

# Appendix 4E

(Rule 4.3A)

## Preliminary final report

Name of entity

Peppermint Innovation Limited (formerly Chrysalis Resources Limited)	ABN: 56 125 931 964
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### 1. Details of the Reporting Period and the Previous Corresponding Period

Financial period ended ("current period")

Financial period ended ("previous period")

30 June 2016	30 June 2015
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### 2. Results for Announcement to the Market

					\$'000
2.1	Revenue from ordinary activities	up	18,477%	to	606
2.2	Loss from ordinary activities after tax attributable to members	up	20,981%	to	8,798
2.3	Net loss for the period attributable to members	up	20,981%	to	8,798
2.4	Loss per share	up	1,400%	to	1.4 cents
<b>Brief Explanation of Results</b>  The loss from ordinary activities and net loss for the period for the consolidated entity amounted to \$8,798,978 (30 June 2015: \$400,251) which included; <ul style="list-style-type: none"> <li>a one off non-cash expense of \$7,359,069 from the treatment of the acquisition of Peppermint Innovation Limited; and</li> <li>revenue of \$606,453 was generated from the Company's commercial bank customer base during the period.</li> </ul> For further details, please refer to the interim financial report.					



The Company announced on 21 May 2015 that it had entered into an option agreement to acquire Peppermint Technology Limited (then Peppermint Innovation Limited) subject to due diligence and fund raising conditions when the shares were trading at 0.8 cents per share.

On 22 July 2015 the Company announced it had completed its due diligence and exercised the option to acquire, and on 16 October 2015 it released a prospectus. The fund raising under the prospectus was completed on 18 November 2015 at 2 cents per share, with the Company raising \$3.87 million.

The acquisition of Peppermint Technology Limited was completed on 2 December 2015, following which Chrysalis Resources Limited changed its name to Peppermint Innovation Limited and re-commenced trading on the ASX on 4 December 2015 under ASX code "PIL".

### 3. NTA Backing

	Current period	Previous corresponding period
Net tangible asset backing per ordinary security	\$0.002	\$0

### 4 Control gained or lost over entities having material effect

During the period the company completed the acquisition of 100% of the share capital of Peppermint Technology Limited (then Peppermint Innovation Limited). This transaction was completed on 2 December 2015 and the company relisted on the ASX on 4 December 2015

### 5. Dividends

There were no dividends declared or paid during the period and the do not recommend that any dividends be paid.

### 6. Dividend Reinvestment Plans

Not applicable.

### 7. Material interest in entities which are not controlled entities

Not applicable.

### 8. Foreign Entities

This report includes Peppermint Technology Inc., a company registered in the Philippines, which is 100% is owned subsidiary of Peppermint Innovation limited.



The report also includes Sedgewick Resources Limited and Horizon Cooper Zambia Limited which are registered in the Republic of Zambia and 100% owned,

## 9. Annual Report

Refer to the attached Annual Report for the year ended 30 June 2016 for further details. The financial statements contained in the annual report have been audited.

The annual report contains, amongst other disclosures:

- Statement of Comprehensive Income and Loss
- Statement of Financial Position
- Statement of Cash Flows
- Statement of Changes in Equity
- Explanatory Notes

This report should be read in conjunction with the attached Annual Report for the year ended 30 June 2016

Signed by:



Date: 30<sup>th</sup> August 2016

Name: Anthony Kain  
Executive Director





(Formerly Chrysalis Resources Limited)

(ACN 125 931 964)

**Annual Financial Report**  
for the Year Ended 30 June 2016

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## COMPANY DIRECTORY

### Directors

Mr Christopher Kain  
Managing Director

Mr Anthony Kain  
Executive Director

Mr Mathew Cahill  
Non-executive Director

Mr Leigh Ryan  
Non-executive Director

Mr Vincent Power  
Non-executive Director

### Company Secretary

Mr Anthony Kain

### Registered Office

Suite 8, 7 The Esplanade  
Mt Pleasant WA 6153

Tel: +61 8 9316 9100

Fax: +61 8 9315 5475

### Web Address

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

### Auditors

RSM Australia Partners  
8 St Georges Terrace  
Perth, WA 6000

### Solicitors

Steinepreis Paganin  
Level 4, The Read Buildings  
16 Milligan Street  
Perth, WA 6000

### Share Registry

Computershare Investor Services Pty Ltd  
Level 11, 172 St Georges Terrace  
Perth WA 6000

Tel: +61 8 9323 2000

Fax: +61 8 9323 2033

Web: [www.computershare.com.au](http://www.computershare.com.au)

### ASX Code:

PIL (formerly CYS)

# Directors' Report

Your Directors submit the financial report of Peppermint Innovation Limited (the Company), and the entities it controlled (the Group), for the year ended 30 June 2016. The Directors report as follows:

## 1. Directors

The names of directors who held office during or since the end of the period and until the date of this report are as follows. Directors were in office for this entire period unless otherwise stated.

**Name, qualifications,  
independence status and  
special responsibilities**

**Experience**

Mr Anthony Kain (*BJuris, LLB*)  
*Chairperson*  
*Executive Director*  
*Secretary*  
Appointed 4 December 2015

Anthony has over 20 years' experience working in Australian capital markets. He has played a key role in the formation of numerous privately owned and publicly listed companies and has an in-depth understanding of intellectual property and its commercialisation. Anthony also has considerable experience as a director and has held managing director roles with Australian Stock Exchange listed companies operating foreign assets.

Anthony has held advisory roles in capital raising, joint ventures and mergers and acquisitions through his exposure to a diverse range of international and national development opportunities working with technical teams primarily in the energy, motor vehicle and resources sectors.

Directorships in the past 3 years: None

Mr Christopher Kain (*B Comm, MBA*)  
*Managing Director*  
Appointed 4 December 2015

Christopher is a practised company director with over 15 years' experience in finance and investment markets and is accomplished in identifying business opportunities and executing commercial strategies for the benefit of both stakeholders and investors. Christopher has specific expertise in investment evaluation, public and private capital raising programs, debt funding strategies and, project development and financing.

Christopher has held advisory and development roles with institutions such as Barclays Capital and Credit Suisse First Boston in London, National Australia Bank and Macquarie Bank in Australia where he worked across institutional, wholesale and retail investment and financial markets.

Directorships in the past 3 years: None

Mr Matthew Cahill  
*Independent Non-executive Director*  
Appointed 4 December 2015

Matthew is an accomplished technical director with over 16 years' experience in the Web industry working across a broad range of technologies. He has been involved in roles such as management, strategy, team lead, business analysis, application architecture and development.

As technical director at Vivid Group (now Isobar of Dentsu Aegis Network), Matthew has worked with some of Australia's largest brands, including Sunbeam, JB HiFi, Echo Entertainment, Fusion Retail Brands, Coates Hire and many more. Matthew's responsibilities included guiding the technical direction of the company, along with leadership of the large development teams that spanned multiple disciplines and technologies.

Directorships in the past 3 years: None

## Directors' Report (continued)

### Name, qualifications, independence status and special responsibilities

Dr Vincent Power, (*PhD, BSc (Hons)*)  
*Independent Non-executive Director*  
 Appointed 4 December 2015

### Experience and special responsibilities

Vincent has over 20 years of experience in domestic and international payment schemes. He has extensive current knowledge of global payments technologies and is well connected internationally.

He has worked with numerous leaders in the payment industry including VocaLink (London), The European Banking Association (roll out of SEPA STEP 1 Paris), European Central Bank (Frankfurt), Alberta Treasury Bank (Canada), Royal Bank of Scotland (UK), SEB Bank (Stockholm), the Bank of Tokyo Mitsubishi, and this work included the setup of the Euro Clearing system consolidation in London and numerous other tier 1 financial institutions.

Prior to his most recent appointment at Skrill, Dr Power was a principal consultant at VocaLink (London), where he developed a strong interest in both immediate and mobile payments. VocaLink provides operations for the UK Schemes – BACS, Faster Payments and also operates the largest ATM switch in the UK.

Directorships in the past 3 years: None

Leigh Ryan, (*BSc Geology, MAIG*)  
*Independent Non-executive Director from 4 December 2015, Former CEO and Managing Director of Chrysalis Resources Limited to 3 December 2015*

Leigh is a highly qualified geologist with 29 years experience in the exploration and resources industry, specifically in exploration and executive management throughout Australia and Africa.

He has been involved in targeting, evaluation, discovery and resource definition of numerous gold and base metal deposits and has successfully negotiated purchase option and joint venture agreements.

Leigh was the managing director of Chrysalis Resources Limited prior to the reverse take-over by Peppermint Innovation Limited.

Directorships in the past 3 years:

- Chrysalis Resources Limited (23 September 2014 to 3 December 2015)
- Attila Resources Limited (23 January 2012 to 21 January 2013)
- Boss Resources Limited (4 May 2011 to 24 July 2014)

The following incumbent directors of Chrysalis Resources Limited retired at the date of the reverse take-over:

Neale Fong  
 Retired 3 December 2015

Neale was the former Chairman of Chrysalis Resources Limited and retired upon to the reverse take-over by Peppermint Innovation Limited.

Jian Hua Sang  
 Retired 3 December 2015

Jian was a former director of Chrysalis Resources Limited and retired upon to the reverse take-over by Peppermint Innovation Limited.

## 2. Company Secretary

The company secretary is Anthony Kain. Details disclosed in director information.



## Directors' Report (continued)

### 3. Directors' Meetings

The number of meetings of Directors held during the period and the number of meetings attended by each Director was as follows:

Name	Number of meeting eligible to attend	Number of meetings attended
Anthony Kain	3	3
Christopher Kain	3	3
Matthew Cahill	3	2
Vincent Power	3	3
Leigh Ryan	3	3

### 4. Principal Activities

The principal activities of the Group during the year were the commercialisation, deployment and further development of the Peppermint Platform, a mobile banking, payments and remittance technology designed for banks, mobile money operators, money transfer and funds remittance companies, payment processors, retailers/merchants, credit card companies and microfinance institutions.

Peppermint currently operates the Peppermint Platform in the Philippines where it is being used by the leading commercial banks generating around one million transactions per month. It is also operating in a joint venture piloting a domestic remittance and mobile banking business with MyWeps International Inc. and 1Bro Global Inc., a group with some 90,000 agents and 40 business centres across the Philippines.

Peppermint has a particular focus in the developing world (starting with the Philippines) and on providing an attractive tool to the unbanked population to access mobile banking and remit money to and from family and others through a system not tied to a particular bank or telephony company.

No significant change in the nature of these activities occurred during the year.

### 5. Operating and financial review

#### Reverse takeover of Peppermint Innovations Limited

The Company announced on 21 May 2015 that it had entered into an option agreement to acquire Peppermint Technology Limited (formerly Peppermint Innovation Limited) subject to due diligence and fund raising conditions.

On 22 July 2015 the Company announced it had completed its due diligence and exercised the option to acquire Peppermint Technology Limited, and on 16 October 2015 it released a prospectus. The fund raising under the prospectus was completed on 18 November 2015, with the Company raising \$3.87 million.

The acquisition of Peppermint Technology Limited was completed on 2 December 2015, following which the Company changed its name from Chrysalis Resources Limited to Peppermint Innovation Limited and re-commenced trading on the ASX on 4 December 2015 under ASX code "PIL". The target company changed its name from Peppermint Innovation Limited to Peppermint Technology Limited.

The following Board and key management changes occurred as part of the acquisition:

- Appointment of Christopher Kain as Managing Director and CEO on 30 November 2015;
- Appointment of Anthony Kain as Executive Director and Company Secretary on 30 November 2015;
- Appointment of Matthew Cahill as Non-executive Director on 30 November 2015;
- Resignation of Neale Fong as Non-executive Director and Chairman on 30 November 2015;
- Resignation of Jian Hua Sang as Non-executive Director on 30 November 2015; and
- Resignation of Kevin Hart as Company Secretary on 30 November 2015.

## Directors' Report (continued)

### Mineral exploration projects

Prior to Peppermint being admitted to the ASX, Chrysalis Resources Limited carried on a mining business involving exploration projects in Australia and Zambia.

The Group is seeking to divest its mineral exploration projects and has shut down offices and begun the sale of mining equipment and vehicles in Zambia to cover any costs. These assets have been carried at nil value reflecting the change in direction of the Group and the Group's policy of expensing exploration and evaluation costs.

### Share structure

Following completion readmission to the ASX as Peppermint Innovation Limited on 4 December 2015, the Company had the following shares on issue:

Holder of Fully Paid Ordinary Shares	Number of Shares
Shares issued to shareholders before the acquisition	345,484,128
Shares issued to shareholders of Peppermint Technology Limited	350,000,000
Shares issued to raise funds under the prospectus	193,715,000
Shares issued to Mr Leigh Ryan under his employment contract	2,000,000 <sup>1</sup>
	<u>891,199,128</u>

### Performance Shares

Performance Shares were issued as part of the consideration to acquire Peppermint Technology Limited, as follows:

Performance Shares issued	100,000,000
	<u>100,000,000</u>

Each performance share is convertible into one (1) fully paid ordinary share in the capital of the Company, upon the following milestones being achieved:

Event/Milestone	Number of Shares
Milestone 1: the Company or its subsidiaries generating cumulative revenue of \$15,000,000 from the Mobile Banking Payments Remittance Business (MBPRB) by 20 May 2020	50,000,000
Milestone 2: the Company or its subsidiaries generating cumulative revenue of \$50,000,000 from the MBPRB by 20 May 2020	50,000,000
	<u>100,000,000</u>

<sup>1</sup> Under the terms of Leigh Ryan's employment contract, performance shares previously issued vest in the event of a takeover of the Company.

## Directors' Report (continued)

### Shareholder returns

	2016	2015
Net loss for the year	(8,797,978)	(400,251)
Earnings per share (cents)	(1.4)	(0.1)
Net assets	2,129,004	(179,348)
Share price	\$0.015	n/a

No information existed prior to 2015 because the Company was incorporated on 24 July 2014 and completed a reverse take-over to list on the Australian Securities Exchange on 4 December 2015.

### Investments for future performance

Since the Company re-commenced ASX trading on 4 December 2015 as Peppermint Innovation Limited, several key developments have been achieved. They are:

- The appointment of global payments expert, Dr Vincent Power, to the position of Non-executive Director and International Business Development Executive on an equity earn-in incentive-based agreement, to drive profitability, and guide future international expansion, for Peppermint.
- Execution of a Memorandum of Understanding with Norwood Systems Limited to become the preferred payment partner to provide payment methods to Norwood Systems' unbanked customers in developing markets.
- Execution of a Memorandum of Understanding with Migme Limited to explore the possibility of a Peppermint payment solution for Migme customers in the Philippines.
- Completion of a successful development and testing program of the MyWeps remittance mobile payments application.
- Expansion in capabilities of the MyWeps app to provide Filipinos with e-money mobile services (a large market in addition to the domestic and international remittance markets), to be used by the 1Bro Global network of 90,000+ agents and 40 business centres across the Philippines.
- Partnerships with some of the largest financial institutions in the Philippines including Metropolitan Bank & Trust Company, UnionBank and United Coconut Planters Bank (UCPB), three leading banks in the Philippines, who continued to utilize the Company's platform to offer mobile banking services to their account holders and rely on the Company to maintain and provide ongoing technical improvements and support.
- Established proven operations in the Philippines and commercial deployment with 100,000 subscribers performing circa 1.2 million transactions per month.
- The commencement of agent training and accreditation programs for agents in the Philippines to rapidly deploy the MyWeps app through the 1Bro Global agent network to provide basic financial services to the enormous unbanked population in the Philippines including services such as mobile bill payments and mobile airtime top-up to the 1Bro Global agent network's established customer bases, generating system fees on each transaction for the Company.
- Progress with the Central Bank of the Philippines to demonstrate compliance with AMLA (Anti Money Laundering) and KYC (Know your client) regulations and requirements so agents can provide remittance services independently of brick and mortar business centers allowed by current regulations.
- Co-operation and associated technical integration with the leading Filipino bill payment aggregator to facilitate the bill payments functionality of MyWeps and introduce mobile wallet top-up services.

## Directors' Report (continued)

- Increased engagement with traditional banking partners, noting advanced discussions with one of our three banking partners in the Philippines to expand accountholder use by 'white labeling' the MyWeps app on this bank's platform.
- The development of a tried and tested, highly scalable business model (based on a fully functional proprietary mobile banking, payments and remittance technology platform), which could be applied through other agent networks and in additional countries.
- The tabling of a joint venture agreement with 24Nme to begin to establish a footprint in Bangladesh.
- The grant of a remittance license (announced on 29 June 2016) by the Central Bank of the Philippines (BSP) to Peppermint's Filipino partner MyWeps International Inc. for the mobile payments and remittance platform developed and powered by Peppermint in the Philippines in an application process which highlighted that:
  - the application was the first of its type to be made to the BSP;
  - the platform provided the BSP with transparency that the BSP had not been able to obtain before with respect to cash based money flows between the unbanked;
  - existing regulations did not anticipate the licencing of mobile agents to accept and arrange remittances throughout the country and therefore a stipulation from the BSP that it would address the remittance licence application in two parts; firstly by granting a licence to provide bricks and mortar remittances through the 1Bro Business Center, and then by considering the best way to ensure that regulations are met to allow remittances to be made through the 1Bro mobile agent network.

The Company also advised that it had lodged a detailed submission with the BSP for a mass agent commercial pilot program, to illustrate how the MyWeps app could be utilised by multiple mobile agents.

- Admission through invitation to join the National Strategy for Financial Inclusion (NSFI) Tactical Plan Meetings with the private sector as one of the country's Financial Inclusion Partners to advise the BSP.

### Review of financial condition

During the year, convertible notes with a face value of \$500,000 plus accrued interest of \$33,377 were converted into 49,589,120 shares and the Group raised \$3,874,300, before costs, via the issue of 193,715,000 fully paid ordinary shares at \$0.02 to re-listed Chrysalis Resources Limited on the Australian Securities Exchange.

### Review of principal businesses

With preparations well advanced to take the Group's products to market, efforts are now focused on employing sales and marketing resources to launch the MyWeps platform in the Philippines, pending receipt of necessary permits.

The Group is also exploring the development and / or acquisition of additional complementary products, businesses and technologies.

## Directors' Report (continued)

### Significant changes in the state of affairs

There have been no significant changes in the state of affairs of the Group to the date of this report, not otherwise disclosed in this report.

### 6. Dividends

No dividends have been paid or declared since the start of the period and the Directors do not recommend the payment of a dividend in respect of the period.

### 7. Significant events after balance date

On 4 July 2016, the Company announced UnionBank wished to ramp up use of the UMobile platform powered by Peppermint as a white label product to UnionBank. UnionBank propose doing this by increasing the number of registered users of the UMobile platform from 50,000 to 2,500,000, which will significantly increase the volume of transactions across the platform and increased usage fees.

On 18 July 2016, the Company announced it had signed an agreement to work with the largest bill aggregator in the Philippines, CIS Bayad Centre Inc. to provide a proprietary mobile bill payment application called the "Peppermint Payment Collection Solution". The Peppermint Payment Collection Solution is the first mobile application used by the Bayad Center which was the first bill aggregator in the Philippines and is the leading over-the-counter, multiple bill payment collection business in the country allowing Filipino's to pay bills from more than 200 billers including all the major utilities and providers servicing the Philippines.

Apart from the items above, there has not arisen in the interval between the end of the period and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group, in future financial years.

### 8. Likely developments

The Group intends to continue to develop its mobile banking and payments business via organic growth and strategic acquisitions.

### 9. Environmental legislation

The Group's operations are not regulated by any significant environmental regulations under a law of the Commonwealth or of a state or territory.

### 10. Directors' interests

As at the date of this report, the interests of the Directors in the Company were:

	Number of fully paid ordinary shares	Number of performance shares
Anthony Kain	93,991,416	26,854,690
Christopher Kain	110,325,322	31,521,521
Matthew Cahill	6,437,768	1,839,362
Vincent Power	-	-
Leigh Ryan	3,000,000	-

## Directors' Report (continued)

### 11. Share Options

No options were issued during the year. No shares were issued as a result of the exercise of options.

At the date of this report, there were no unissued shares of the Company under option.

The Options do not entitle the holder to participate in any share issue of the Company or any other body corporate.

During or since the end of the financial year the Company has not issued any Shares as a result of the exercise of Options.

### 12. Indemnification and insurance of Directors and Officers

The Company has agreed to indemnify all the directors and executive officers against all liabilities to another person (other than the Company or related body corporate) that may arise from their position as officers of the Company and its controlled entities, except where the liability arises out of conduct involving a lack of good faith. The agreement stipulates that the Company will meet the full amount of any such liabilities, including costs and expenses.

The Company has also agreed to indemnify the current Directors of its controlled entities for all liabilities to another person (other than the Company or related body corporate) that may arise from their position, except where the liability arises out of conduct involving a lack of good faith. The agreement stipulates that the Company will meet the full amount of any such liabilities, including costs and expenses.

The total amount of premium paid was \$15,300 and \$15,875 for 7 year run off cover for ex directors of Chrysalis Resources Limited as part of the agreement for the Company to complete the reverse take-over.

### 13. Auditor Independence and Non-Audit Services

The auditor's independence declaration for the year ended 30 June 2016 has been received and can be found on page 10 and forms part of the Directors' Report.

### 14. Non-Audit Services

The directors are of the opinion that the services as disclosed in Note 19 to the financial statements do not compromise the external auditor's independence requirements of the Corporations Act 2001 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 the 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 and 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

### 15. Proceedings on Behalf of the Company

There are no proceedings on behalf of the Company under section 237 of the Corporations Act 2001 in the financial year or at the date of this report.

**RSM Australia Partners**

8 St Georges Terrace Perth WA 6000

GPO Box R1253 Perth WA 6844

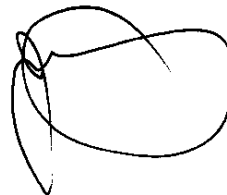
T +61 (0) 8 9261 9100

F +61 (0) 8 9261 9111

[www.rsm.com.au](http://www.rsm.com.au)**AUDITOR'S INDEPENDENCE DECLARATION**

As lead auditor for the audit of the financial report of Peppermint Innovation Limited for the year ended 30 June 2016, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

A handwritten signature in dark ink that reads "RSM".**RSM AUSTRALIA PARTNERS**A handwritten signature in dark ink, appearing to be "James Komninou".

Perth, WA  
Dated: 30 August 2016

**JAMES KOMNINOS**  
Partner

**THE POWER OF BEING UNDERSTOOD**  
**AUDIT | TAX | CONSULTING**

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## Directors' Report (continued)

### Remuneration report (audited)

This remuneration report for the period from year ended 30 June 2016 outlines remuneration arrangements of the Company and the Group in accordance with the requirements of the Corporations Act 2001 (the Act) and its regulations. This information has been audited as required by section 308(3C) of the Act.

The remuneration report details the remuneration arrangements for key management personnel (KMP) who are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company and the Group, directly or indirectly, including any director (whether executive or otherwise) of the parent company, and including the executives in the Parent and the Group receiving the highest remuneration.

For the purposes of this report, the term "executive" includes the Chief Executive Officer (CEO), executive directors and senior management of the Parent and where applicable, subsidiaries, and the term "director" refers to non-executive directors only.

### Individual key management personnel disclosures

Details of KMPs of the Company and Group are set out below:

#### *Key management personnel*

#### (i) Directors

Mr Anthony Kain	Chairman, Executive Director, Company Secretary, appointed 4 December 2015
Mr Christopher Kain	Managing Director, appointed 4 December 2015
Mr Matthew Cahill	Non-Executive Director, appointed 4 December 2015
Ms Vincent Power	Non-Executive Director, appointed 4 December 2015
Mr Leigh Ryan	Non-Executive Director. CEO and Managing Director prior to the reverse take-over on 4 December 2015
Mr Neale Fong	Chairman and Non-Executive Director prior to the reverse take-over on 4 December 2015, retired on 3 December 2015
Mr Jian Hua Sang	Non-Executive Director prior to the reverse take-over on 4 December 2015, retired on 3 December 2015

#### (i) Executives

None

Prior to the reverse-takeover:

Mr Kevin Hart	Resigned 3 December 2015
Mr Patrick Soh	Resigned 3 December 2015
Mr Christopher Simasiku	Zambian Exploration Manager, ceased to be designated as a KPM at the date of the reverse-takeover on 4 December 2015

There have not been any changes to KMP after reporting date and before the financial report was authorised for issue.

The Remuneration Report is set out under the following main headings:

- A. Principles used to determine the nature and amount of remuneration
- B. Details of remuneration
- C. Service agreements
- D. Share-based compensation
- E. Option holdings of key management personnel
- F. Performance Shares of key management personnel
- G. Other transactions and balances with Key Management Personnel



## Directors' Report (continued)

### Remuneration report (audited) (continued)

The information provided under headings A-G includes remuneration disclosures that are required under Accounting Standard AASB 124 Related Party Disclosures. These disclosures have been transferred from the financial report and have been audited.

#### A. Principles used to determine the nature and amount of remuneration

##### *Remuneration philosophy*

The performance of the Group depends upon the quality of its directors and executives. To prosper, the Group must attract, motivate and retain highly skilled directors and executives.

To this end, the Group embodies the following principles in its compensation framework:

- Provide competitive rewards to attract high calibre executives;
- Link executive rewards to shareholder value;
- Significant portion of executive compensation 'at risk', dependent upon meeting pre-determined performance benchmarks; and
- Establish appropriate, demanding performance hurdles in relation to variable executive compensation

Remuneration consists of fixed remuneration and variable remuneration.

##### *Fixed Remuneration*

Fixed remuneration is reviewed annually by the Board of Directors. The process consists of a review of relevant comparative remuneration in the market and internally and, where appropriate, external advice on policies and practices.

##### *Variable Remuneration*

The Group does not currently have a variable component to the remuneration of the board and management, however, the Group intends to introduce a variable remuneration plan in the near future.

##### *Remuneration Reviews*

The Board of Directors of the Company is responsible for determining and reviewing compensation arrangements for the directors, the Managing Director and all other key management personnel.

The Board of Directors assesses the appropriateness of the nature and amount of compensation of key management personnel on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality board and executive team.

##### *Remuneration structure*

In accordance with best practice Corporate Governance, the structure of non-executive director and executive remuneration is separate and distinct.

##### *Non-executive Director Remuneration*

The Board seeks to set aggregate remuneration at a level that provides the Group with the ability to attract and retain directors of the highest calibre, whilst incurring a cost that is acceptable to shareholders.

The Constitution and the ASX Listing Rules specify that the aggregate remuneration of non-executive directors shall be determined from time to time by a general meeting. The amount of aggregate remuneration sought to be approved by shareholders and the manner in which it is apportioned amongst directors is reviewed annually. The Board considers advice from external shareholders as well as the fees paid to non-executive directors of comparable companies when undertaking the annual review process.

## Directors' Report (continued)

### Remuneration report (audited) (continued)

Non-executive directors receive a fee for being a director of the Company. The compensation of non-executive directors for the year ended 30 June 2016 is detailed below.

The total maximum remuneration of non-executive directors is initially set by the Constitution and subsequent variation is by ordinary resolution of Shareholders in general meeting in accordance with the Constitution, the Corporations Act and the ASX Listing Rules, as applicable. The determination of non-executive directors' remuneration within that maximum will be made by the Board having regard to the inputs and value to the Company of the respective contributions of each non-executive Director. This amount has been set at an amount not to exceed \$300,000 per annum.

In addition, a director may be paid fees or other amounts and non-cash performance incentive such as options, subject to necessary shareholder approval, where a director performs special duties or otherwise performs services outside the scope of the ordinary duties of a director.

Directors are also entitled to be reimbursed reasonable travelling, hotel and other expenses incurred by them respectively in or about the performance of their duties as directors.

#### **Senior Manager and Executive Director remuneration**

##### *Objective*

The entity aims to reward executives with a level and mix of compensation commensurate with their position and responsibilities within the entity so as to:

- reward executives for company, business unit and individual performance against targets set to appropriate benchmarks;
- align the interests of executives with those of shareholders;
- link rewards with the strategic goals and performance of the Group; and
- ensure total compensation is competitive by market standards.

Compensation consists of the following key elements:

- Fixed Compensation; and
- Variable Compensation.

The proportion of fixed compensation and variable compensation (potential short term and long term incentives) is established for each key management person by the Directors.

#### **Fixed Compensation**

##### *Objective*

Fixed compensation is reviewed annually by the Directors. The process consists of a review of individual performance, relevant comparative compensation in the market and internally and, where appropriate, external advice on policies and practices.

##### *Structure*

Executives are given the opportunity to receive their fixed remuneration in a variety of forms including cash and fringe benefits such as motor vehicles and expense payment plans.

#### **Variable Compensation**

##### *Objective*

The objective of the Variable Compensation is to reward executives in a manner that aligns this element of compensation with the creation of shareholder wealth.

## Directors' Report (continued)

### Remuneration report (audited) (continued)

#### Structure

The Company and Group do not currently have a Variable Compensation plan, however, it is intended that one be established in the near future.

#### Use of remuneration consultants

The Group did not use the services of remuneration consultants.

#### Objective of the remuneration committee

The Company did not have a remuneration committee.

#### Voting and comments made at 2015 Annual General Meeting

All resolutions at the 2015 Annual General Meeting were passed by a show of hands.

#### Overview of Group performance

The performance of the Group is detailed in the Directors' Report.

There is no link between remuneration and performance.

### B. Details of remuneration

#### Year ended 30 June 2016

Directors	Salary & Fees	Non monetary benefits	Post employment benefits	Share-based payments	Total	Performance Related
Mr Anthony Kain (i)	180,000	1,499	-	-	181,499	-
Mr Christopher Kain (ii)	240,000	1,499	-	-	241,499	-
Mr Matthew Cahill (iii)	42,000	1,499	-	-	43,499	-
Mr Vincent Power	42,000	1,499	-	-	43,499	-
Mr Leigh Ryan (iv)	19,162	1,975	-	40,000	61,137	-
<b>Totals</b>	<b>523,162</b>	<b>7,971</b>	<b>-</b>	<b>40,000</b>	<b>571,133</b>	<b>-</b>

Compensation is stated on an accruals basis.

- (i) Anthony Kain is remunerated via Cicak Pty Ltd, a company of which he is a director and shareholder.
- (ii) Christopher Kain is remunerated via Ohka Pty Ltd, a company of which he is a director and shareholder.
- (iii) Matthew Cahill is remunerated via Digital Domain Consulting, a business in which he holds a beneficial interest.
- (iv) Leigh Ryan is remunerated via Spatial Data Services, a business in which he holds a beneficial interest.

The remuneration of the directors in office prior to the reverse take-over during the year ended 30 June 2016 was:

Directors of the Company Prior to the Reverse Takeover	Salary & Fees	Non monetary benefits	Post employment benefits	Share-based payments	Total	Performance Related
Mr Neale Fong	14,583	3,630	1,385	-	19,598	-
Mr Jian Hua Sang	10,417	2,593	990	-	14,000	-
Mr Leigh Ryan	45,833	11,408	4,354	-	61,595	-
<b>Totals</b>	<b>70,833</b>	<b>17,631</b>	<b>6,729</b>	<b>-</b>	<b>95,193</b>	<b>-</b>

These amounts are not included in the Statement of Profit And Loss and Other Comprehensive Income for the Year Ended 30 June 2016.

## Directors' Report (continued)

### Remuneration report (audited) (continued)

#### B. Details of remuneration (continued)

Year ended 30 June 2015

Directors	Salary & Fees	Non monetary benefits	Post employment benefits	Share-based payments	Total	Performance Related
Mr Anthony Kain (i)	112,500	-	-	-	-	-
Mr Christopher Kain (ii)	162,500	-	-	-	-	-
Mr Matthew Cahill	-	-	-	-	-	-
<b>Totals</b>	<b>275,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	

Compensation is stated on an accruals basis.

- (i) Anthony Kain is remunerated via Cicak Pty Ltd, a company of which he is a director and shareholder.
- (ii) Christopher Kain is remunerated via Ohka Pty Ltd, a company of which he is a director and shareholder.

The remuneration of the directors in office prior to the reverse take-over during the year ended 30 June 2015 was:

Directors of the Company Prior to the Reverse Takeover	Salary & Fees	Non monetary benefits	Post employment benefits	Share-based payments	Total	Performance Related
Mr Neale Fong	49,584	-	4,710	-	54,294	-
Mr Jian Hua Sang	35,416	2,000	3,365	-	40,781	-
Mr Leigh Ryan	180,563	-	17,154	25,851	223,568	11.6%
Mr Michael Griffiths	12,500	-	1,188	-	13,688	-
Ms Jing Wang	33,333	900	3,167	-	37,400	-
<b>Totals</b>	<b>311,396</b>	<b>2,900</b>	<b>29,584</b>	<b>25,851</b>	<b>369,731</b>	
<b>Key Management Personnel Prior to the Reverse Takeover</b>						
Mr Kevin Hart	58,864	-	-	-	58,864	-
Mr Patrick Soh	56,250	-	-	-	56,250	-
Mr Christopher Simasiku	50,472	-	-	-	50,472	-
	<b>165,586</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>165,586</b>	
<b>Total</b>	<b>476,982</b>	<b>2,900</b>	<b>29,584</b>	<b>25,851</b>	<b>484,229</b>	

These amounts are not included in the Statement of Profit And Loss and Other Comprehensive Income for the Year Ended 30 June 2015.

## Directors' Report (continued)

### Remuneration report (audited) (continued)

#### C. Service agreements

##### *Agreements with Executives*

The Company has entered into consultancy services agreements with Christopher Kain (together with Okha Pty Ltd, an entity controlled by Christopher Kain) and Anthony Kain (together with Cicak Pty Ltd, an entity controlled by Anthony Kain) (Consultants) (Consultancy Services Agreements). The material terms of the Consultancy Services Agreements are as follows:

- (a) Term: two years from the date of readmission of the Company to the ASX after completion of the Acquisition;
- (b) Remuneration:
  - i. *Anthony Kain* - \$15,000 per month (exclusive of GST), paid to Cicak Pty Ltd, based on minimum work commitment of 35 hours per week;
  - ii. *Christopher Kain* - \$20,000 per month (exclusive of GST), paid to Ohka Pty Ltd, based on a minimum work commitment of 35 hours per week;

Further to this, the Company agrees to reimburse the Consultants all reasonable expenses incurred in the performance of their services;

- (c) Non-cash benefits: the Consultants may be granted non cash incentive benefits subject to shareholder approvals or a performance based bonus subject to shareholder approvals;
- (d) Restraint of trade: upon termination of the Consultancy Services Agreements, the Consultants will be subject to a restraint of trade period of up to 2 years; and

Termination: the Company and Consultants may terminate the respective Consultancy Services Agreements without cause by giving the other party notice of 12 months.

##### *Agreements with Executives Prior to the Reverse Take-over*

Prior to the reverse take-over, the Company had an agreement with Mr Leigh Ryan as Chief Executive Officer effective from 2 December 2013. The agreement did not have a fixed contract period. The material terms of the agreement were:

- (a) Three months notice of termination by either party;
- (b) Fixed remuneration in the form of a base salary of \$220,000 plus superannuation, which was reduced by 25% from December 2014 and reduced by a further 25% from May 2015;
- (c) Employee share plan participation:
  - a. 1,000,000 plan shares vesting on completion of 12 months' service in the role of Chief Executive Officer were issued on 4 December 2014;
  - b. 1,000,000 plan shares will vest upon the Company achieving a market capitalisation of equal to or greater than \$30,000,000; and
  - c. 1,000,000 plan shares will vest upon the Company achieving a market capitalisation of equal to or greater than \$50,000,000.

The agreement with Mr Ryan was terminated as part of the reverse take-over of the Company.

## Directors' Report (continued)

### Remuneration report (audited) (continued)

#### *Agreements with Non-Executive directors*

The Company has entered into director and consultancy services agreements with Mathew Cahill (together with Digital Data Consulting Pty Ltd, an entity controlled by Mathew Cahill) and Vincent Power. The material terms of the agreements are as follows:

- (a) Director's fees: director's fees at the rate of \$30,000 per annum plus superannuation together with:
  - i. an entitlement to fees or other amounts in relation to special duties or service performed outside the scope of ordinary employment as a director;
  - ii. reimbursement for out of pocket expenses incurred as a result of engagement as a director.
- (b) Consulting fees: consulting fees of \$42,000 per annum.
- (c) Termination: Non-Executive Directors may retire at any time and are subject to re-election at the annual general meeting of shareholders in accordance with the Company's policy of at least one third of the Non-Executive Directors being nominated for re-election each year based on the Company's rotation schedule.

The Company has entered into a director agreement with Leigh Ryan (together with Spatial Services, an entity in which Leigh Ryan has a beneficial interest). The material terms of the agreement is as follows:

- (a) Director's fees: director's fees at the rate of \$30,000 per annum plus superannuation together with:
  - iii. an entitlement to fees or other amounts in relation to special duties or service performed outside the scope of ordinary employment as a director;
  - iv. reimbursement for out of pocket expenses incurred as a result of engagement as a director.
- (b) Termination: Non-Executive Directors may retire at any time and are subject to re-election at the annual general meeting of shareholders in accordance with the Company's policy of at least one third of the Non-Executive Directors being nominated for re-election each year based on the Company's rotation schedule.

#### **D. Share-based compensation**

##### **Compensation shares, options - granted and vested during the period**

<b>2016</b>	No shares nor options were granted as compensation during the 2016 year.
<b>2015</b>	No shares nor options were granted as compensation during the 2015 year.

##### **Value of shares or options awarded, exercised and lapsed during the period**

<b>2016</b>	No shares nor options were granted as compensation during the 2016 year. 2,000,000 shares worth \$40,000 vested during the 2016 year.
<b>2015</b>	No options were granted as compensation during the 2015 year. 1,000,000 shares vested during the 2015 year.

## Directors' Report (continued)

### Remuneration report (audited) (continued)

#### E. Performance Rights holdings of key management personnel

<b>30 June 2016</b>	<b>Balance at start of the period</b>	<b>Granted as remuneration</b>	<b>Options Exercised</b>	<b>Net change other</b>	<b>Balance at the end of period</b>	<b>Vested and exercisable</b>
<b>Directors</b>						
Mr Anthony Kain	-	-	-	26,854,690	26,854,690	-
Mr Christopher Kain	-	-	-	31,521,521	31,521,521	-
Mr Matthew Cahill	-	-	-	1,839,362	1,839,362	-
Mr Vincent Power	-	-	-	-	-	-
Mr Leigh Ryan	-	-	-	-	-	-
<b>Totals</b>	-	-	-	<b>60,215,573</b>	<b>60,215,573</b>	-

#### F. Share holdings of key management personnel

<b>30 June 2016</b>	<b>Balance at start of the period</b>	<b>Granted as remuneration</b>	<b>On exercise of options</b>	<b>Acquisitions / (Disposals)</b>	<b>Balance at the end of period</b>	<b>Vested and exercisable</b>
<b>Directors</b>						
Mr Anthony Kain	-	-	-	93,991,416 <sup>(i)</sup>	93,991,416	93,991,416
Mr Christopher Kain	-	-	-	110,325,322 <sup>(i)</sup>	110,325,322	110,325,322
Mr Matthew Cahill	-	-	-	6,437,768 <sup>(i)</sup>	6,437,768	6,437,768
Mr Vincent Power	-	-	-	-	-	-
Mr Leigh Ryan	1,000,000	2,000,000	-	-	3,000,000	3,000,000
Mr Neale Fong	7,611,480	-	-	(7,611,480) <sup>(ii)</sup>	-	-
<b>Key Management Personnel Prior to the Reverse Takeover</b>						
Mr John Noakes	333,092	-	-	(333,092) <sup>(ii)</sup>	-	-
<b>Totals</b>	<b>8,944,572</b>	<b>2,000,000</b>	-	<b>202,809,934</b>	<b>213,754,506</b>	<b>213,754,506</b>

(i) Shares were acquired in exchange as part of the reverse takeover and re-listing.

(ii) Balance at the date of ceasing to be a director or key management personnel

By the date of the reverse take-over, all former key management personnel had left the Company, with the exception of Mr Leigh Ryan.

**G. Other transactions and balances with Key Management Personnel**

2016:

During the 2016 year:

- The directors were reimbursed for expenses paid on behalf of the Group.

2015:

During the 2015 year:

- The directors were reimbursed for expenses paid on behalf of the Group.

END OF THE REMUNERATION REPORT

Signed in accordance with a resolution of the Directors:

A handwritten signature in blue ink, appearing to read 'C. Kain', with a stylized flourish at the end.

**Christopher Kain**  
**Managing Director**

Perth, 30 August 2016



## CORPORATE GOVERNANCE STATEMENT

The Board of Directors of Peppermint Innovation Limited (the Company) is responsible for the corporate governance of the Group. The Board guides and monitors the business affairs of the Group on the behalf of the shareholders by whom they are elected and to whom they are accountable.

### ASX Corporate Governance Principles

The ASX Corporate Governance Council (the Council) has Corporate Governance Principles and Recommendations (the Principles), which are designed to maximise corporate performance and accountability in the interests of shareholders and the broader economy. The Principles encompass matters such as board composition, committees and compliance procedures.

The Principles (being those under ASX's 3rd edition of Corporate Governance Principles and Recommendations dated March 2014) can be viewed at [www.asx.com.au](http://www.asx.com.au). The Principles are not prescriptive, however ASX listed entities are required to disclose the extent of their compliance with the Principles, and to explain why they have not adopted a Principle if they consider it inappropriate in their particular circumstances.

Commensurate with the spirit of the ASX Principles, the Company has followed each of the Recommendations to the extent the Board considered that their implementation was practicable and likely to genuinely improve the Group's internal processes and accountability to external stakeholders. The Corporate Governance Statement contains certain specific information and discloses the extent to which the Group has followed the guidelines during the period. Where a recommendation has not been followed, the fact is disclosed, together with reasons for the departure.

The Company has lodged with the ASX an Appendix 4G (Key to Disclosures – Corporate Governance Council Principles and Recommendations) and Recommendations. A summary against the Principles is set out below.

## CORPORATE GOVERNANCE STATEMENT (continued)

### Corporate Governance Checklist

Corporate Governance Council Recommendation		Does the Company follow the recommendation?	Comment
<b>Principle 1 - Lay solid foundations for management and oversight</b>			
1.1	Disclose roles and responsibilities of board and management	Y	
1.2	Undertake appropriate checks before appointing or electing a person as director	Y	
1.3	Written agreement with each director and senior executive	Y	
1.4	Company Secretary accountable directly to Board	N	The Chair of the Board is the company secretary
1.5	Diversity Policy disclosures reported	Y	
1.6	Board performance evaluation undertaken	N	In view of the size of the operations and limited number of directors, a formal performance evaluation process is not performed.
1.7	Senior executive performance evaluation undertaken	N	In view of the size of the operations and limited number of executives, a formal performance evaluation process is not performed.
<b>Principle 2 – Structure the board to add value</b>			
2.1	Nomination committee requirements met	N	The duties and responsibilities typically delegated to such committee are included in the responsibilities of the full Board.
2.2	Board skills matrix disclosed	Y	
2.3	Director Independence and tenure disclosed	Y	
2.4	Majority of the board are independent directors	Y	
2.5	Chair of the board is an independent director and not the same person as the CEO	N	The Chair of the Board is an executive director and the company secretary. The Chair is not the CEO.
2.6	Director induction and ongoing training program	N	In view of the size of the operations of the Company and the limited number of directors, the Company does not have a formal director induction and ongoing training program.
<b>Principle 3 – Act ethically and responsibly</b>			
3.1	Code of conduct available on website	Y	

## CORPORATE GOVERNANCE STATEMENT (continued)

### Corporate Governance Checklist (Continued)

Corporate Governance Council Recommendation		Does the Company follow the recommendation?	Comment
<b>Principle 4 – Safeguard integrity in corporate reporting</b>			
4.1	Audit committee requirements met	N	The Board considers that the Company is not currently of a size, nor are its affairs of such complexity to justify the expense of appointing additional independent Non-Executive Directors simply to fill an audit committee.
4.2	CEO and CFO financial statements declarations received	Y	
4.3	External auditors attend AGM and available to answer questions from securityholders	Y	
<b>Principle 5 – Make timely and balanced disclosure</b>			
5.1	Continuous Disclosure Policy available on website	Y	
<b>Principle 6 – Respect the rights of securityholders</b>			
6.1	Corporate and governance information available on website	Y	
6.2	Investor relations program	Y	
6.3	Processes to facilitate and encourage participation at securityholders meetings	Y	
6.4	Electronic securityholder communication functionality	Y	
<b>Principle 7 – Recognise and manage risk</b>			
7.1	Risk committee requirements met	N	In view of the size of the operations of the Company, this is performed by the Board.
7.2	Annual review of risk management framework	Y	
7.3	No internal audit function but internal control processes in place	Y	
7.4	Disclosure of material exposure to, and management of, economic, environmental and social sustainability risk	Y	
<b>Principle 8</b>			
8.1	Remuneration committee requirements	N	In view of the size of the operations of the Company, this is performed by the Board.
8.2	Remuneration practices disclosed	Y	
8.3	Remuneration Policy disclosures regarding equity based remuneration	Y	

# CORPORATE GOVERNANCE STATEMENT (continued)

## Principle 1 - Lay solid foundations for management and oversight

### ***Recommendation 1.1 - Disclose roles and responsibilities of board and management***

The Board seeks to identify the expectations of the shareholders, as well as other regulatory and ethical expectations and obligations. In addition, the Board is responsible for identifying areas of significant business risk and ensuring arrangements are in place to adequately manage those risks.

To ensure that the Board is well equipped to discharge its responsibilities it has established guidelines for the nomination and selection of directors and for the operation of the Board. The responsibility for the operation and administration of the Group is delegated, by the Board, to the CEO and the executive management team.

The Board is responsible for ensuring that management's objectives and activities are aligned with the expectations and risks identified by the Board. The Board has a number of mechanisms in place to ensure this is achieved including:

- Board approval of a strategic plan designed to meet stakeholders' needs and manage business risk
- Ongoing development of the strategic plan and approving initiatives and strategies designed to ensure the continued growth and success of the entity
- Implementation of budgets by management and monitoring progress against budget — via the establishment and reporting of both financial and non-financial key performance indicators

Other functions reserved to the Board include:

- Approval of the annual, half-yearly and quarterly financial reports
- Approving and monitoring the progress of major capital expenditure, capital management, and acquisitions and divestitures
- Ensuring that any significant risks that arise are identified, assessed, appropriately managed and monitored
- Reporting to shareholders

### ***Recommendation 1.2 - Undertake appropriate checks before appointing or electing a person as director***

Reference checks are performed for each director.

### ***Recommendation 1.3 - Written agreement with each director and senior executive***

Each director has received a letter of appointment which details the key terms of their appointment. This letter includes all of the recommended matters in the Principles. Each director also enters into required agreements regarding insurance, access to records and disclosure of any trading in Company securities as required under the Listing Rules.

All directors have formalised job descriptions and letters of appointment.

### ***Recommendation 1.4 - Company Secretary accountable directly to Board***

The Chair of the Board is the Company Secretary.

## CORPORATE GOVERNANCE STATEMENT (continued)

### ***Recommendation 1.5 - Diversity Policy disclosures reported***

The Group recognises the value contributed to the organisation by employing people with varying skills, cultural backgrounds, ethnicity and experience and employs people based on their underlying skill sets in an environment where everyone is treated equally and fairly, and where discrimination, harassment and inequity are not tolerated.

14% of the Group's employees are females, and the Chief Operating Officer of the Company based in the Philippines is a female.

### ***Recommendation 1.6 - Board performance evaluation undertaken***

In view of the size of the operations of the Group and the number of directors, a formal performance evaluation process is not performed.

### ***Recommendation 1.7 - Senior executive performance evaluation undertaken***

In view of the size of the operations of the Group and the limited number of executives, a formal performance evaluation process is not performed.

## **Principle 2 – Structure the board to add value**

### ***Recommendation 2.1 - Nomination committee requirements met***

During the year ended 30 June 2016, the Group did not have a separately established nomination committee. However, the duties and responsibilities typically delegated to such committee are included in the responsibilities of the full Board.

### ***Recommendation 2.2 - Board skills matrix disclosed***

The directors possess a broad range of complimentary skill sets. The skills, experience and expertise relevant to the position of director held by each director in office at the date of the annual report are included in the Directors' report.

### ***Recommendation 2.3 - Director Independence and tenure disclosed***

Directors of the Company are considered to be independent when they are independent of management and free from any business or other relationship that could materially interfere with — or could reasonably be perceived to materially interfere with — the exercise of their unfettered and independent judgement. (I wonder about this independence if they are consulting. I would like to talk to you about the distinction below when we get a chance).

In the context of director independence, "materiality" is considered from both the Company and individual director perspective. The determination of materiality requires consideration of both quantitative and qualitative elements. An item is presumed to be quantitatively immaterial if it is equal to or less than 5% of the appropriate base amount. It is presumed to be material (unless there is qualitative evidence to the contrary) if it is equal to or greater than 10% of the appropriate base amount.

Qualitative factors considered include whether a relationship is strategically important, the competitive landscape, the nature of the relationship and the contractual or other arrangements governing it and other factors that point to the actual ability of the director in question to shape the direction of the Group's loyalty.

In accordance with the definition of independence above, and the materiality thresholds set, the following directors of the Company are considered to be independent:

<b>Name</b>	<b>Position</b>
Mr Matthew Cahill	Non-Executive Director
Mr Vincent Power	Non-Executive Director
Mr Leigh Ryan	Non-Executive Director

## CORPORATE GOVERNANCE STATEMENT (continued)

The term in office held by each director in office at the date of this report is as follows:

<b>Name</b>	<b>Term in office</b>
Mr Anthony Kain	Appointed 24 July 2014 (inception), tenure 2 years, 1 month
Mr Christopher Kain	Appointed 24 July 2014 (inception), tenure 2 years, 1 month
Mr Matthew Cahill	Appointed 24 July 2014 (inception), tenure 2 years, 1 month
Mr Vincent Power	Appointed 30 November 2015, tenure 9 months
Mr Leigh Ryan	Appointed 4 December 2015, tenure 9 months

### ***Recommendation 2.4 - Majority of the board are independent directors***

The Company has five directors, three of whom are independent.

### ***Recommendation 2.5 - Chair of the board is an independent director and not the same person as the CEO***

The Chair of the board is not an independent director and is not the CEO.

### ***Recommendation 2.6 - Director induction and ongoing training program***

In view of the size of the operations of the Group and the limited number of directors, the Group does not have a formal director induction and ongoing training program.

## **Principle 3 – Act ethically and responsibly**

### ***Recommendation 3.1 - Code of conduct available on website***

The Company's Code of Conduct is available on the Company's website.

## **Principle 4 – Safeguard integrity in corporate reporting**

### ***Recommendation 4.1 - Audit committee requirements met***

Recommendation 4.1 requires the audit committee to be structured so that it consists only of non-executive directors with a majority of independent directors, chaired by an independent chairperson who is not chairperson of the Board and has at least three members. During the year ended 30 June 2016, the Company did not have a separately established audit committee. The Board considers that the Group is not currently of a size, nor are its affairs of such complexity to justify the expense of appointing additional independent Non-Executive Directors simply to fill an audit committee.

### ***Recommendation 4.2 - CEO and CFO financial statements declarations received***

In accordance with section 295A of the *Corporations Act*, the CEO and CFO have provided a written statement to the Board that:

- Their view provided on the Group's financial report is founded on a sound system of risk management and internal compliance and control which implements the financial policies adopted by the Board; and
- The Group's risk management and internal compliance and control system is operating effectively in all material respects.

### ***Recommendation 4.3 - External auditors attend AGM and available to answer questions from securityholders***

The external auditors are required to attend the annual general meeting and are available to answer any shareholder questions about the conduct of the audit and preparation of the audit report.

## CORPORATE GOVERNANCE STATEMENT (continued)

### Principle 5 – Make timely and balanced disclosure

#### ***Recommendation 5.1 - Continuous Disclosure Policy available on website***

The Group's policy is to comply with its continuous disclosure obligations under the Listing Rules at all times.

### Principle 6 – Respect the rights of securityholders

#### ***Recommendation 6.1 - Corporate and governance information available on website***

Information about the Group and its governance is available to investors via the Company's website.

#### ***Recommendation 6.2 - Investor relations program***

The Group's objective is to promote effective communication with its shareholders at all times.

The Group is committed to:

- Ensuring that shareholders and the financial markets are provided with full and timely information about the Group's activities in a balanced and understandable way;
- Complying with continuous disclosure obligations contained in the ASX listing rules and the Corporations Act in Australia; and
- Communicating effectively with its shareholders and making it easier for shareholders to communicate with the Group.

To promote effective communication with shareholders and encourage effective participation at general meetings, information is communicated to shareholders:

- Through the release of information to the market via the ASX
- Through the distribution of the annual report and notices of annual general meeting
- Through shareholder meetings and investor relations presentations
- Through letters and other forms of communications directly to shareholders
- By posting relevant information on the Group's website: [www.pepltd.com.au](http://www.pepltd.com.au).

The Group's website publishes all important company information and relevant announcements made to the market.

#### ***Recommendation 6.3 - Processes to facilitate and encourage participation at security holders meetings***

Meetings of security holders of the Company are convened at least once a year, usually in October.

An explanatory memorandum on the resolutions is included with the notice of meeting. Unless specifically stated in the notice of meeting, all holders of fully paid securities are eligible to vote on all resolutions.

In the event that security holders cannot attend formal meetings, they are able to lodge a proxy in accordance with the Corporations Act. Proxy forms can be mailed, lodged by facsimile or emailed.

## CORPORATE GOVERNANCE STATEMENT (continued)

### ***Recommendation 6.4 - Electronic securityholder communication functionality***

Securityholders are provided with the option to receive communications from, and send communications to, the Group and its security registry electronically.

### **Principle 7 – Recognise and manage risk**

### ***Recommendation 7.1 - Risk committee requirements met***

The Group does not have a committee to oversee risk. In view of the size of the operations of the Group, this is performed by the Board.

### ***Recommendation 7.2 - Annual review of risk management framework***

The Board has identified the significant areas of potential business and legal risk of the Group. The identification, monitoring and, where appropriate, the reduction of significant risk to the Group will be the responsibility of the Board.

To this end, comprehensive practices are in place which are directed towards achieving the following objectives:

- effectiveness and efficiency in the use of the Group's resources;
- compliance with applicable laws and regulations;
- preparation of reliable published financial information.

### ***Recommendation 7.3 - No internal audit function but internal control processes in place***

In view of the size of the operations of the Group, the Group does not have an internal audit function. Internal processes include segregating incompatible functions, dual signatories on bank accounts and oversight by the Board.

### ***Recommendation 7.4 - Disclosure of material exposure to, and management of, economic, environmental and social sustainability risk***

The Group does not believe it has any material exposure to economic, environmental and social sustainability risks.

### **Principle 8 – Remunerate fairly and responsibly**

### ***Recommendation 8.1 - Remuneration committee requirements***

Recommendation 8.1 requires listed entities to establish a remuneration committee. During the year ended 30 June 2016, the Group did not have a separately established remuneration committee. However, the duties and responsibilities typically delegated to such committee are included in the responsibilities of the full Board.

### ***Recommendation 8.2 - Remuneration practices disclosed and Recommendation 8.3 - Remuneration Policy disclosures regarding equity based remuneration***

It is the Group's objective to provide maximum stakeholder benefit from the retention of a high quality board and executive team by remunerating directors and key executives fairly and appropriately with reference to relevant employment market conditions.

Further details are disclosed in the Remuneration Report



# STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

## FOR THE YEAR ENDED 30 JUNE 2016

		Year to 30 June 2016 \$	Period from 24 July 2014 (date of incorporation) to 30 June 2015 \$
	Note		
Revenue		606,453	31,137
Cost of sales		(489,918)	(20,169)
Gross profit		116,535	10,968
Other income		3,072	21
Administration expenses	5	(1,492,336)	(403,518)
Finance costs	5	(26,180)	(7,722)
Share based payment expense	6	(40,000)	-
Restructuring/relisting expense	2(c)	(7,359,069)	-
<b>(Loss) before income tax</b>		<b>(8,797,978)</b>	<b>(400,251)</b>
Income tax expense	7	-	-
<b>(Loss) for the year</b>		<b>(8,797,978)</b>	<b>(400,251)</b>
<b>Other comprehensive income / (loss)</b>			
<i>Items that may be reclassified to profit or loss:</i>			
- Nil		-	-
		-	-
<b>Total comprehensive (loss) for the year</b>		<b>(8,797,978)</b>	<b>(400,251)</b>
<b>(Loss) for the year attributable to members of the parent entity</b>		<b>(8,797,978)</b>	<b>(400,251)</b>
<b>Total comprehensive (loss) for the year attributable to members</b>		<b>(8,797,978)</b>	<b>(400,251)</b>
Basic and diluted loss per share (cents per share)	4	(1.4)	(0.1)

The accompanying notes form part of these financial statements

# STATEMENT OF FINANCIAL POSITION

## AS AT 30 JUNE 2016

	Note	2016 \$	2015 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	8	2,097,761	155,666
Other current assets	9	36,847	26,532
<b>Total Current Assets</b>		<u>2,134,608</u>	<u>182,198</u>
<b>NON-CURRENT ASSETS</b>			
Intangible assets	10	141,146	169,375
Other non-current assets		-	1,594
<b>Total Non-Current Assets</b>		<u>141,146</u>	<u>170,969</u>
<b>TOTAL ASSETS</b>		<u>2,275,754</u>	<u>353,167</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	11	146,750	25,319
<b>Total Current Liabilities</b>		<u>146,750</u>	<u>25,319</u>
<b>NON-CURRENT LIABILITIES</b>			
Borrowings	12	-	507,196
<b>Total Current Liabilities</b>		<u>-</u>	<u>507,196</u>
<b>TOTAL LIABILITIES</b>		<u>146,750</u>	<u>532,515</u>
<b>NET ASSETS</b>		<u>2,129,004</u>	<u>(179,348)</u>
<b>EQUITY</b>			
Issued capital	13	11,327,233	220,903
Accumulated losses		(9,198,229)	(400,251)
<b>TOTAL EQUITY</b>		<u>2,129,004</u>	<u>(179,348)</u>

The accompanying notes form part of these financial statements

# STATEMENT OF CASH FLOWS

## FOR THE YEAR ENDED 30 JUNE 2016

		Year to 30 June 2016 \$	Period from 24 July 2014 (date of incorporation) to 30 June 2015 \$
Note			
<b>Cash flows from Operating Activities</b>			
	Receipts from customers	606,453	31,137
	Payments to suppliers and employees	(2,008,931)	(424,887)
	Interest received	3,072	21
	Finance costs paid	-	(526)
	Net cash (used in) operating activities	8(b) (1,399,406)	(394,255)
<b>Cash Flows from Investing Activities</b>			
	Purchase of intangible assets	-	(169,375)
	Acquisition of subsidiary	(281,770)	-
	Purchase of other assets	-	(1,607)
	Net cash (used in) investing activities	(281,770)	(170,982)
<b>Cash Flows from Financing Activities</b>			
	Proceeds from borrowings	-	500,000
	Issue of shares	3,874,300	220,903
	Share issue expenses	(251,029)	-
	Net cash provided by financing activities	3,623,271	720,903
	Net (decrease) in cash held	1,942,095	155,666
	Cash at the beginning of the financial period	155,666	-
	Cash at the end of the financial period	8(a) 2,097,761	155,666

The accompanying notes form part of these financial statements

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2016

	Ordinary Shares	Accumulated Losses	Total
	\$	\$	\$
Balance at 1 July 2015	220,903	(400,251)	(179,348)
Loss for the year	-	(8,797,978)	(8,797,978)
Total comprehensive loss for the year	-	(8,797,978)	(8,797,978)

### *Transactions with owners in their capacity as owners:*

Issue of shares prior to acquisition	533,377	-	533,377
Issue of shares for acquisition of subsidiary	6,909,683	-	6,909,683
Shares issued	3,874,300	-	3,874,300
Share issue expenses	(251,030)	-	(251,030)
Share based payments	40,000	-	40,000
Balance at 30 June 2016	11,327,233	(9,198,229)	2,129,004

	Ordinary Shares	Accumulated Losses	Total
	\$	\$	\$
Balance at 24 July 2014 (date of incorporation)	-	-	-
Loss for the year	-	(400,251)	(400,251)
Total comprehensive loss for the year	-	(400,251)	(400,251)

### *Transactions with owners in their capacity as owners:*

Issue of ordinary shares	220,903	-	220,903
Balance at 30 June 2015	220,903	(400,251)	(179,348)

The accompanying notes form part of these financial statements

**1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES**

Peppermint Innovation Limited (the Company) is an Australian company incorporated on 24 July 2014. On 4 December 2015, the Company listed on the Australian Securities Exchange via the reverse takeover of Chrysalis Resources Limited.

The principal activities of the Group (the Company and its controlled entities) were the development and commercialisation of its mobile banking, payment and remittance platform.

**(a) Basis of Preparation**

***Statement of compliance***

The financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, Accounting Standards and Interpretations, and complies with other requirements of the law.

Accounting Standards include Australian Accounting Standards (AASBs). Compliance with Australian Accounting Standards ensures that the financial statements and notes comply with International Financial Reporting Standards (IFRS) adopted by the International Accounting Standards Board (IASB).

The financial statements were authorised for issue by the directors on 30 August 2016.

***Basis of measurement***

The financial report has also been prepared on a historical cost basis.

***Functional and presentation currency***

The financial report is presented in Australian dollars, which is the Company's functional currency.

***Reverse Acquisition accounting***

On 4 December 2015, Peppermint Innovation Limited (formerly Chrysalis Resources Limited), the legal parent and legal acquirer, completed the acquisition of Peppermint Technology Limited (previously Peppermint Innovation Limited) and its controlled subsidiary. The acquisition did not meet the definition of a business combination in accordance with AASB 3 Business Combinations, with Peppermint Technology Limited deemed to be the accounting acquirer. The acquisition has been treated as a group recapitalisation, using the principles of reverse acquisition accounting in AASB 3 Business Combinations. Effectively Peppermint Technology Limited has been recapitalised, acquiring the net assets and listing status of Peppermint Innovation Limited.

Accordingly the consolidated financial statements of the Peppermint Innovation Limited have been prepared as a continuation of the business and operations of Peppermint Technology Limited. The recapitalisation is measured at the fair value of the equity instruments that would have been given by the controlled entity, Peppermint Technology Limited, to have exactly the same percentage holding in the new structure at the date of acquisition.

The implications of the acquisition on the group restructure on the financial statements are as follows;

**Consolidated Statement of Profit or Loss and Other Comprehensive Income, Consolidated Statement of Changes in Equity and Consolidated Statement of Cash flow.**

- The 30 June 2016 statements comprises 12 months of Peppermint Technology Limited and Peppermint Tech. Inc and 6 months and 27 days of Peppermint Innovation Limited.
- The 30 June 2015 comparative statements comprises the period 24 July 2014 to 30 June 2015 of Peppermint Technology Limited and Peppermint Tech. Inc only.

1. **STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

(a) **Basis of Preparation (continued)**

**Consolidated Statement of Financial Position**

- The statement of financial position as at 30 June 2016 comprises of Peppermint Technology Limited, Peppermint Innovation Limited and the other controlled entities listed in Note 14(c).
- The comparative statement of financial position at 30 June 2015 comprises Peppermint Technology Limited and Peppermint Technology Inc.

(b) **Application of new and revised Accounting Standards**

New, revised or amending Accounting Standards and Interpretations adopted

The Group 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.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations issued by the AASB which are not yet mandatorily applicable to the Group have not been applied in preparing these consolidated financial statements. Those which may be relevant to the Group are set out below. The Group does not plan to adopt these standards early.

- *AASB 9 Financial Instruments* and associated Amending Standards (applicable for annual reporting period commencing 1 January 2018)

The Standard will be applicable retrospectively (subject to the comment on hedge accounting below) and includes revised requirements for the classification and measurement of financial instruments, revised recognition and derecognition requirements for financial instruments and simplified requirements for hedge accounting.

Key changes made to this standard that may affect the Group on initial application include certain simplifications to the classification of financial assets, simplifications to the accounting of embedded derivatives, and the irrevocable election to recognise gains and losses on investments in equity instruments that are not held for trading in other comprehensive income.

The directors anticipate that the adoption of AASB 9 will not have a material impact on the Group's financial instruments.

**1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(b) Application of new and revised Accounting Standards (continued)**

- *AASB 15: Revenue from Contracts with Customers* (applicable to annual reporting periods commencing on or after 1 January 2018).

When effective, this Standard will replace the current accounting requirements applicable to revenue with a single, principles-based model. Except for a limited number of exceptions, including leases, the new revenue model in AASB 15 will apply to all contracts with customers as well as non-monetary exchanges between entities in the same line of business to facilitate sales to customers and potential customers.

The core principle of the Standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for the goods or services. To achieve this objective, AASB 15 provides the following five-step process:

- identify the contract(s) with a customer;
- identify the performance obligations in the contract(s);
- determine the transaction price;
- allocate the transaction price to the performance obligations in the contract(s); and
- recognise revenue when (or as) the performance obligations are satisfied.

This Standard will require retrospective restatement, as well as enhanced disclosures regarding revenue.

The directors anticipate that the adoption of AASB 15 will not have a material impact on the Group's revenue recognition and disclosures.

- *AASB 16: Leases* (applicable to annual reporting periods commencing on or after 1 January 2019).

AASB 16 removes the classification of leases as either operating leases or finance leases for the lessee effectively treating all leases as finance leases. Short term leases (less than 12 months) and leases of a low value are exempt from the lease accounting requirements. Lessor accounting remains similar to current practice.

The directors anticipate that the adoption of AASB 15 will not have a material impact on the Group's revenue recognition and disclosures.

**(c) Statement of Compliance**

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards (IFRS).

**1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(d) Critical accounting judgements and key sources of estimation uncertainty**

The application of accounting policies requires the use of judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

*Share-based payment transactions:*

The Group measures the cost of equity-settled share-based payments at fair value at the grant date using an option pricing model, taking into account the terms and conditions upon which the instruments were granted. The fair value is determined by a valuation using a Black Scholes Option Pricing Model.

*Acquisition accounting:*

On 4 December 2015, Peppermint Innovation Limited (formerly Chrysalis Resources Limited), the legal parent and legal acquirer, completed the acquisition of Peppermint Technology Limited (previously Peppermint Innovation Limited) and its controlled subsidiary. The acquisition did not meet the definition of a business combination in accordance with AASB 3 Business Combinations, with Peppermint Technology Limited deemed to be the accounting acquirer. The acquisition has been treated as a group recapitalisation, using the principles of reverse acquisition accounting in AASB 3 Business Combinations. Effectively Peppermint Technology Limited has been recapitalised, acquiring the net assets and listing status of Peppermint Innovation Limited.

Accordingly the consolidated financial statements of the Peppermint Innovation Limited have been prepared as a continuation of the business and operations of Peppermint Technology Limited. The recapitalisation is measured at the fair value of the equity instruments that would have been given by the controlled entity, Peppermint Technology Limited, to have exactly the same percentage holding in the new structure at the date of acquisition.

**(e) Revenue recognition**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured.

*Interest income*

Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

**(f) Cash and cash equivalents**

Cash comprises cash at bank and in hand. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purposes of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

**(g) Trade and other receivables**

Trade receivables are measured on initial recognition at fair value and are subsequently measured at amortised cost using the effective interest rate method, less provision for impairment. Trade receivables are generally due for settlement within periods ranging from 30 to 90 days.



**1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(h) Financial instruments**

**Initial recognition and measurement**

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the financial instrument. For financial assets, this is equivalent to the date that the Group commits itself to either purchase or sell the asset (ie trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified "at fair value through profit or loss" in which case transaction costs are recognised as expenses in profit or loss immediately.

**Classification and subsequent measurement**

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest method or cost. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as the amount at which the financial asset or financial liability is measured at initial recognition less repayments made and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the effective interest method.

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying amount with a consequential recognition of an income or expense item in profit or loss.

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

**a. Financial liabilities**

Non-derivative financial liabilities other than financial guarantees are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial liability is derecognised.

**(i) Intangible assets**

**Research and development costs**

Research costs are expensed as incurred. An intangible asset arising from development expenditure on an internal project is recognised only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the development and the ability to measure reliably the expenditure attributable to the intangible asset during its development. Following the initial recognition of the development expenditure, the cost model is applied requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses. Any expenditure so capitalised is amortised over the period of expected benefit from the related project.

The carrying value of an intangible asset arising from development expenditure is tested for impairment annually when the asset is not yet available for use, or more frequently when an indication of impairment arises during the reporting period.

**1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(i) Intangible assets (continued)**

**Licences**

Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is charged against profits in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over the useful life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, which is a change in accounting estimate. The amortisation expense on intangible assets with finite lives is recognised in profit or loss in the expense category consistent with the function of the intangible asset.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level. Such intangibles are not amortised. The useful life of an intangible asset with an indefinite life is reviewed each reporting period to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for as a change in an accounting estimate and is thus accounted for on a prospective basis.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is de-recognised.

The Group's intangible asset represents copyright, designs, trademarks, development costs and other intellectual property amortised over the remaining life on a straight line basis.

**(j) Income tax**

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

Deferred income tax is provided on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except:

- when the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

**1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(i) Income tax (continued)**

- when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

**(k) Other taxes**

Revenues, expenses and assets are recognised net of the amount of GST except:

- when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

Cash flows are included in the Consolidated Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

**1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(l) Property, plant and equipment**

Plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses. Such cost includes the cost of replacing parts that are eligible for capitalisation when the cost of replacing the parts is incurred. Similarly, when each major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement only if it is eligible for capitalisation.

Depreciation is calculated on a straight-line basis over the estimated useful life of the assets as follows:

Plant and equipment – over 5 to 8 years

The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each financial year end.

*(i) Impairment*

The carrying values of plant and equipment are reviewed for impairment at each reporting date, with recoverable amount being estimated when events or changes in circumstances indicate that the carrying value may be impaired.

The recoverable amount of plant and equipment is the higher of fair value less costs to sell and value in use. 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 an asset that does not generate largely independent cash inflows, recoverable amount is determined for the cash-generating unit to which the asset belongs, unless the asset's value in use can be estimated to be close to its fair value.

An impairment exists when the carrying value of an asset or cash-generating units exceeds its estimated recoverable amount. The asset or cash-generating unit is then written down to its recoverable amount.

For plant and equipment, impairment losses are recognised in the statement of comprehensive income in the cost of sales line item.

*(ii) De-recognition and disposal*

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.

**(m) Impairment of assets**

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets and the asset's value in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash-generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

**1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(m) Impairment of assets (continued)**

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. Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset unless the asset is carried at revalued amount (in which case the impairment loss is treated as a revaluation decrease).

An assessment is also made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

**(n) Trade and other payables**

Trade payables and other payables are carried at amortised costs and represent liabilities for goods and services provided to the Group prior to the end of the period that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services.

**(o) Interest-bearing loans and borrowings**

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are de-recognised.

**(p) Provisions**

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

When the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of comprehensive income net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability.

When discounting is used, the increase in the provision due to the passage of time is recognised as a borrowing cost.

**(i) Wages, salaries, annual leave and sick leave**

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

**1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(p) Provisions (continued)**

*(ii) Long service leave*

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures, and period of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

**(q) Share-based payment transactions**

The Group provides benefits to employees (including senior executives) of the Group in the form of share-based payments, whereby employees render services in exchange for shares or rights over shares (equity-settled transactions).

The cost of these equity-settled transactions with employees is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by an internal valuation using an option pricing model.

In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of the Group (market conditions) if applicable.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the vesting period).

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the Group's best estimate of the number of equity instruments that will ultimately vest. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. The statement of comprehensive income charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

**(q) Share-based payment transactions**

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is only conditional upon a market condition. If the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

**(r) Issued capital**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

1. **STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

(s) **Fair value of assets and liabilities**

The Group measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard.

Fair value is the price the Group would receive to sell an asset or would have to pay to transfer a liability in an orderly (ie unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques.

These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset or liability (ie the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (ie the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

The fair value of liabilities and the entity's own equity instruments (excluding those related to share-based payment arrangements) may be valued, where there is no observable market price in relation to the transfer of such financial instruments, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted and, where significant, are detailed in the respective note to the financial statements.

***Valuation techniques***

In the absence of an active market for an identical asset or liability, the Group selects and uses one or more valuation techniques to measure the fair value of the asset or liability. The Group selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by the Group are consistent with one or more of the following valuation approaches:

- Market approach: valuation techniques that use prices and other relevant information generated by market transactions for identical or similar assets or liabilities.
- Income approach: valuation techniques that convert estimated future cash flows or income and expenses into a single discounted present value.
- Cost approach: valuation techniques that reflect the current replacement cost of an asset at its current service capacity.

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the Group gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability are considered observable, whereas inputs for which market data is not available and therefore are developed using the best information available about such assumptions are considered unobservable.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(s) Fair value of assets and liabilities (continued)

***Fair value hierarchy***

AASB 13 requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurements into one of three possible levels based on the lowest level that an input that is significant to the measurement can be categorised into as follows:

*Level 1*

Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

*Level 2*

Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

*Level 3*

Measurements based on unobservable inputs for the asset or liability.

The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

The Group would change the categorisation within the fair value hierarchy only in the following circumstances:

- (a) if a market that was previously considered active (Level 1) became inactive (Level 2 or Level 3) or vice versa; or
- (b) if significant inputs that were previously unobservable (Level 3) became observable (Level 2) or vice versa.

When a change in the categorisation occurs, the Group recognises transfers between levels of the fair value hierarchy (i.e. transfers into and out of each level of the fair value hierarchy) on the date the event or change in circumstances occurred.

(t) Earnings per share

***Basic earnings per share***

Basic earnings per share is calculated by dividing the profit attributable to the owners of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

***Diluted earnings per share***

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.



**2. REVERSE ACQUISITION ACCOUNTING**

On 4 December 2015, Peppermint Innovation Limited (formerly Chrysalis Resources Limited) completed the legal acquisition of Peppermint Technology Limited (formerly Peppermint Innovation Limited). Under the Australian Accounting Standards, Peppermint Technology Limited was deemed to be the accounting acquirer in this transaction. The acquisition has been accounted for as a share based payment in which Peppermint Technology Limited acquired the net assets and listing status of Peppermint Innovation Limited.

**(a) Deemed Consideration:**

The purchase consideration was the 350,000,000 shares in Peppermint Innovation Limited (formerly Chrysalis Resources Limited and legal parent) to the shareholders of Peppermint Technology Limited (formerly Peppermint Innovation Limited) deemed to have a value of \$6,909,683 determined as follows:

Quoted share price on 4 December 2015	\$0.02
Peppermint Innovation Limited (formerly Chrysalis Resources Limited) shares on issue at acquisition date	345,484,128
Deemed consideration	\$6,909,683

As part of the transaction, Peppermint Innovation Limited (formerly Chrysalis Resources Limited) issued a total of 100,000,000 performance shares to the shareholders of Peppermint Technology Limited (formerly Peppermint Innovation Limited) which convert to fully paid ordinary shares on the basis of one (1) performance share into one (1) fully paid ordinary share in the capital of the Company, upon the following milestones being achieved:

<b>Event/Milestone</b>	<b>Number of Shares</b>
Milestone 1: the Company or its subsidiaries generating cumulative revenue of \$15,000,000 from the Mobile Banking Payments Remittance Business (MBPRB) by 20 May 2020	50,000,000
Milestone 2: the Company or its subsidiaries generating cumulative revenue of \$50,000,000 from the MBPRB by 20 May 2020	50,000,000
	<u>100,000,000</u>

No value has been allocated to the Performance Shares due to the significant uncertainty of meeting the two performance milestones which are based on future events.

**(b) Fair value of Peppermint Innovation Limited at acquisition:**

	<b>\$</b>
Cash deficit	(281,770)
Trade and other receivables	39,253
Trade and other payables	(206,869)
Net liabilities (deemed fair value)	<u>(449,386)</u>

**2. REVERSE ACQUISITION ACCOUNTING (continued)**

**(c) Restructuring and relisting costs:**

\$

Excess of consideration provided over the fair value of net liabilities at the date of acquisition, being group restructuring and relisting costs, recorded in the statement of profit or loss and other comprehensive income

7,359,069

**3. SEGMENT REPORTING**

The Group operates predominately in the mobile banking, payment and remittance industry. For management purposes, the Group is organised into one main operating segment being the mobile banking, payment and remittance business. All of the Group's activities are inter-related and discrete financial information is reported to the Board (Chief Operating Decision Maker) as a single segment. Accordingly, all significant operating decisions are based upon analysis of the Group as one segment. The financial results from this segment are equivalent to the financial results of the Group as a whole.

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
<b>4. EARNINGS/(LOSS) PER SHARE</b>		
Basic and diluted loss per share (cents per share)	(1.4)	(0.1)

The loss and weighted average number of ordinary shares used in the calculation of basic earnings per share is as follows:

Loss for the year	(8,797,978)	(400,251)
Weighted average number of shares outstanding during the year used in calculations of basic loss per share:	639,387,743	300,410,880

There is no dilution of shares due to options as the potential ordinary shares are not dilutive and are therefore not included in the calculation of diluted loss per share.

**5. RESULT FOR THE YEAR**

**Administration costs**

**Administration cost comprise:**

- Audit fees	25,833	4,000
- Consulting fees	109,704	-
- Depreciation and amortisation	28,229	-
- Directors' fees and consulting remuneration	523,163	89,500
- Employee expenses	325,252	-
- Insurance	12,317	-
- Investor relations	188,334	-
- Licence fees and royalties	106,221	140,735
- Start-up expenses	-	99,015
- Sundry expenses	173,283	70,268
	<u>1,492,336</u>	<u>403,518</u>

5. RESULTS FOR THE YEAR (continued)

Finance costs

Financial liabilities measured at amortised cost:

- Interest on convertible notes	26,180	7,722
	<u>26,180</u>	<u>7,722</u>

Finance costs includes all interest-related expenses, other than those arising from financial assets at fair value through profit or loss. The following amounts have been included in the finance costs line in the statement of profit or loss and other comprehensive income for the reporting periods presented:

6. SHARE BASED PAYMENT

The Company issued 2,000,000 shares to Mr Leigh Ryan, a director of the Company, under the terms of Leigh Ryan's employment contract with Chrysalis Resources Limited. Under this contract, performance shares previously issued vested upon the takeover of the Company.

A value of \$40,000 was ascribed to these shares, based on the issue price of \$0.02 per share in accordance with the prospectus (see note 2 for further details and notes 14 and 15 for transactions involving key management personnel).

7. INCOME TAX

(a) Income tax recognised in profit/loss

No income tax is payable by the company entities as it recorded a loss for income tax purposes for the period.

(b) Numerical reconciliation between income tax expense and the loss before income tax.

The prima facie income tax benefit on pre-tax accounting loss from operations reconciles to the income tax expense in the financial statements as follows:

	2016 \$	2015 \$
Accounting loss before tax	(8,797,978)	(400,251)
Add: restructuring / relisting expenses	7,359,069	-
	<u>(1,438,909)</u>	<u>(400,251)</u>
Income tax benefit at 28.5% (2015: 30%)	410,089	120,075
Unrecognised tax losses	<u>(410,089)</u>	<u>(120,075)</u>
Income tax benefit attributable to loss from ordinary activities	<u>-</u>	<u>-</u>

(c) Unrecognised deferred tax balances

Tax losses at 28.5% (2015: 30%)	(531,867)	(140,039)
<b>Deferred tax asset not booked</b>		
Accrued liabilities	(13,860)	(1,200)
Prepayments	2,681	-
Intangible assets	(40,227)	50,813
Blackhole deductions	<u>(21,248)</u>	<u>(29,822)</u>
<b>Net unrecognised deferred tax (asset) / liability at 28.5% (2015: 30%)</b>	<u>(604,521)</u>	<u>(120,249)</u>

A deferred tax asset attributable to income tax losses has not been recognised at balance date as the probability criteria disclosed in Note 1(j) is not satisfied and such benefit will only be available if the conditions of deductibility also disclosed in Note 1(j) are satisfied.

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
<b>8. CASH AND CASH EQUIVALENTS</b>		
Cash at bank	2,097,761	155,666
	<u>2,097,761</u>	<u>155,666</u>

Cash at bank earns interest at floating rates based on daily bank deposit rates.

**(a) Reconciliation to Cash Flow Statement**

For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand and at bank.

Cash and cash equivalents as shown in the cash flow statement are reconciled to the related items in the balance sheet as follows:

Cash and cash equivalents	<u>2,097,761</u>	<u>155,666</u>
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**(b) Reconciliation of loss after income tax to net cash flows from operating activities:**

Loss for the year	(8,797,978)	(400,251)
Non cash-flow items in loss for the year:		
- Interest accrued on convertible notes	26,180	7,196
- Depreciation / assets written off	28,229	13
- Share based payment in employee benefits expense	40,000	-
- Restructuring / relisting expense	7,359,069	-
Changes in operating assets and liabilities:		
- (Increase) in other assets	12,901	(26,532)
- Decrease in trade and other payables	(67,807)	24,488
- Increase in income taxes payable	-	831
Cashflow used in operating activities	<u>(1,399,406)</u>	<u>(394,255)</u>

**9. OTHER ASSETS**

**Current:**

GST receivable	27,441	24,290
Advances to employees	-	1,034
Deposit	-	1,095
Prepayments	9,406	113
	<u>36,847</u>	<u>26,532</u>

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
<b>10. INTANGIBLE ASSETS</b>		
Opening balance at beginning of the period	169,375	-
Additions	-	169,375
Amortisation for the year	(28,229)	-
At 30 June, net of accumulated amortisation	<u>141,146</u>	<u>169,375</u>
At cost	169,375	169,375
Accumulated amortisation	(28,229)	-
At 30 June, net of accumulated amortisation	<u>141,146</u>	<u>169,375</u>

Intangible assets comprise of the capitalisation of consulting fees paid to two directors in 2015 for securing the licences for the Group.

**11. TRADE AND OTHER PAYABLES**

**Current:**

Sundry payables and accrued expenses	146,750	25,319
	<u>146,750</u>	<u>25,319</u>

**12. BORROWINGS**

**Current:**

*Unsecured liabilities*

Loans	500,000	500,000
Accrued interest	33,377	7,196
Conversion to shares	(533,377)	-
	<u>-</u>	<u>507,196</u>

In May 2015, Peppermint Technologies Limited entered into loan agreements with shareholders for loans totalling \$500,000. Under the loan agreements, interest accrues at a fixed rate of 12% per annum. The loans plus the accrued interest were converted to 1,923,077 fully paid ordinary shares in Peppermint Technology Limited (formerly Peppermint Innovation Limited) before the reverse takeover, which resulting in these 1,923,077 shares being exchanged for 50,000,000 shares (see notes 2 and 13).

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
<b>13. CONTRIBUTED EQUITY</b>		
Paid up capital – ordinary shares	11,578,263	220,903
Capital raising costs	(251,030)	-
	<u>11,327,233</u>	<u>220,903</u>

**(a) Ordinary shares**

	<b>Number of shares</b>	<b>\$</b>
<b>30 June 2016 movements in share capital:</b>		
Balance at 1 July 2015	11,650,000	220,903
Shares issued (see note 12)	1,923,077	533,377
Elimination of Issued Capital on acquisition of subsidiary (i)	(13,573,077)	-
Existing Chrysalis Resources Ltd shares on acquisition (see note 2(a))	345,484,128	-
Issue of shares on acquisition of subsidiary (see note 2(a))	350,000,000	6,909,683
Issue of shares from capital raising (ii)	193,715,000	3,874,300
Share issue expenses	-	(251,030)
Share based payment (see note 6)	2,000,000	40,000
Balance at 30 June 2016	<u>891,199,128</u>	<u>11,327,233</u>

(i) On 4 December 2015, Peppermint Innovations Limited (formerly Chrysalis Resources Limited) acquired 100% of the share capital of Peppermint Technology Limited (formerly Peppermint Innovations Limited). Under Australian Accounting Standards, Peppermint Technology Limited was deemed to be the accounting acquirer in this transaction. The acquisition has been accounted for as a share based payment in which Peppermint Technology Limited acquires the net assets and listing status of Peppermint Innovations Limited (formerly Chrysalis Resources Limited).

(ii) The Company issued 193,715,000 at \$0.02 to raise \$3,874,300, before costs, under a re-compliance prospectus dated 16 October 2015 as part of a recapitalisation of the Company pursuant to a reverse takeover. Please see note 2 for further details.

The holders of ordinary shares are entitled to participate in dividends and the proceeds on winding up of the Company. On a show of hands at meetings of the Company, each holder of ordinary shares has one vote in person or by proxy, and upon a poll each share is entitled to one vote. The Company does not have authorised capital or par value in respect of its shares.

**13. CONTRIBUTED EQUITY (continued)**

**(b) Performance shares**

100,000,000 performance shares were issued to the shareholders of Peppermint Technology Limited (formerly Peppermint Innovation Limited) which convert to fully paid ordinary shares on the basis of one (1) performance share into one (1) fully paid ordinary share in the capital of the Company, upon the following milestones being achieved:

<b>Event/Milestone</b>	<b>Number of Shares</b>
Milestone 1: the Company or its subsidiaries generating cumulative revenue of \$15,000,000 from the Mobile Banking Payments Remittance Business (MBPRB) by 20 May 2020	50,000,000
Milestone 2: the Company or its subsidiaries generating cumulative revenue of \$50,000,000 from the MBPRB by 20 May 2020	50,000,000
	<u>100,000,000</u>

No value has been allocated to the Performance Shares due to the significant uncertainty of meeting the two performance milestones which are based on future events.

As at 30 June 2016, none of the milestones of the performance shares had been achieved.

Refer to Note 2 for further information.

**(c) Restricted securities**

237,879,827 fully paid ordinary shares and 67,688,535 Performance Shares are restricted from being disposed of until 3 December 2017 and 72,124,463 fully paid ordinary shares are restricted from being disposed of until 3 December 2016 in accordance with the conditions imposed by the Australian Securities Exchange under the re-structuring and re-listing of the Company

**14. RELATED PARTIES**

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

**(a) The Group's main related parties are as follows:**

**(i) Key management personnel:**

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity are considered key management personnel.

For details of remuneration disclosures relating to key management personnel, refer to Note 15: Key Management Personnel Disclosures.

Other transactions with KMP and their related entities are shown below.

**(ii) Other related parties include close family members of key management personnel and entities that are controlled.**

Other related parties include close family members of key management personnel and entities that are controlled or significantly influenced by those key management personnel or their close family members.

**14. RELATED PARTIES (continued)**

**(b) Issue of shares under a reverse takeover**

During the 2016 year, the following directors were issued shares and performance shares in exchange for shares they owned in Peppermint Technologies Limited, which was the subject of a reverse takeover by the Company:

	<b>Shares</b>	<b>Performance Shares</b>
Christopher Kain	110,325,322	31,521,521
Anthony Kain	93,991,416	26,854,690
Matthew Cahill	6,437,768	1,839,362
Leigh Ryan	Nil	Nil

Refer to Note 2 for further information.

**(c) Subsidiaries**

All controlled entities are included in the consolidated financial statements. The parent entity does not guarantee to pay the deficiency of its controlled entities in the event of a winding up of any controlled entity.

<b>Name</b>	<b>Country of Incorporation</b>	<b>Principal Activity</b>	<b>% Equity interest 2016</b>	<b>% Equity interest 2015</b>
<u>Parent entities:</u>				
Peppermint Innovation Limited	Australia	Information technology	(i)	
Peppermint Technologies Pty Ltd	Australia	Information technology	(i)	
<u>Controlled entities:</u>				
Peppermint Technologies Pty Ltd	Australia	Information technology	100%	(i)
Peppermint Technologies, Inc	Philippines	Information technology	100%	100%
Zambian Copper Pty Ltd (ii)	Australia	Intermediate Holding Company	100%	Nil
Horizon Copper Zambia Limited	Zambia	Dormant	100%	Nil
Sedgwick Resources Limited (ii)	Zambia	Mineral exploration	100%	Nil

- (i) In 2015 the parent entity was Peppermint Technology Pty Ltd (formerly Peppermint Technology Limited). Upon completion of the reverse take-over of Chrysalis Resources Limited (see Note 2 for further details), Peppermint Innovation Limited became the parent entity.
- (ii) The Group also holds 100% of Sedgwick Resources Limited, a company incorporated in Zambia, which holds mineral exploration tenements and projects and its holding company, Zambian Copper Pty Ltd. The Group has ceased funding these company and all assets were impaired at the date of the reverse takeover on 4 December 2015.



	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
<b>15. KEY MANAGEMENT PERSONNEL</b>		
<i>Remuneration paid:</i>		
Short-term employee benefits	523,163	275,000
Post-employment benefits	-	-
Share-based payments	40,000	-
	<u>563,163</u>	<u>275,000</u>

Please see the Remuneration Report for further details.

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
<b>16. PARENT ENTITY INFORMATION</b>		
<b>(a) Information relating to Peppermint Innovation Limited, 2015 Peppermint Technology Pty Ltd</b>		
Current assets	2,582,273	170,100
Non-current assets	-	171,872
Total assets	<u>2,582,273</u>	<u>341,972</u>
Current liabilities	(102,880)	(24,030)
Non-current liabilities	-	(507,196)
Total liabilities	<u>(102,880)</u>	<u>(531,226)</u>
Net assets	<u>2,479,393</u>	<u>(189,254)</u>
Contributed equity	(10,572,953)	220,903
Accumulated losses	8,093,560	(410,157)
Total shareholders' equity	<u>2,479,393</u>	<u>(189,254)</u>
Loss for the parent entity	<u>8,093,560</u>	<u>(410,157)</u>
Total comprehensive income of the parent entity	<u>8,093,560</u>	<u>(410,157)</u>

**(b) Guarantees**

No guarantees have been entered into by the Company in relation to the debts of its subsidiaries.

**(c) Commitments**

Commitments of the Company as at reporting date are disclosed in note 17 to the financial statements.

**17. COMMITMENTS**

(a) Leases as lessee

The Group leases an office and office equipment. At 30 June, the future minimum lease payments under non-cancellable leases were payable as follows:

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
Less than 1 year	7,799	6,353
Between 1 and 5 years	-	-
More than 5 years	-	-
	<u>7,799</u>	<u>6,353</u>

(b) At 30 June 2016, the Group did not have any contractual commitments to capital expenditure not recognised as liabilities.

**18. CONTINGENT LIABILITIES**

The Group holds 100% of Sedgwick Resources Limited, a company incorporated in Zambia, which holds mineral exploration tenements and projects. The Group ceased funding this company and all assets were impaired at the date of the reverse takeover on 4 December 2015.

It is not known if any liabilities will arise from this entity.

**19. AUDITORS' REMUNERATION**

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
Amounts received or due and receivable by the auditors for:		
- Auditing or reviewing the financial report	38,500	4,000
- Less amount accrued to date of take-over	(12,667)	-
	<u>25,833</u>	<u>4,000</u>
- Other services	5,000	-
	<u>30,833</u>	<u>4,000</u>

**20. FINANCIAL RISK MANAGEMENT**

The Group's financial situation is not complex. Its activities may expose it to a variety of financial risks in the future: market risk (including currency risk and fair value interest rate risk), credit risk, liquidity risk and cash flow interest rate risk. At that stage the Group's overall risk management program will focus on the unpredictability of the financial markets and seek to minimise potential adverse effects on the financial performance of the Group.

Risk management is carried out under an approved framework covering a risk management policy and internal compliance and control by management. The Board identifies, evaluates and approves measures to address financial risks.

**20. FINANCIAL RISK MANAGEMENT (continued)**

The Group holds the following financial instruments:

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
<b>Financial Assets:</b>		
Cash and cash equivalents	2,097,761	155,666
	<u>2,097,761</u>	<u>155,666</u>
<b>Financial Liabilities:</b>		
Financial liabilities at amortised cost		
- Trade and other payables	146,750	25,319
- Borrowings	-	507,196
	<u>146,750</u>	<u>532,515</u>

**Financial risk management policies**

The Board of Directors has overall responsibility for the establishment of the Group's financial risk management framework. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. Mitigation strategies for specific risks faced are described below.

**Specific financial risk exposures and management**

The main risk the Group is exposed to through its financial instruments are interest rate risk, credit risk and liquidity risk.

**Interest rate risk**

The Group is not exposed to any material interest rate risk.

**Credit risk**

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group.

Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposure to wholesale and retail customers, including outstanding receivables and committed transactions.

The Group does not have any material credit risk exposure to any single receivable under financial instruments entered into by the Group.

**Liquidity risk**

Liquidity risk arises from the Group's management of working capital and the finance charges and principal repayments on its debt instruments. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due.

The Group manages its liquidity needs by carefully monitoring scheduled debt servicing payments for long-term financial liabilities as well as cash outflows due in day-to-day business.

## 20. FINANCIAL RISK MANAGEMENT (continued)

The Group's liabilities have contractual maturities which are summarised below:

	Within 1 year		1 to 5 years		Total	
	2016	2015	2016	2015	2016	2015
	\$	\$	\$	\$	\$	\$
Trade and other payables	146,750	25,319	-	-	146,750	25,319
Borrowings	-	507,196	-	-	-	507,196
Total	146,750	532,515	-	-	146,750	532,515

### Foreign currency risk

The Group earns revenues and incurs expenses on Philippines Pesos (Php). As such, the Group is subject to foreign exchange risk arising from fluctuations between the Php and AUD.

At 30 June 2016, the Group had the following exposure to Php foreign currency expressed in A\$ equivalents, which are not designated in cash flow hedges:

	2016	2015
	\$	\$
<b>Financial Assets:</b>		
Cash and cash equivalents	11,275	24,593
	11,275	24,593
<b>Financial Liabilities:</b>		
	-	-

### Capital Risk Management

The Group manages its capital to ensure that it will be able to continue as a going concern while maximising the return to shareholders. The capital structure of the Group consists of equity attributable to equity holders, comprising issued capital and retained earnings as disclosed in Note 13.

The Board reviews the capital structure on a regular basis and considers the cost of capital and the risks associated with each class of capital. The Group will balance its overall capital structure through new share issues as well as the issue of debt, if the need arises.

### Sensitivity analysis

The following table illustrates sensitivities to the Group's exposures to interest rates, exchange rates and equity prices:

Year ended 30 June 2016	Profit	Equity
	\$	\$
+/- 0% in interest rates	-	-
+/- 10% in \$A/Php	1,128	1,128
<b>Year ended 30 June 2015</b>	<b>Profit</b>	<b>Equity</b>
	\$	\$
+/- 0% in interest rates	-	-
+/- 10% in \$A/Php	2,459	2,459


**21. EVENTS AFTER THE BALANCE SHEET DATE**

There has not arisen in the interval between the end of the period and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Group, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group in future.

## DIRECTORS' DECLARATION

1. In the opinion of the Directors:
  - a) the financial statements and notes of the consolidated entity are 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 their performance for the year ended 30 June 2016; and
    - (ii) complying with Accounting Standards and Corporations Regulations 2001;
    - (iii) the financial statements and notes thereto are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board; and
  - b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
2. This declaration has been made after receiving the declarations required to be made to the Directors in accordance with Section 295A of the Corporations Act 2001 for the year ended 30 June 2016.

This declaration is signed in accordance with a resolution of the Board of Directors.

A handwritten signature in blue ink, appearing to read 'Christopher Kain', with a stylized flourish at the end.

**Christopher Kain**  
**Managing Director**

30 August 2016

**RSM Australia Partners**

8 St Georges Terrace Perth WA 6000  
GPO Box R1253 Perth WA 6844

T +61 (0) 8 92619100

F +61 (0) 8 92619111

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

**INDEPENDENT AUDIT REPORT  
TO THE MEMBERS OF  
PEPPERMINT INNOVATION LIMITED**

We have audited the accompanying financial report of Peppermint Innovation Limited, which comprises the statement of financial position as at 30 June 2016 and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration.

*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 is free from material misstatement, whether due to fraud or error. In Note 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 about 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 judgment, 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 and fair presentation of the financial report 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.

**THE POWER OF BEING UNDERSTOOD**  
**AUDIT | TAX | CONSULTING**

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### *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*, which has been given to the directors of Peppermint Innovation Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

### *Basis for Qualified Opinion*

As at 30 June 2016, the consolidated entity includes two controlled entities, Horizon Copper Zambia Limited and Sedgwick Resources Limited, in the Republic of Zambia, which had combined total assets of \$Nil and total liabilities of \$Nil. We were unable to obtain sufficient appropriate evidence about the completeness of liabilities and contingences within those two controlled entities because the directors of the company have been unable to obtain audited financial statements for the year ended 30 June 2016. Consequently, we were unable to determine whether any adjustments to these amounts were necessary.

### *Qualified Opinion*

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph:

(a) the financial report of Peppermint Innovation Limited is in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the company'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 report also complies with *International Financial Reporting Standards* as disclosed in Note 1.

### **Report on the Remuneration Report**

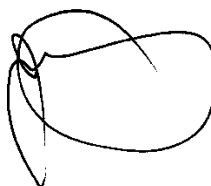
We have audited the Remuneration Report included within the directors' report for the year ended 30 June 2016. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility 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 Peppermint Innovations Limited for the year ended 30 June 2016 complies with section 300A of the *Corporations Act 2001*.



RSM AUSTRALIA PARTNERS



Perth, WA  
Dated: 30 August 2016

JAMES KOMNINOS  
Partner



## ASX ADDITIONAL INFORMATION

Additional information required by the Australian Stock Exchange Ltd and not shown elsewhere in this report is as follows. The information is current as at 13 July 2016.

### (A) DISTRIBUTION OF EQUITY SECURITIES

#### (i) Ordinary share capital

- 891,199,128 fully paid ordinary shares are held by 872 individual shareholders
- All issued ordinary shares carry one vote per share and carry the rights to dividends.  
The number of security holders by size of holding are:

		Fully paid ordinary shares
1	– 1,000	17
1,001	– 5,000	47
5,001	– 10,000	63
10,001	– 100,000	345
100,001	and over	400
		<hr/> 872 <hr/>
Holding less than a marketable parcel		<hr/> 255 <hr/>

#### (ii) Options

- No options were on issue.
- Options do not carry a right to vote.

### (B) SUBSTANTIAL SHAREHOLDERS

Ordinary shareholders	Fully paid	
	Number	Percentage
CHRISTOPHER KAIN	110,325,322	12.60
ANTHONY KAIN	93,991,416	10.73
EAGLE BRILLIANT HOLDINGS LTD	57,247,355	6.54
TIGER RESOURCES LIMITED	45,568,894	5.20
	<hr/> <b>307,132,987</b> <hr/>	<hr/> <b>35.07</b> <hr/>

## ASX ADDITIONAL INFORMATION (continued)

### (c) TWENTY LARGEST SECURITY HOLDERS

Ordinary shareholders	Fully paid	
	Number	Percentage
OHKA PTY LTD	110,325,322	12.60
CICAK PTY LTD	93,991,416	10.73
EAGLE BRILLIANT HOLDINGS LTD	57,247,355	6.54
TIGER RESOURCES LIMITED	45,568,894	5.20
THE TRUST COMPANY (AUSTRALIA) LIMITED <MOF A/C>	38,626,609	4.33
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	33,434,444	3.75
ALLGREEN HOLDINGS PTY LTD	20,000,000	2.24
TIMRIKI PTY LTD <TIMRIKI A/C>	16,052,954	1.80
TIMRIKI PTY LTD	15,000,000	1.68
FIDELITY MANAGEMENT PTY LTD	14,163,093	1.59
OCCASIO HOLDINGS PTY LTD <OCCASIO UNIT A/C>	13,750,000	1.54
ENERGY US PTY LTD	10,300,429	1.16
MR GRAHAM WILLIAM WALDON + MRS BARBARA ELIZABETH WALDON <NODLAW INV EMPLOYEES S/F A/C>	10,090,000	1.13
PADSTOCK LIMITED	10,000,000	1.12
MR ADRIAN PAUL + MS NOELENE PAUL <ZME SUPERANNUATION FUND A/C>	10,000,000	1.12
MR ADRIAN STEPHEN PAUL	9,450,004	1.06
ICE COLD INVESTMENTS PTY LTD <G & J BROWN SUPER FUND A/C>	8,100,000	0.91
GREATSIDE HOLDINGS PTY LTD	7,900,000	0.89
MR DAVID NASIR YUSOFF	6,750,000	0.76
MR GARY WAYNE WATKINS + MRS DEBRA DOREEN WATKINS <THE WATKINS INVESTMENT A/C>	6,715,000	0.75
	<b>532,315,305</b>	<b>59.73</b>

### (D) HOLDERS OF OVER 20% OF UNLISTED SECURITIES

Performance Shares	Number	Percentage
OHKA Pty Ltd	30,785,776	30.79
Cicak Pty Ltd	26,118,945	26.12
Holders of less than 20% each	43,095,279	56.90
	<b>100,000,000</b>	<b>100.00</b>