

# **Perpetual Resources Limited**

**ABN 82 154 516 533**

## **Half-Year Report - 31 December 2018**

**Perpetual Resources Limited**

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**31 December 2018**

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**Perpetual Resources Limited**  
**Corporate directory**  
**31 December 2018**

Directors	Mr George Karafotias Mr Julian Babarczy Mr Robert Benussi
Company secretary	Mr George Karafotias
Registered office	C/O - Regal Funds Management Level 47, Gateway 1 Macquarie Place Sydney NSW 2000
Share register	Computershare Investor Services Pty Limited Yarra Falls 452 Johnson Street Abbotsford VIC 3067 Phone: 1300 309 739
Auditor	William Buck Level 20, 181 William Street Melbourne VIC 3000
Solicitors	K&L Gates Level 25 South Tower 525 Collins Street Melbourne VIC 3000
Bankers	Commonwealth Banking Corporation Limited 499 St Kilda Road Melbourne VIC 3004
Stock exchange listing	Perpetual Resources Limited securities are listed on the Australian Securities Exchange (ASX code: PEC)

**Perpetual Resources Limited**  
**Directors' report**  
**31 December 2018**

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of Perpetual Resources Limited (referred to hereafter as the 'company' or 'parent entity') and the entity it controlled at the end of, or during, the half-year ended 31 December 2018.

The information in this report should be read in conjunction with the most recent annual financial report, being the report for the year ended 30 June 2018.

**Directors**

The following persons were directors of Perpetual Resources Limited during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

Mr George Karafotias (Executive Director)  
Mr Julian Babarczy (Non-executive Director)  
Mr Robert Benussi (Non-executive Director)

**Principal activities**

During the financial half-year the principal continuing activities of the consolidated entity consisted of Gold exploration of the Wiagdon Thrust Project in New South Wales.

**Dividends**

There were no dividends paid, recommended or declared during the current or previous financial half-year.

**Review of operations**

The profit for the consolidated entity after providing for income tax amounted to \$30,435 (31 December 2017: loss of \$1,503,872).

*Financial position*

The net assets of the consolidated entity decreased by \$1,932 to \$843,863 (30 June 2018: \$845,795).

The consolidated entity's working capital, being current assets less current liabilities was \$843,863 at 31 December 2018 (30 June 2018: \$845,795). During the half year the consolidated entity exercised 500,000 unlisted options at \$0.25 per option in Clearvue Technologies Limited (ASX: CPV) and subsequently generated \$184,827 proceeds from disposal of the CPV shares.

**Wiagdon Thrust Project**

The consolidated entity manages exploration activities in NSW through the Wiagdon Thrust Joint Venture ("WTJV") which it shares beneficially with Dakota Minerals Limited (formally Oroya Mining Limited). The Wiagdon Thrust Project ("WTP") comprises 8 partially contiguous exploration licences over a total area of approximately 150km<sup>2</sup>. The licences are located within the Lachlan Fold Belt (LFB) with the licences positioned about 20km south of Mudgee and extending a distance of approximately 50km south to the Wattle Flat-Sofala area. The principal exploration target within the WTP area is large tonnage structurally controlled, disseminated or vein controlled gold and gold-copper deposits associated with volcanic and intrusive porphyry and epithermal regimes. A particular exploration focus is on the structural highs within the LFB and associated early Ordovician to early Silurian basic volcanic and intermediate rocks. Regionally the very large Cadia Valley porphyry copper-gold deposit and the large Northparkes Mine porphyry copper-gold deposits, and others occurs in these rock units. Locally notable historic gold production had occurred in the Wattle Flat-Sofala area as well as a number of alluvial and hard-rock workings that occurs throughout the project area.

During the half year to December 2018, there were no field exploration activities undertaken. Desk top reviews of all information relating to exploration programs future possible activities in 2019 were undertaken.



**Perpetual Resources Limited**  
**Directors' report**  
**31 December 2018**

PT Atoz

PT Atoz Nusantara Mining ('PANM') continued to negotiate with local landowners to commence coal production on its 192 hectare Atoz site.

Perpetual Resources has previously entered into an arrangement to receive a royalty of US\$3 per tonne from coal mined and sold from the PT Atoz site.

During the half year no coal was mined from Pt Atoz due its current market feasibility.

Corporate

The board have and continue to review many resource based projects that the Directors believe may add to the value of the consolidated entity. The board continues to undertake a comprehensive due diligence review of various projects and will update the market if a project has been sufficiently identified and a potential transaction has been adequately progressed.

**Significant changes in the state of affairs**

On 16 July 2018, the consolidated entity advised that it intends to undertake a small parcel buy back for shareholders who hold less than AUD\$500 worth of fully paid ordinary shares (Small Parcels) as at Friday, 13 July 2018. The buy back was completed on 3 September 2018 with 2,157,682 shares brought back and cancelled.

There were no other significant changes in the state of affairs of the consolidated entity during the financial half-year.

**Matters subsequent to the end of the financial half-year**

No matter or circumstance has arisen since 31 December 2018 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

**Auditor's independence declaration**

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the directors



George Karafotias  
Director

25 January 2019

**AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE  
CORPORATIONS ACT 2001 TO THE DIRECTORS OF PERPETUAL RESOURCES  
LIMITED**

I declare that, to the best of my knowledge and belief during the half-year ended 31 December 2018 there have been:

- no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review; and
- no contraventions of any applicable code of professional conduct in relation to the review.



**William Buck Audit (Vic) Pty Ltd**  
ABN 59 116 151 136



**N. S. Benbow**  
Director

Dated this 25<sup>th</sup> day of January 2019

**CHARTERED ACCOUNTANTS  
& ADVISORS**

Level 20, 181 William Street  
Melbourne VIC 3000

Telephone: +61 3 9824 8555

[williambuck.com](http://williambuck.com)

**Perpetual Resources Limited**  
**Statement of profit or loss and other comprehensive income**  
**For the half-year ended 31 December 2018**

		<b>Consolidated</b>	
	<b>Note</b>	<b>31 December 2018</b>	<b>31 December 2017</b>
		<b>\$</b>	<b>\$</b>
<b>Revenue</b>			
Investment income	4	162,732	-
Sundry income		70,000	-
<b>Expenses</b>			
Administrative and corporate expenses		(202,297)	(56,207)
Impairment of exploration and evaluation assets		-	(1,415,907)
Finance costs		-	(31,758)
<b>Profit/(loss) before income tax expense</b>		<b>30,435</b>	<b>(1,503,872)</b>
Income tax expense		-	-
<b>Profit/(loss) after income tax expense for the half-year</b>		<b>30,435</b>	<b>(1,503,872)</b>
Other comprehensive income for the half-year, net of tax		-	-
<b>Total comprehensive income for the half-year</b>		<b>30,435</b>	<b>(1,503,872)</b>
		<b>Cents</b>	<b>Cents</b>
Basic earnings per share	8	0.01	(1.95)
Diluted earnings per share	8	0.01	(1.95)

*The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes*

**Perpetual Resources Limited**  
**Statement of financial position**  
**As at 31 December 2018**

	<b>Consolidated</b>	
	<b>31 December</b>	<b>30 June 2018</b>
<b>Note</b>	<b>2018</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	633,932	797,450
Trade and other receivables	19,816	32,305
Financial assets at fair value through profit or loss	228,500	122,262
Total current assets	<u>882,248</u>	<u>952,017</u>
<b>Total assets</b>	<u>882,248</u>	<u>952,017</u>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Trade and other payables	<u>38,385</u>	<u>106,222</u>
Total current liabilities	<u>38,385</u>	<u>106,222</u>
<b>Total liabilities</b>	<u>38,385</u>	<u>106,222</u>
<b>Net assets</b>	<u>843,863</u>	<u>845,795</u>
<b>Equity</b>		
Issued capital	5 8,042,399	8,074,766
Accumulated losses	<u>(7,198,536)</u>	<u>(7,228,971)</u>
<b>Total equity</b>	<u>843,863</u>	<u>845,795</u>

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

**Perpetual Resources Limited**  
**Statement of changes in equity**  
**For the half-year ended 31 December 2018**

<b>Consolidated</b>	<b>Issued capital \$</b>	<b>Accumulated losses \$</b>	<b>Total equity \$</b>
Balance at 1 July 2017	6,291,935	(5,918,961)	372,974
Loss after income tax expense for the half-year	-	(1,503,872)	(1,503,872)
Other comprehensive income for the half-year, net of tax	-	-	-
Total comprehensive income for the half-year	-	(1,503,872)	(1,503,872)
Balance at 31 December 2017	<u>6,291,935</u>	<u>(7,422,833)</u>	<u>(1,130,898)</u>

<b>Consolidated</b>	<b>Issued capital \$</b>	<b>Accumulated losses \$</b>	<b>Total equity \$</b>
Balance at 1 July 2018	8,074,766	(7,228,971)	845,795
Profit after income tax expense for the half-year	-	30,435	30,435
Other comprehensive income for the half-year, net of tax	-	-	-
Total comprehensive income for the half-year	-	30,435	30,435
<i>Transactions with owners in their capacity as owners:</i>			
Share buy back	(32,367)	-	(32,367)
Balance at 31 December 2018	<u>8,042,399</u>	<u>(7,198,536)</u>	<u>843,863</u>

*The above statement of changes in equity should be read in conjunction with the accompanying notes*

**Perpetual Resources Limited**  
**Statement of cash flows**  
**For the half-year ended 31 December 2018**

	<b>Consolidated</b>	
	<b>31 December 2018</b>	<b>31 December 2017</b>
	<b>\$</b>	<b>\$</b>
<b>Cash flows from operating activities</b>		
Other receipts	70,000	-
Payments to suppliers and employees (inclusive of GST)	(200,478)	(18,172)
Net cash used in operating activities	(130,478)	(18,172)
<b>Cash flows from investing activities</b>		
Payments for investments	(125,000)	-
Exploration tenements	-	(3,900)
Proceeds from disposal of investments	184,827	-
Net cash from/(used in) investing activities	59,827	(3,900)
<b>Cash flows from financing activities</b>		
Payments for share buy back	(32,367)	-
Share issue transaction costs	(60,500)	-
Net cash used in financing activities	(92,867)	-
Net decrease in cash and cash equivalents	(163,518)	(22,072)
Cash and cash equivalents at the beginning of the financial half-year	797,450	29,722
Cash and cash equivalents at the end of the financial half-year	<u>633,932</u>	<u>7,650</u>

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

**Note 1. General information**

The financial statements cover Perpetual Resources Limited as a consolidated entity consisting of Perpetual Resources Limited and the entities it controlled at the end of, or during, the 6 months to 31 December 2018. The financial statements are presented in Australian dollars, which is Perpetual Resources Limited and its subsidiary's functional and presentation currency.

Perpetual Resources Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

C/O - Regal Funds Management  
Level 47, Gateway  
1 Macquarie Place  
Sydney NSW 2000

The financial statements were authorised for issue, in accordance with a resolution of directors, on 25 January 2019.

**Note 2. Significant accounting policies**

These general purpose financial statements for the interim half-year reporting period ended 31 December 2018 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2018 and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

**New or amended Accounting Standards and Interpretations adopted**

The consolidated entity has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the consolidated entity.

The following Accounting Standards and Interpretations are most relevant to the consolidated entity:

**AASB 9 Financial Instruments**

The consolidated entity has adopted AASB 9 from 1 July 2018. The standard introduced new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows which arise on specified dates and that are solely principal and interest. A debt investment shall be measured at fair value through other comprehensive income if it is held within a business model whose objective is to both hold assets in order to collect contractual cash flows which arise on specified dates that are solely principal and interest as well as selling the asset on the basis of its fair value. All other financial assets are classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading or contingent consideration recognised in a business combination) in other comprehensive income ('OCI'). Despite these requirements, a financial asset may be irrevocably designated as measured at fair value through profit or loss to reduce the effect of, or eliminate, an accounting mismatch. For financial liabilities designated at fair value through profit or loss, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity. New impairment requirements use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment is measured using a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. For receivables, a simplified approach to measuring expected credit losses using a lifetime expected loss allowance is available.

**Perpetual Resources Limited**  
**Notes to the financial statements**  
**31 December 2018**

**Note 3. Operating segments**

*Identification of reportable operating segments*

The consolidated entity has continued to operate under one segment being the exploration, evaluation and development of resources within the Australasia region. The internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining allocation of resources are prepared on the consolidated entity as a whole.

**Note 4. Investment income**

	<b>Consolidated</b>	
	<b>31 December 2018</b>	<b>31 December 2017</b>
Net profit from disposal of investments	56,494	-
Fair value adjustment on financial assets	106,238	-
Total investment income	<u>162,732</u>	<u>-</u>

**Note 5. Equity - issued capital**

	<b>31 December 2018</b>	<b>30 June 2018</b>	<b>Consolidated 31 December 2018</b>	<b>30 June 2018</b>
	<b>Shares</b>	<b>Shares</b>	<b>\$</b>	<b>\$</b>
Ordinary shares - fully paid	<u>237,920,394</u>	<u>240,078,076</u>	<u>8,042,399</u>	<u>8,074,766</u>

*Movements in ordinary share capital*

<b>Details</b>	<b>Date</b>	<b>Shares</b>	<b>Issue price</b>	<b>\$</b>
Balance	1 July 2018	240,078,076		8,074,766
Share buy back	3 September 2018	(2,157,682)	\$0.015	(32,367)
Balance	31 December 2018	<u>237,920,394</u>		<u>8,042,399</u>

*Ordinary shares*

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

**Note 6. Fair value measurement**

The carrying value of assets and liabilities held by the consolidated entity approximates their fair value.

**Note 7. Events after the reporting period**

No matter or circumstance has arisen since 31 December 2018 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.



**Perpetual Resources Limited**  
**Notes to the financial statements**  
**31 December 2018**

**Note 8. Earnings per share**

	<b>Consolidated</b>	
	<b>31 December 2018</b>	<b>31 December 2017</b>
	<b>\$</b>	<b>\$</b>
Profit/(loss) after income tax attributable to the owners of Perpetual Resources Limited	<u>30,435</u>	<u>(1,503,872)</u>
	<b>Number</b>	<b>Number</b>
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>239,368,701</u>	<u>76,955,693</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>239,368,701</u>	<u>76,955,693</u>
	<b>Cents</b>	<b>Cents</b>
Basic earnings per share	0.01	(1.95)
Diluted earnings per share	0.01	(1.95)

**Perpetual Resources Limited**  
**Directors' declaration**  
**31 December 2018**

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 31 December 2018 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the consolidated entity will be able to pay its debts as and when they become due and payable.

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

On behalf of the directors

  
George Karafotias  
Director

25 January 2019

## Perpetual Resources Limited

### Independent auditor's review report to members

## Report on the Review of the Half-Year Financial Report

### Conclusion

We have reviewed the accompanying half-year financial report of Perpetual Resources Limited (the company) and the entities it controlled at the half-year's end or from time to time during the half year (the consolidated entity), which comprises the consolidated statement of financial position as at 31 December 2018, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and 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.

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 Perpetual Resources Limited is not in accordance with the Corporations Act 2001 including:

- a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2018 and of its performance for the half year ended on that date; and
- b) complying with Australian Accounting Standard 134 Interim Financial Reporting and the Corporations Regulations 2001.

### Responsibilities of the Directors 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 gives a true and fair view and is free from material misstatement, whether due to fraud or error.

### Auditor's Responsibilities for the Review of the Half-Year Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the Corporations Act 2001 including:

- giving a true and fair view of the consolidated entity's financial position as at 31 December 2018 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.

**CHARTERED ACCOUNTANTS  
& ADVISORS**

Level 20, 181 William Street  
Melbourne VIC 3000

Telephone: +61 3 9824 8555

[williambuck.com](http://williambuck.com)

As the auditor of Perpetual Resources 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.

*William Buck*

**William Buck Audit (Vic) Pty Ltd**  
ABN: 59 116 151 136

*N.S. Benbow*

**N.S. Benbow**

Melbourne, 25 January 2019