



MOSMAN OIL AND GAS
LIMITED

ACN 150 287 111

CONDENSED CONSOLIDATED HALF YEAR
FINANCIAL REPORT
31 DECEMBER 2014

Corporate Directory

Directors

John W Barr
Andy Carroll
John A Young

Company Secretary

Zane Lewis

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Auditors

Somes Cooke

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Hardy Bowen

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**Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income for
the Half Year Ended 31 December 2014
All amounts are Australian Dollars**

	Note	Consolidated 31 December 2014 \$	Consolidated 31 December 2013 \$
Interest Income		3,060	1,698
Administrative costs		(155,359)	(35,928)
Corporate costs	2	(998,074)	(341,349)
Exploration costs written off	4	(4,450)	(36,374)
Employee Benefits expense		(45,271)	(22,659)
Gain/ Loss on foreign exchange		(3,275)	1,221
Share based payments	7c	(681,039)	(5,000)
Depreciation		(7,391)	(1,074)
Interest expense		(20,541)	-
Loss from ordinary activities before income tax expense		(1,912,340)	(439,465)
Income tax expense		-	-
Net Loss for the year		(1,912,340)	(439,465)
Other Comprehensive Income			-
Items that will not be subsequently reclassified to profit or loss when specific conditions are met – Exchange differences on translation of foreign operations		264,975	-
Total Other Comprehensive Income		264,975	-
Total comprehensive income attributable to members of the entity		(1,647,365)	(439,465)
Basic and diluted (loss) per share		(2.01) cents	(1.31) cents

The accompanying condensed notes form part of these financial statements.

**Condensed Consolidated Statement of Financial Position
as at 31 December 2014
All amounts are Australian Dollars**

	Notes	Consolidated 31 December 2014 \$	Consolidated 30 June 2014 \$
Current Assets			
Cash and cash equivalents		2,190,086	6,289,921
Trade and other receivables	3	239,623	266,788
Total Current Assets		<u>2,429,709</u>	<u>6,556,709</u>
Non-Current Assets			
Property, plant & equipment		276,831	3,573
Capitalised mineral exploration expenditure	4	11,105,750	3,986,591
Total Non-current Assets		<u>11,382,581</u>	<u>3,990,164</u>
Total Assets		<u>13,812,290</u>	<u>10,546,873</u>
Current Liabilities			
Trade and other payables	5	645,484	1,005,936
Provisions		7,000	4,692
Share application monies received in advance		-	15,000
Borrowings	6	713,686	-
Total Current Liabilities		<u>1,366,170</u>	<u>1,025,628</u>
Total Liabilities		<u>1,366,170</u>	<u>1,025,628</u>
Net Assets		<u>12,446,120</u>	<u>9,521,245</u>
Shareholders' Equity			
Contributed equity	7	15,863,520	11,972,319
Reserves		1,362,467	416,453
Accumulated losses		<u>(4,779,867)</u>	<u>(2,867,527)</u>
Total Shareholders' Equity		<u>12,446,120</u>	<u>9,521,245</u>

The accompanying condensed notes form part of these financial statements.

**Condensed Consolidated Statement of Changes in Equity
for the Half Year Ended 31 December 2014
All amounts are Australian Dollars**

	Contributed Equity	Option Reserve	Foreign Currency Reserve	Accumulated Losses	Total
	\$	\$	\$	\$	\$
Balance at 1 July 2013	1,585,000	-	-	(1,004,375)	580,625
Comprehensive income					
Loss for the year	-	-	-	(439,465)	(439,465)
Other comprehensive income for the year	-	-	-	-	-
Total comprehensive income for the year	-	-	-	(439,465)	(439,465)
Transactions with owners, in their capacity as owners, and other transfers					
Shares issued to shareholders	1,228,370	-	-	-	1,228,370
Total transactions with owners and other transfers	1,228,370	-	-	-	1,228,370
Balance at 31 December 2013	2,813,370	-	-	(1,443,840)	1,369,530
Balance at 1 July 2014	11,972,319	416,453	-	(2,867,527)	9,521,245
Comprehensive income					
Loss for the year	-	-	-	(1,912,340)	(1,912,340)
Other comprehensive income for the year	-	-	264,975	-	264,975
Total comprehensive income for the year	-	-	264,975	(1,912,340)	(1,647,365)
Transactions with owners, in their capacity as owners, and other transfers					
Shares issued	4,006,696	-	-	-	4,006,696
Capital raising costs	(115,495)	-	-	-	(115,495)
Options issued	-	681,039	-	-	681,039
Total transactions with owners and other transfers	3,891,201	681,039	-	-	4,572,240
Balance at 31 December 2014	15,863,520	1,097,492	264,975	(4,779,867)	12,446,120

The accompanying condensed notes form part of these financial statements

**Condensed Consolidated Statement of Cash Flows
for the Half Year Ended 31 December 2014
All amounts are Australian Dollars**

	Notes	Consolidated 31 December 2014 \$	Consolidated 31 December 2013 \$
Cash flows from operating activities			
Interest received		3,060	1,698
Payments to suppliers and employees		(1,306,085)	(317,518)
Interest paid		(77,645)	-
Net cash (outflow) from operating activities		<u>(1,380,670)</u>	<u>(315,820)</u>
Cash flows from investing activities			
Payments for Property, plant & equipment		(282,522)	-
Payments for exploration and evaluation assets		(4,770,225)	(327,857)
Net cash acquired on acquisition of subsidiary	13	35,043	-
Net cash (outflow) from investing activities		<u>(5,017,704)</u>	<u>(327,857)</u>
Cash flows from financing activities			
Proceeds from shares issued, net of costs		2,600,364	332,000
Borrowings paid		(301,825)	-
Net cash inflow from financing activities		<u>2,298,539</u>	<u>332,000</u>
Net (decrease) in cash and cash equivalents		<u>(4,099,835)</u>	<u>(311,677)</u>
Cash and cash equivalents at the beginning of the financial period		<u>6,289,921</u>	<u>427,666</u>
Cash and cash equivalents at the end of the financial period		<u>2,190,086</u>	<u>115,989</u>

The accompanying condensed notes form part of these financial statements.

**Condensed Notes to the Financial Statements
for the Half-Year ended 31 December 2014
All amounts are Australian Dollars**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

The half-year financial report is a general purpose financial report prepared in accordance with the Corporations Act 2001 and AASB 134 'Interim Financial Reporting'. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS34 'Interim Financial Reporting'. The half-year report does not include notes of the type normally included in an annual financial report and should be read in conjunction with the most recent annual financial report.

Basis of preparation

The condensed consolidated financial statements have been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts presented in Australian dollars, unless otherwise noted.

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the Company's 2014 annual financial report for the financial year ended 30 June 2014, except for the impact of the Standards and Interpretations described below. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

Adoption of new or revised accounting standards and interpretations

The Group has adopted all of the new and revised standards and interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to their operations and effective for the current half-year. The Group has not early adopted any accounting standards or interpretations.

The adoption of all new and revised standards and interpretations has not resulted in any changes to the Group's accounting policies and has no effect on the amounts reported for the current or prior half-years.

Going concern

As disclosed in the financial report, the Group recorded an operating loss for the half year to 31 December 2014 of \$1,912,340 (31 Dec 2013: loss of \$439,465), and had a working capital surplus of \$1,063,539 as at 31 December 2014 (30 June 2014 working capital surplus: \$5,531,081). The Group had cash outflows from operating activities of (\$1,380,670) (31 Dec 2013: \$315,820) for the half-year ended 31 December 2014.

The Directors believe that that the Group will be able to obtain sufficient funding in order to pay its debts as and when they become due and payable for a further 12 months from the date of this report, and that the Group is therefore a going concern.

**Condensed Notes to the Financial Statements
for the Half-Year ended 31 December 2014
All amounts are Australian Dollars**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

Should the Company be unable to obtain sufficient funding as outlined above, there is material uncertainty which may cast significant doubt over the Company's ability to continue as a going concern.

Should the Company be unable to continue as a going concern it may be required to realise its assets and discharge its liabilities other than in the normal course of business and an amount different to those stated in the financial statements. The financial statements do not include any adjustments related to the recoverability and classification of asset carrying amounts or the amount of liabilities that might resolve should the Company be unable to continue as a going concern and meet its debts as and when they fall due.

Exploration and Evaluation Costs

Exploration and evaluation expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are carried forward in respect of an area that has not at reporting date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or relating to, the area of interest are continuing.

Impairment of Exploration and Evaluation Assets

The ultimate recoupment of the value of exploration and evaluation assets, is dependent on the successful development and commercial exploitation, or alternatively, sale, of the exploration and evaluation assets.

Impairment tests are carried out when there are indicators of impairment in order to identify whether the asset carrying values exceed their recoverable amounts. There is significant estimation and judgement in determining the inputs and assumptions used in determining the recoverable amounts.

The key areas of judgement and estimation include:

- Recent exploration and evaluation results and resource estimates;
- Environmental issues that may impact on the underlying tenements;
- Fundamental economic factors that have an impact on the operations and carrying values of assets and liabilities.

Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors of the Company.

**Condensed Notes to the Financial Statements
for the Half-Year ended 31 December 2014
All amounts are Australian Dollars**

	Consolidated 31 December 2014	Consolidated 31 December 2013
	\$	\$
2. Corporate Costs		
Accounting, Company Secretary and Audit fees	214,583	48,858
Directors fees	77,500	60,000
Consulting fees	438,517	97,254
Travel fees	150,250	21,829
Legal fees	117,224	113,408
	998,074	341,349

	Consolidated 31 December 2014	Consolidated 30 June 2014
	\$	\$
3. Trade and other receivables		
GST receivable	177,027	243,608
Prepayments	160	23,190
Bonds	62,436	-
	239,623	266,798

4. Capitalised mineral exploration expenditure		
Non Current		Consolidated
In the exploration phase		\$
Balance as at 1 July 2014		3,986,591
Acquisition of Trident Energy Limited (Note 13)		3,259,551
Expenditure incurred during the year		3,864,058
Expenditure written off		(4,450)
Balance as at 31 December 2014		11,105,750

The recoupment of costs carried forward is dependent on the successful development and/or commercial exploitation or alternatively sale of the respective areas of interest.

	Consolidated 31 December 2014	Consolidated 30 June 2014
	\$	\$
5. Trade and other payables		
Current (unsecured)		
Trade creditors	609,229	977,939
Other creditors and accruals	36,255	27,997
	645,484	1,005,936

**Condensed Notes to the Financial Statements
for the Half-Year ended 31 December 2014
All amounts are Australian Dollars**

	Consolidated 31 December 2014 \$	Consolidated 31 December 2013 \$
6. Borrowings		
Current		
Subordinated liabilities (i)	473,934	-
Amounts owing to former Director of Trident Energy Limited	239,752	-
	713,686	-
(i) Partly settled in January 2015 (Note 11)		
7. Contributed equity		
	Consolidated 31 December 2014 \$	Consolidated 30 June 2014 \$
Ordinary Shares		
90,804,308 (30 June 2014: 77,927,175) ordinary shares fully paid	15,863,520	11,972,319
a) Share movements during the half-year	\$	Number
Balance at 30 June 2014	11,972,319	77,927,175
Shares issued 14/07/14 at \$0.20 (Note 7b)	200,000	1,000,000
Shares issued 14/07/14 at \$0.15 (Note 7b)	15,000	100,000
Shares issued 16/07/14 at \$0.05 (Note 7b)	100,000	2,000,000
Shares issued 15/09/14 at \$0.378 for cash	2,361,581	6,250,000
Shares issued 14/10/14 at \$0.401 (Note 13)	1,120,108	2,796,440
Shares issued 06/11/14 at \$0.147 (Note 7b)	54,279	368,302
Shares issued 10/11/14 at \$0.50 (i)	132,929	265,858
Shares issued 10/11/14 at \$0.236 (Note 13)	22,800	96,533
Costs of equity	(115,496)	-
Balance at 31 December 2014	15,863,520	90,804,308
(i) Shares issued to settle creditors in Trident Energy Limited.		
Options		
During the period the following options were issued:		
b) Option movements during the half-year		Number
Balance at 30 June 2014		9,527,674
Options exercised 14/07/14		(1,100,000)
Options exercised 14/07/14		(2,000,000)
Options exercised 06/11/14		(368,302)
Options issued 28/11/14 (Note 7c)		4,000,000
Balance at 31 December 2014		10,059,372
Of the 10,059,372 options on issue as at 31 December 2014, the following are held by directors of the Company:		
J W Barr	2,500,000	
A Carroll	2,500,000	
J Young	1,500,000	

**Condensed Notes to the Financial Statements
for the Half-Year ended 31 December 2014
All amounts are Australian Dollars**

7. Contributed equity (Continued)

**b) Option movements during the half-year (cont)
Option details**

Number of options	Exercise date	Exercise Price (\$)
2,000,000	31 March 2016	0.20
3,200,000	13 January 2019	0.15
859,372	20 March 2019	0.08
<u>4,000,000</u>	28 November 2017	0.58
10,059,372		

c) Share based payments

On the 28 November 2014, 4,000,000 options were issued to directors, staff and consultants of the Group. The terms of the options are: Vest immediately, exercise price of \$0.58 and an expiry date of 28 November 2017. The options were valued for accounting purposes using a Binomial pricing model, containing the following assumptions: Share price volatility of 90% and a risk free interest rate of 2.72%. The total valuation of these options was \$681,039 which has been booked as an expense in the Statement of Comprehensive Income.

8. Segment Information

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Board to make decisions about resources to be allocated to the segments and assess their performance.

The reportable segments are based on aggregated operating segments determined by the similarity of the economic characteristics, geographic areas, the nature of the activities and the regulatory environment in which those segments operate.

The Group has two reportable segments, being Australia, and New Zealand. Unallocated results, assets and liabilities represent corporate amounts that are not core to the reportable segments.

**Condensed Notes to the Financial Statements
for the Half-Year ended 31 December 2014
All amounts are Australian Dollars**

8. Segment Information (Continued)

(i) Segment performance

	New Zealand	Australia	Total
	\$	\$	\$
Half-Year ended 31 December 2014			
Segment revenue – interest	134	2,926	3,060
Segment expenses -			
	(29,272)	-	(29,272)
Segment net profit/(loss) before tax	(29,138)	2,926	(26,212)
<i>Reconciliation of segment result to net loss before tax</i>			
Amounts not included in segment result but reviewed by the Board			
- Exploration expenditure written off	-	(4,450)	(4,450)
Unallocated items			
- Foreign exchange loss			(3,275)
- Corporate Costs			(978,066)
- Employee Benefits Expense			(45,271)
- Administrative Costs			(148,255)
- Share based payments			(681,039)
- Depreciation			(5,231)
- Other			(20,541)
Net loss before tax from continuing operations			(1,912,340)
Half-Year ended 31 December 2013			
Revenue			
Interest revenue	-	1,698	1,698
Foreign exchange gain	-	1,221	1,221
Total segment revenue	-	2,919	2,919
Segment net profit/(loss) before tax	-	2,919	2,919
<i>Reconciliation of segment result to net loss before tax</i>			
Amounts not included in segment result but reviewed by the Board			
- Exploration expenditure written off	-	(36,374)	(36,374)
Unallocated items			
- Corporate Costs			(341,349)
- Employee Benefits Expense			(22,659)
- Administrative Costs			(35,928)
- Share based payments			(5,000)
- Depreciation			(1,074)
Net loss before tax from continuing operations			(439,465)

**Condensed Notes to the Financial Statements
for the Half-Year ended 31 December 2014
All amounts are Australian Dollars**

8. Segment Information (Continued)

(ii) Segment assets

	New Zealand \$	Australia \$	Total \$
As at 31 December 2014			
Segment assets as at 1 July 2014	3,017,932	968,660	3,986,592
Segment asset increases/(decreases) for the year			
- Exploration and evaluation	3,416,283	3,702,875	7,119,158
	6,434,215	4,671,535	11,105,750

Reconciliation of segment assets to total assets:

Other assets			2,706,541
Total assets from continuing operations			13,812,291

(iii) Segment liabilities

As at 31 December 2014

Segment liabilities as at 1 July 2014	798,334	227,294	1,025,628
Segment liability increases/(decreases) for the year	(728,769)	1,069,311	340,542
	69,565	1,296,605	1,366,170

Reconciliation of segment liabilities to total liabilities:

Other liabilities			-
Total liabilities from continuing operations			1,366,170

9. Commitments

The Group has certain obligations to perform minimum exploration work on Oil and Gas tenements held. These obligations may vary over time, depending on the Group's exploration programs and priorities. At 31 December 2014, total exploration expenditure commitments that have not been provided for in the financial statements are as follows:

	AU\$
Less than one year	750,150
One to five years	599,305
Over five years	-
Total	1,349,455

These obligations are subject to variations by farm-out arrangements, sale of the relevant tenements or seeking expenditure exemption for previous year's expenditure. The Group has the option to elect to not carry out the minimum work program commitments pertaining to a specific permit, in which case the Group will relinquish its interest in the relevant permit, or in the case of the Officer Basin Permit, once issued, accept a dilution in its 25% shareholding in Australian Petroleum Portfolio Limited.

**Condensed Notes to the Financial Statements
for the Half-Year ended 31 December 2014
All amounts are Australian Dollars**

10. Contingent Liabilities

There has been no change in contingent liabilities since the 30 June 2014 annual report.

11. Subsequent events

There are no material matters or circumstances arising since 31 December 2014 which will significantly affect the operations of the Group, the results of those of those operations, or the state affairs of the Group in subsequent financial periods apart from:

Mosman has announced that it intends to make a takeover bid pursuant to Chapter 6 of the Australian Corporations Act 2001 (Cth) to acquire 100% of the fully paid ordinary shares in the issued capital of the ASX listed MEO Australia Limited ("MEO"). It has also announced amendments to the bid terms.

Currently Mosman intends to offer MEO's shareholders 1 AIM listed fully paid ordinary shares in Mosman for every 10 ASX listed fully paid ordinary shares in MEO to acquire 100% of MEO. The takeover bid is subject to the fulfilment (or waiver) of the conditions to be fully set out in the takeover bid documents.

On 14 January 2015 1,000,000 shares were issued to the former directors of Trident Energy Limited to partly extinguish creditors and financial liabilities owed to them from Trident Energy Limited.

12. Dividends

No dividends have been paid or proposed during the half year.

13. Acquisition of Subsidiaries

OilCo Pty Ltd

On 27 August 2014, the Group obtained control of OilCo Pty Ltd, an oil and gas exploration entity by acquiring 100% of OilCo Pty Ltd's shares from existing shareholders.

The acquisition of OilCo Pty Ltd was assessed by the Board in the current period and it was determined that the acquisition was an asset acquisition, rather than a business combination.

The deemed fair value of net assets acquired at the date of acquisition were as follows:

	\$
Fair value of net assets acquired	<u>Nil</u>

Acquisition consideration:

Overriding 2% royalty on production	<u>Nil</u>
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The Board reviewed the royalty payable to OilCo Pty Ltd's previous shareholders and at this point in time a reliable and quantitative value cannot be established.

**Condensed Notes to the Financial Statements
for the Half-Year ended 31 December 2014
All amounts are Australian Dollars**

13. Acquisition of Subsidiaries (cont)

Trident Energy Limited

During the half-year, the Group obtained control of Trident Energy Limited, an oil and gas exploration entity, by acquiring 100% of Trident's shares from existing shareholders.

The acquisition of Trident Energy Limited was assessed by the Board in the current period and it was determined that the acquisition was an asset acquisition, rather than a business combination as the substance and intent of the acquisition was for the Group to acquire the exploration and evaluation assets of Trident Energy Limited for the purpose of expanding the Groups overall resource base.

The deemed fair value of net assets acquired at the date of acquisition were as follows:	\$
Cash and cash equivalents	35,043
Trade and other receivables	12,105
Property, plant and equipment	1,872
Exploration and evaluation assets	3,259,551
Trade and other payables	(798,152)
Borrowings	<u>(1,015,481)</u>
Net assets acquired	<u>1,494,938</u>
 Acquisition consideration:	
Shares issued (2,796,440 shares at \$0.401), at fair value	1,120,108
Shares issued (96,533 shares at \$0.236), at fair value	22,800
Acquisition costs	<u>352,030</u>
Total purchase consideration	<u>1,494,938</u>

Directors Declaration

The Directors of the company declare that:

- 1) The financial statements and notes, as set out on pages 3-15
 - a. Comply with Accounting Standard AASB 134: Interim Financial Reporting, Corporations Act 2001 and the Corporations Regulations 2001; and
 - b. Give a true and fair view of the consolidated entity's financial position as at 31 December 2014 and of its performance for the half year ended on that date.
- 2) 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.

The declaration is made in accordance with resolution of the board.



John W Barr
Director

Perth
27th January 2015

Auditor's Independence Declaration

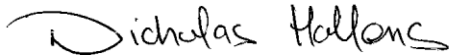
To those charged with the governance of Mosman Oil and Gas Limited

As auditor for the review of Mosman Oil and Gas Limited for the half-year ended 31 December 2014, I declare that, to the best of my knowledge and belief, there have been:

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



Somes Cooke



Nicholas Hollens
Partner

Perth

27 January 2015

Independent Auditor's Review Report

To the members of Mosman Oil and Gas Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Mosman Oil and Gas Limited, which comprises the condensed consolidated statement of financial position as at 31 December 2014, and the condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity, and condensed consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of Mosman Oil and Gas Limited's financial position as at 31 December 2014 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Mosman Oil and Gas Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

Conclusion

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

- (a) giving a true and fair view of Mosman Oil and Gas Limited's financial position as at 31 December 2014 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

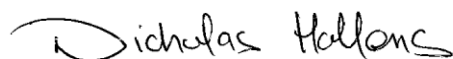
Emphasis of Matter – Inherent uncertainty regarding continuation as a going concern

Without modifying our conclusion, we draw attention to Note 1, which outlines that the Group had a working capital surplus of \$1,063,539 as at 31 December 2014, and had cash outflows from operating activities of \$1,380,670 for the half-year then ended.

As a result, there is a material uncertainty related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern, and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.



Somes Cooke



Nicholas Hollens
Partner

Perth

27 January 2015