to enable the Facility to be fully repaid, (ii) termination or cancellations of the loan agreement by the Financier.

Each drawing under the facility is made at a 30% discount to the face value of the borrowing. The loan is repayable in cash or by the Company issuing new ordinary shares to the Financier at a deemed issue price of $0.25 per share. The choice of repayment method is at the discretion of the Company and each repayment is required to be at 150% of the face value of the initial advance plus accrued interest.

On 9 June 2016 Kiwanda Australia was acquired by the Company and the above loan was treated as an intercompany loan. Kiwanda Australia Pty Ltd on 16 February 2015 entered into a new short term loan agreement with Kiwanda Mines NA (LLC) to enable the them to pay its ongoing operating expenses whilst finalising the acquisition of the Kiwanda Assets. This loan has same terms as the loan detailed above between Kiwanda Australia Pty Ltd and the Company.

Other payables to related party

As a part of the cash consideration for the acquisition of Kiwanda Australia Pty Ltd, the Company owns to Kiwanda Mines NA (LLC) the amount of $268,781 (USD200,000).

Loans to related parties

The company has made total loans of $567,408 to five related entities, which $352,829 are interest free and unsecured and were made to enable the entities to meet their ongoing operating costs. These loans are anticipated to be repaid from cash flows received from the mining assets owned by these entities. The remaining loan of $214,579 has been given to Spar Capital Partners at an interest of 5% per annum. The purpose of this loan is to enable the borrower to acquire Notes issued by Kiwanda Mines to the Keadland Group prior to the relisting of the Phillips River Mining Ltd. Recoverability of this loan will be on 20 April 2017. In addition the company has made loans of $60,000 to two directors of the Company.

Notes to the Consolidated Financial Statements

Placement fees

The Company paid placement fees of $49,247 to Spar Capital Partners for the raising of funds which were lent to the Company as a shareholder loan by Kiwanda Australia Pty Ltd - refer to note 19. Spar Capital Partners is an entity controlled by two of the Directors (Chris West and Timothy Koster).

Apart from the details disclosed, no Director has entered into a material contract with the Company or the Group since the end of the financial year and there were no other material contracts involving Directors' interests existing at year end.

Rent

The Company paid rent of $64,000 (2015: 60,000) to Spar Capital Partners in accordance with a rental agreement for the use of the Company's head office facilities. Spar Capital Partners is an entity controlled by two Directors. The arrangement was in a monthly basis and was terminated on 14 April 2016.

26 Auditors' remuneration

	30 June 2016 $	30 June 2015 $
Audit and review of financial statements		
Auditing or reviewing the financial statements	49,000	60,395
Other services	43,265	
	92,265	60,395

27 Events subsequent to balance date

Significant changes in the state of the Consolidated Group that occurred during the year ended 30 June 2016 were as follows:

- On 12 August 2016 the Company completed a Pro-rata Issue, raising $6,920,708 and issuing 27,682,836 shares as shown in the table below. The company repaid in full the loan provided by Kiwanda Mines by the issue of 20,017,808 shares. In addition the Company issued 5,371,400 shares for application subscribed by Kiwanda Mines relating to the Assumption liability. The remaining shares were issued for subscriptions received up to 30 June 2016.

	Balance at 30 June 2016 $	Movements $	Balance at 12 August 2016 $	Total shares issued on 12 August 2016
Shareholder loan	4,978,650	25,802[(1)]	5,004,452[(1)]	20,017,808
Assumption liability	1,342,850	-	1,342,850	5,371,400
Cash received	598,407	(25,000)[(2)]	573,407	2,293,628
Total	**6,919,907**	**802**	**6,920,709**	**27,682,836**

(1) Includes accrued interest. Balance of shareholder loan reflected above is the gross amount convertible to shares. Refer to notes 18 and 19 of the financial statements.

(2) Includes return of funds to investors.

- On 24 August 2016 the Company transferred to Chile an amount of $935,054 (USD714,000) and on 8 September an additional amount of $46,915 (USD36,000) for the acquisition of the rock phosphate asset located in Chile. These funds are currently in a trust account of the company's solicitor and will be released once the Acquisition Agreement is executed by the vendors.

- On 7 October 2016 the Company sent to Chile a letter of credit for USD250,000 which will be issued as guarantee for future payments to the vendors of the rock phosphate asset.

Notes to the Consolidated Financial Statements

- As at the date of this report the company is completing loan arrangements which are expected to provide funding to the company of up to $1.9 million. These arrangements have not been completed but are committed.

There were no other material subsequent events between the reporting date and the date of signing this report.

29 Parent entity disclosures

Financial position

	30 June 2016 $	30 June 2015 $
Assets		
Current assets	3,190,508	126,814
Non-current assets	2,040,581	7,438
Total assets	5,231,089	134,252
Liabilities		
Current liabilities	5,083,950	84,822
Non-current liabilities	715,208	-
Total liabilities	5,799,158	84,822
Equity		
Issued capital	59,893,096	58,593,923
Reserves	(166,506)	617,111
Retained losses	(60,294,659)	(59,161,604)
Total equity	(568,069)	49,430

Financial performance

	30 June 2016 $	30 June 2015 $
Loss for the year	(1,152,839)	(522,362)
Total comprehensive loss	(1,152,839)	(522,362)

30. Prior Period error

The Company has restated the prior period by correcting the fair value of the shareholder loan impact on the Reserves resulting from the difference in the price of the options over shares to be issued. The option price originally used was $1.00 instead of $0.25.

	30 Jun 2015 $	Change	30 Jun 2015 $ restated
Equity			
Issued capital	58,593,923	-	58,593,923
Reserves	617,111	225,836	842,947
Accumulated losses	(59,161,604)	(225,836)	(59,387,440)
Total	49,430	-	49,430

The prior period error has had impact on the consolidated statement of financial position. The originally loss for the period was $522,362 instead of $748,198.

Notes to the Consolidated Financial Statements

	30 Jun 2015 $	Change	30 Jun 2015 $ restated
Other income	-		-
Administrative expenses	(757,293)	-	(757,293)
Finance expenses	(19,783)	-	(19,783)
Gain on extinguishment of financial liability	478,070	(225,836)	252,234
Share of loss of joint venture	(49,613)		(49,613)
Impairment of related party loans	(173,743)		(173,743)
(Loss)/Profit before income tax expense	(522,362)	(225,836)	(748,198)