

Erinbar Limited  
52 Ord Street  
P.O. Box 424  
West Perth WA 6872

**Tel** 0419 035 297  
[www.auzircon.com.au](http://www.auzircon.com.au)

# ERINBAR LIMITED

(Formerly Australian Zircon NL)  
ABN 60 063 389 079

## **INTERIM FINANCIAL REPORT**

**FOR THE SIX MONTHS ENDED  
31 DECEMBER 2016**

---

# TABLE OF CONTENTS

## Table of Contents

Directors' Report.....	2
Auditor's Independence Declaration.....	4
Interim Statement of Profit or Loss and Other Comprehensive Income.....	5
Interim Statement of Financial Position.....	6
Interim Statement of Changes in Equity.....	7
Interim Statement of Cash Flows.....	8
Notes to and forming part of the Financial Statements.....	9
Directors' Declaration.....	11
Independent Auditor's Audit Review Report.....	12
Contacts.....	14

# DIRECTORS' REPORT

## Directors' Report

The Directors of Erinbar Limited (formerly Australian Zircon NL) ('the Company') submit their report for the half year ended 31 December 2016.

The names of the Company's Directors in office during the half year ended 31 December 2016 and until the date of this report are as follows.

Jeremy Shervington (Chairman)

Gerhard Kornfeld (resigned 29 November 2016)

Johann Jacobs

Alan Gordon Coulthard (appointed 28 November 2016)

## Review of Operations

During May 2016, the Company concluded a contract for the sale of the Company's 80% interest in the Joint Venture for the development of the WIM150 mineral sands deposit near Horsham in Victoria, Australia.

From that point of time, directors have been restructuring the Company and turned their attention towards finding a suitable project to enable a capital raising and potential re-listing on ASX.

On 13 October 2016, a general meeting of shareholders approved the restructuring of the Company, including:

- The reduction of share capital through the cancellation of lost share capital;
- The cancellation of shares which, upon consolidation, would mean some shareholders would hold less than one share each;
- The cancellation of forfeited partly paid shares;
- The sale of shares held by DECOMetal GmbH in Liqi to two current directors of the Company;
- The change of company type from a No-liability company to a Limited company;
- The change of name of the Company;
- To issue of securities under the Incentive Plan to current and proposed directors; and
- To adopt a new Constitution more in keeping with the requirements of a Limited Company.

On 17 December 2016 the Company advised the Australian Securities & Investments Commission of the Resolution to undertake the consolidation of capital and which is reflected in the Interim Financial Statement as at 31 December 2016. The consequence of this approval was to reduce share capital as follows:

	# Shares	Capital Value
Pre Consolidation	1,482,078,147	\$110,816,025
Post Consolidation	9,998,620	\$ 1,999,724

## Financial Position

For the six months ended 31 December 2016, Erinbar Limited recorded a loss of \$121,176, primarily due to the costs of winding the company down into a semi-dormant position pending further developments. As at 31 December 2016, the Company had cash and cash equivalents of \$157,171.

# DIRECTORS' REPORT

## Events subsequent to reporting date

On 9 March 2017 the Company entered into a conditional agreement which, if it is fully performed, will result in the Company acquiring a 100% interest in 3 Exploration Licences, 5 Applications for Exploration Licences and 2 Prospecting Licences located in the Eastern Goldfields and Murchison regions of Western Australia with an area totalling 316 sq. kilometres. The Tenements are considered to be prospective for gold mineralisation.

The agreement is conditional in a number of items, including the Company completing a capital raising and being admitted to the Official List of ASX.

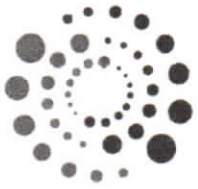
One of the conditions is the obtaining of necessary approvals from the Company's shareholders.

Further information regarding the transaction will be notified as and when the conditions in the agreement are met and with the notice in respect of the above-mentioned shareholders' meeting

Signed in accordance with a resolution of the Directors.



J D Shervington  
Chairman  
Perth, 20 March 2017



## Auditor's Independence Declaration

To those charged with the governance Erinbar Limited

As auditor for the review of Erinbar Limited for the half-year ended 31 December 2016, 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.

Greenwich & Co Audit Pty Ltd

Greenwich & Co Audit Pty Ltd

Nicholas Hollens

**Nicholas Hollens**  
Managing Director

22 March 2017  
Perth



# INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 31 DECEMBER 2016

	Note	31 Dec 2016 \$	31 Dec 2015 \$
Other income		647	929
R&D offset income		158,502	-
Finance costs		-	(3,069,791)
Foreign exchange loss		-	(1,792,218)
Other expenses		(280,325)	(228,996)
<b>Loss before income tax</b>		<b>(121,176)</b>	<b>(5,090,076)</b>
Income tax expense		-	-
<b>Loss after income tax for the period</b>		<b>(121,176)</b>	<b>(5,090,076)</b>
<b>Other comprehensive income for the period</b>		<b>-</b>	<b>-</b>
<b>Total comprehensive income for the period attributable to members of the Company</b>		<b>(121,176)</b>	<b>(5,090,076)</b>
<b>Earnings (loss) per share</b>			
Basic earnings (loss) per share (cents)		(0.61)	(0.35)
Diluted earnings (loss) per share (cents)		(0.61)	(0.35)

The interim statement of profit or loss and other comprehensive income is to be read in conjunction with the accompanying notes

# INTERIM STATEMENT OF FINANCIAL POSITION

## AS AT 31 DECEMBER 2016

	Note	31 Dec 2016 \$	30 June 2016 \$
<b>Assets</b>			
Cash and cash equivalents		157,171	386,524
Trade and other receivables	6	239	5,595
Non-current asset held for sale		-	-
<b>Total current assets</b>		<b>157,410</b>	<b>392,119</b>
Property, plant and equipment		-	4,407
<b>Total non-current assets</b>		<b>-</b>	<b>4,407</b>
<b>Total assets</b>		<b>-</b>	<b>396,526</b>
<b>Liabilities</b>			
Trade and other payables		2,093	77,672
Borrowings		-	42,361
<b>Total current liabilities</b>		<b>2,093</b>	<b>120,033</b>
<b>Total liabilities</b>		<b>2,093</b>	<b>120,033</b>
<b>Net assets</b>		<b>155,317</b>	<b>276,493</b>
<b>Equity</b>			
Issued capital	7	1,999,724	110,816,025
Accumulated losses		(1,844,407)	(110,539,532)
<b>Total equity</b>		<b>155,317</b>	<b>276,493</b>

The interim statement of financial position is to be read in conjunction with the accompanying notes

# INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTHS ENDED 31 DECEMBER 2016

	Issued capital	Share Based Payments Reserve	Accumulated losses	Total
	\$	\$	\$	\$
<b>For the six months ended 31 December 2016</b>				
Opening balance at 1 July 2016	110,816,025	-	(110,539,532)	276,493
<b>Total comprehensive income of the period</b>	-	-	(121,176)	(121,176)
Reduction in Capital	(108,816,301)	-	108,816,301	-
<b>Balance as at 31 December 2016</b>	1,999,724	-	(1,844,407)	155,317
<b>For the six months ended 31 December 2015</b>				
Opening balance at 1 July 2015	110,816,025	-	(198,930,612)	(88,114,587)
<b>Total comprehensive income of the period</b>	-	-	(5,090,076)	(5,090,076)
<b>Balance as at 31 December 2015</b>	110,816,025	-	(204,020,688)	(93,204,663)

The interim statement of changes in equity is to be read in conjunction with the accompanying notes.



# INTERIM STATEMENT OF CASHFLOWS

## FOR THE SIX MONTHS ENDED 31 DECEMBER 2016

	Note	31 Dec 2016 \$	31 Dec 2015 \$
<b>Cash flows from operating activities</b>			
Cash paid to suppliers and employees		(355,478)	(222,061)
Interest received		647	928
GST received		5,356	-
R&D offset income		158,502	-
<b>Net cash used in operating activities</b>		<b>(190,973)</b>	<b>(221,133)</b>
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment		3,981	(4,969)
Payments for exploration and evaluation assets		-	(351,161)
<b>Net cash provided by/(used in) investing activities</b>		<b>3,981</b>	<b>(356,130)</b>
<b>Cash flows from financing activities</b>			
Net loan finance from DCM		(42,361)	550,997
Finance lease principal repayments		-	-
<b>Net cash (used in)/provided by financing activities</b>		<b>(42,361)</b>	<b>550,997</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(229,353)</b>	<b>(26,266)</b>
Cash and cash equivalents at the beginning of the period		386,524	99,592
<b>Cash and cash equivalents at the end of the period</b>		<b>157,171</b>	<b>73,326</b>

The interim statement of cash flows is to be read in conjunction with the accompanying notes

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

## 1. Reporting entity

Erinbar Limited (the Company) is a company domiciled and incorporated in Australia. The address of the Company's registered office is 52 Ord Street, P.O. Box 424 West Perth WA 6872

The Company is currently seeking opportunities to re-establish its operations in the exploration or commercial sectors of business.

## 2. Statement of compliance

The interim financial report is a general purpose financial report which has been prepared in accordance with AASB 134 *Interim Financial Reporting* and the Corporations Act 2001.

The interim financial report does not include all of the information required for a full annual financial report, and should be read in conjunction with the annual financial report of the Company for the year ended 30 June 2016.

This interim financial report was approved by the Board of Directors on 22nd March 2017.

## 3. Significant accounting policies

The accounting policies applied by the Company in this interim financial report are the same as those applied by the Company in its financial report as at and for the year ended 30 June 2016.

## 4. Estimates

The preparation of interim financial reports requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. Although the Company believes that the statements, estimations, projections, beliefs and opinions reflected in such forward looking statements are reasonable, such statements involve risks and uncertainties and no assurance can be given that actual results and outcomes will be consistent with these forward looking statements

In preparing this interim financial report, the significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual financial report as at and for the year ended 30 June 2016.

## 5. Going concern

As at 31 December 2016, the Company had net assets of \$155,317 and is considered by directors as being a going concern.

The directors recognise that the ability of the Company to continue as a going concern and to pay its debts as and when they fall due for the next 12 months is dependent on the ability of the Company to secure additional funding.

The directors have reviewed the business outlook and are of the opinion that the use of the going concern basis of accounting is appropriate as they believe the Company will achieve the matters set out above. As such, the directors believe that they will be successful in securing additional funds as and when the need to raise working capital arises.

Should the Company be unable to continue as a going concern, it may be required to realise its assets and extinguish its liabilities other than in the normal course of business and at amounts different from those stated in the financial report.



# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

## 6. Trade and other receivables

	31 Dec 2016	30 June 2016
	\$	\$
Trade receivables	-	-
Other receivables	239	5,595
Total trade and other receivables	<u>239</u>	<u>5,595</u>

## 7. Share capital

### (i) Issued Capital

#### Movement in ordinary shares

	31 Dec 2016	30 June 2016	31 Dec 2016	30 June 2016
	No.	No.	\$	\$
Fully paid:				
On issue at beginning of period	1,474,715,121	1,474,715,121	110,779,210	110,779,210
Reduction in capital <sup>1</sup>	(1,464,716,501)	-	(108,779,486)	-
On issue at end of period	<u>9,998,620</u>	<u>1,474,715,121</u>	<u>1,999,724</u>	<u>110,779,210</u>
Partly paid:				
On issue at beginning of period	7,363,026	7,363,026	36,815	36,815
Forfeited shares <sup>2</sup>	(7,363,026)	-	(36,815)	-
On issue at end of period	<u>-</u>	<u>7,363,026</u>	<u>-</u>	<u>36,815</u>
		Total	<u>1,999,724</u>	<u>110,816,025</u>

<sup>1</sup>As per the Notice of General Meeting held on 13 October 2016, the purpose of the reduction in capital was to facilitate the implementation of the Board's plans to recapitalise the Company in conjunction with seeking its admission to the Official List

<sup>2</sup>As per the Notice of General Meeting held on 13 October 2016, it was agreed that the existing share capital of the Company be reduced by up to the amount of \$36,815 by cancelling the Forfeited Shares on the basis of a reduction of \$0.005 of paid up capital for each Forfeited Share.

### (ii) AZC Incentive Plan

At the General Meeting held on 13 October 2016, shareholders approved the issue of 11,000,000 securities to directors under the AZC Incentive Plan, subject to certain performance conditions including the re-listing on ASX of the Company by no later than 13 October 2021.

## 8. Events subsequent to reporting date

On 9 March 2017 the Company entered into a conditional agreement which, if it is fully performed, will result in the Company acquiring a 100% interest in 3 Exploration Licences, 5 Applications for Exploration Licences and 2 Prospecting Licences located in the Eastern Goldfields and Murchison regions of Western Australia with an area totalling 316 sq. kilometres. The Tenements are considered to be prospective for gold mineralisation.

The agreement is conditional in a number of items, including the Company completing a capital raising and being admitted to the Official List of ASX.

One of the conditions is the obtaining of necessary approvals from the Company's shareholders.

Further information regarding the transaction will be notified as and when the conditions in the agreement are met and with the notice in respect of the above-mentioned shareholders' meeting.

# DIRECTORS' DECLARATION

## Directors' Declaration

In accordance with a resolution of the Directors of Australian Zircon NL, I state that:

1. In the opinion of the Directors:

- (a) The financial statements, notes and the additional disclosures included in the Directors' report designated as audit reviewed are in accordance with the *Corporations Act 2001*, including:
  - (i) Giving a true and fair view of the Company's financial position as at 31 December 2016 and of the Company's performance for the year ended on that date;
  - (ii) Complying with Accounting Standards and *Corporations Regulations 2001*, which as stated in Note 2 to the financial statements, constitutes explicit and unreserved compliance with International Financial Reporting Standards.
- (b) there are reasonable grounds to believe that the Company will be able to pay all of its debts as and when they become due and payable

Signed in accordance with a resolution of the directors made pursuant to Section 303(5) of the Corporations Act 2001.

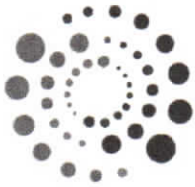
On behalf of the Board.



J D Shervington  
Chairman

Perth, 22<sup>nd</sup> March 2017





## Independent Auditor's Review Report

To the members of Erinbar Limited

### Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Erinbar Limited, which comprises the consolidated statement of financial position as at 31 December 2016, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and the 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 the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors' determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

#### *Auditor's Responsibility*

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the company's financial position as at 31 December 2016 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 Erinbar 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 Erinbar Limited is not in accordance with the *Corporations Act 2001* including:

- (i) giving a true and fair view of the Erinbar Limited's financial position as at 31 December 2016 and of its performance for the half-year ended on that date; and



- (ii) 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 opinion, we draw attention to Note 1 to the financial statements which outlines that the ability of the Company to continue as a going concern is dependent on the Company securing additional funding.

As a result there is 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.

Greenwich & Co Audit Pty Ltd

**Greenwich & Co Audit Pty Ltd**

Nicholas Hollens

**Nicholas Hollens**  
Managing Director

22 March 2017  
Perth

# CONTACT

## Registered and Head Office

52 Ord Street  
P.O. Box 424  
West Perth WA 6872  
**Telephone:** +61 (0)419 035 297  
Email [info@auzircon.com](mailto:info@auzircon.com).

## Auditors

**Greenwich & Co Audit Pty Ltd**  
Level 2, 35 Outram Street  
West Perth  
Western Australia 6005

## Solicitor

**Jeremy Shervington**  
**Barrister & Solicitor**  
52 Ord Street  
West Perth  
Western Australia 6005

## Share Registry

**Australian Zircon NL**  
PO Box 15  
Aldgate  
South Australia 5000

## Website

[www.auzircon.com.au](http://www.auzircon.com.au)