



(ACN 125 931 964)

**Annual Financial Report**  
for the Year Ended 30 June 2018

**Index**

Corporate Information	2
Directors' Report	3
Auditor's Independence Declaration	13
Remuneration Report	14
Corporate Governance Statement	21
Statement of Profit or Loss and Other Comprehensive Income	29
Statement of Financial Position	30
Statement of Cash Flows	31
Statement of Changes in Equity	32
Notes to the Financial Statements	33
Directors' Declaration	56
Independent Auditor's Report	57
ASX Additional Information	60

## 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 Rod Tasker  
Non-executive Director

### Company Secretary

Mr Anthony Kain

### Registered Office

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### Web Address

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### Auditors

RSM Australia Partners  
Level 32  
2 The Esplanade  
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

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Fax: +61 8 9323 2033

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

### ASX Code:

PIL

## Directors' Report

Your Directors submit the financial report of Peppermint Innovation Limited (the Company or Peppermint), and the entities it controlled (the Group), for the year ended 30 June 2018.

### 1. Directors

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

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

**Experience**

Mr Anthony Kain (*BJuris, LLB*)  
*Chairperson*  
*Executive Director*  
*Company 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 practiced company director with over 17 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 18 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

### Experience and special responsibilities

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 over 30 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:

- Alchemy Resources 1 January 2017 to present

Rod Tasker, (*BA BSc Grad Dip Banking and Finance*)  
*Independent Non-executive Director*  
 appointed 28 September  
 2016

Rod consults in strategic management and innovative solution delivery in the banking and finance industry, especially payment services and electronic banking.

In addition to consulting, Rod has worked in venture capital, start-ups and mainstream banking (ANZ and WBC).

He has been at the forefront of developments in payment services for three decades, spanning cards, EFTPOS, ATM, cheques, cash, mobile, internet, crypto-currency, wallets, direct debit/credit, RTGS, SWIFT, trade finance. Rod has worked on consumer, business and government payment services, in Australia and abroad.

Directorships in the past 3 years: None

## 2. Company Secretary

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

## 3. Directors' Meetings

The number of meetings of Directors held during the financial year 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	5	5
Christopher Kain	5	5
Matthew Cahill	5	5
Leigh Ryan	5	3
Rod Tasker	5	4

## Directors' Report (continued)

### 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.

The Peppermint Platform is currently operated in the Philippines. Peppermint has a particular focus on the developing world (starting with the Philippines) and on providing an attractive tool to the unbanked and underbanked 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

#### Overview for the year

Highlights for the year were:

- Online international remittance business from Australia, Bizmoto, launched;
- Agent network in the Philippines, also branded Bizmoto, launched;
- \$1.3m placement with strategic investors;
- Service provider agreement signed with MASS-SPECC, the largest cooperative federation in the Philippines;
- Agreement signed with CHMF, the Philippines first health management organisation, to develop and automate its organisational process with a mobile application tool and web tool;
- Agreement signed with Sante Barley to provide its 200,000 agents across the Philippines with use of the Peppermint Platform; and
- Pilot programs for MyWeps, MetroGas and SUNMar completed.

The activities for the year are reflected in Peppermint's revenues and cash receipts, which are presented on a quarterly basis in the table below:

<i>\$'000s per quarter</i>	<b>Sep 2017</b>	<b>Dec 2017</b>	<b>Mar 2018</b>	<b>Jun 2018</b>
Revenue	327	351	98	112
Cash receipts	331	329	190	111

Revenue is recognised on an accrual basis (income is recorded when it occurs, regardless of whether or not cash has actually been received) and cash receipts are presented on a cash basis (transactions are recorded when cash is received). The differences were most pronounced in the March 2018 quarter which saw a pivotal switch away from bank business to non-bank business.

Over the year business focus has increased on non-bank business, consistent with one of Peppermint's objectives of providing payment solutions to the unbanked. This was accelerated by two bank customers installing their own in-house internet and mobile banking systems, and accordingly revenues and cash receipts declined with services being reduced to these two bank customers. This can be seen in the March 2018 quarter relative to the December 2017 quarter.

## Directors' Report (continued)

### 5. Operating and financial review (continued)

The decline in revenue from banks was partly offset by revenues commencing to be generated from non-bank channels following the completion of pilot programmes in the first part of the fiscal year. Pilots were run with MyWeps, SunMAR, Sante Barley and Metro Gas, and have progressed to commercial launch. Plus, Peppermint launched its own agent network, Bizmoto. These initiatives are less mature than was the case for the bank business and training and marketing resources are now being dedicated to drive transactions through these platforms with the goal of increasing revenue.

#### *Bizmoto*

May 2018 marked a significant milestone with the launch of an online international remittance business in Australia, Bizmoto, which allows money to be transferred from Australia to the Philippines and is focused on enabling ex-pat Filipinos living in Australia and their affiliates to easily transfer money back to family and friends who are living in the Philippines.

The Group launched its own agent network in the Philippines, also branded Bizmoto, to provide customers in the Philippines with mobile bill payment and prepaid mobile phone (eLoad) services. Our direct selling multi-level marketing network of agents operate under the same brand as our online remittance business portal, Bizmoto.

Our new network of agents are trained in Peppermint's proprietary non-bank payment platform which delivers services for mobile banking, mobile Eload, bill/product payment and money transfers and will deliver these services to Filipino customers via the new Bizmoto mobile phone app. The app gives Bizmoto's network of agents the flexibility to visit customers in their own environment making it a convenient way for Filipino's to transact.

Bizmoto translates to "Your Business" in Filipino language.

#### *Pilots programs to field test the Peppermint Platform in the Philippines*

Pilot programs to test the Peppermint Platform commenced in the June 2017 quarter and concluded in early December 2017. The programs were undertaken to test the platform and highlighted several things in relation to the suitability of the agent platforms we are piloting with such as on-ground practical issues the agent networks face as they move with the Peppermint platform to offer convenient and secure mobile payment services in the Philippine market place.

The pilot programs included training third party agents, developing marketing programs and continual liaison with appropriate regulatory bodies in advance of commercial deployment. The pilots addressed real financial inclusion issues faced by the population of the Philippines.

What we learnt while undertaking the pilot program was important, necessary and invaluable on the road to full commercialisation of the mobile solution we offer.

Following the conclusion of the pilot programs the bill payments and eLoad service offering has entered the early stages of commercial production.

#### *MyWeps mobile remittance pilot*

MyWeps remittance agents tested remittance, bill payment and buying prepaid mobile phone services (eLoad) via the Peppermint Platform. The pilot took place across the National Capital Region of the Philippines, key regional areas and six specific municipalities in provinces that were identified as marginalised or underserved by the Filipino central bank, the Bangko Sentral ng Pilipinas (BSP).

Following the conclusion of the pilot program MyWeps is now awaiting review from the Filipino central bank.

#### *Metro Gas mobile bill payments pilot*

The Metro Gas pilot program concluded successfully with pleasing results which established system functionality and user interface. The pilot program saw 50 delivery personnel from the Metro Gas Company offering their customers the option to pay household bills using the Peppermint Platform at the time of an LPG delivery.

## Directors' Report (continued)

### 5. Operating and financial review (continued)

The pilot helped us identify improvements to user friendly functionality and highlighted practical problems - such as ensuring the agent can address a decision maker in the house when delivering product to the household rather than an assistant who does not have the authority to dispense funds at the time of delivery.

We took an active role alongside Metro Gas promoting marketing strategies to address such problems and to drive customer use of the innovative mobile bill payment service. We aim to establish a successful marketing campaign before looking to proceed to commercial production in the coming months.

#### SUNMar Express pilot

The SUNMar Express pilot allowed participating SUNMar agents with the opportunity to field test the Peppermint Platform to provide mobile bill payment and prepaid mobile phone (eLoad) services to their customers.

To date the work with SUNMar has highlighted customer adoption matters which are being addressed and resolved, along with the issues caused by the focus of the SUNMar operations in the southern Philippines.

This is an area serviced by utilities companies not necessarily connected to Bayad Centre, who we are working now with separately to on-board. This will underpin agent and customer use of the SUNMar bill payment service powered by Peppermint and we look forward to increased usage of the service as new and regional appropriate billers are on-boarded to the Peppermint platform. SUNMar Express Global Services Inc. (SUNMar) has over 14,000 agents in the Philippines and we have noticed rapid growth in the use of this service from a zero base.

#### SANTE Barley – League Pay App

A pilot program to test our League Pay App commenced during the second quarter with full scale commercial production of the League Pay App rolled out 22 January 2018 with SANTE Barley.

League Pay allows SANTE Barley's network to accept money from their customers who want to pay household bills, buy eLoad (mobile phone air time) and pending regulatory approval, provide money transfer or remittance services.

Under the terms of the contract, Peppermint and SANTE Barley will receive a fee each time a transaction takes place.

SANTE Barley is one of the fastest growing distribution networks in the Philippines with approx. 200,000 direct members, business partners and business branches and we hope to stimulate growth with this big network through the development and application of the Bizmoto App by our own agent network.

#### CHMF agreement

During the first quarter an agreement was signed with the Cooperative Health Management Federation (CHMF) to automate its payment processes, and to support CHMF providing mobile financial services, including micro health insurance products and services. Established in July 2014, CHMF has grown into a significant cooperative health service provider servicing seventy- three (73) member-cooperatives and eighteen thousand (18,000) enrollees in the CHMF healthcare plan.

#### Provider agreement with MASS-SPECC

We announced during March 2017 that we had signed a service provider agreement with the largest cooperative federation in the Philippines, MASS-SPECC (The Mindanao Alliance of Self-Help Societies – Southern Philippines Educational Cooperative Center). To assist MASS-SPECC manage its funds management process for the Philippines Government's Conditional Cash Transfer (CCT) Program we will develop a Mobile Financial Services App and web tool.

Under the terms of the service agreement the technology will allow MASS-SPECC to effectively monitor and manage its distribution of funds for CCT activities and allow MASS-SPECC to facilitate CCT services in other areas.



## Directors' Report (continued)

### 5. Operating and financial review (continued)

#### MOU with CredoLab

During February 2018 we entered a MOU with Singapore based risk management firm CredoLab to explore opportunities to provide real time credit scoring for unbanked and banked Filipino customers to access microfinance and microinsurance services. With the view to enter a JV to improve financial access for the 70% of Filipinos who do not operate a bank account.

#### Tier 1 bank upgraded mobile banking App

During the March quarter we launched our upgraded mobile banking App for UCPB, a tier one bank in the Philippines. The new App provides access to bank accounts via a mobile phone, allowing customers to perform transactions including paying bills, transferring funds, obtaining account balances and purchasing mobile air time. The upgraded App makes usage easier for customers, allowing functionality to save transaction details such as bill payment reference numbers and allows users to locate the nearest UCPB branch or ATM.

#### Australian International Remittance Business

We announced during mid-March that we had signed an exclusive option to acquire Australian based international remittance business AusRemit Pty Ltd (trading as RemitWisely). Under the acquisition agreement terms, subject to due diligence, we have the exclusive rights to acquire 100% of AusRemit shares for a purchase price comprising 50 per cent Peppermint shares and 50 per cent cash. The transaction did not proceed.

#### Bank Partners

The legacy business in place with Philippine Banks is evolving in line with internal bank policies and requirements to bring ownership of this valuable facility in house while we work with the banks to provide new and innovative services in addition to the basic white label App.

Philippine Banks currently use the mobile banking and payments platform powered by Peppermint as a white label App service offering.

In the March 2018 quarter, services ceased being provided to two of the Company's former Tier 1 bank customers due to the particular internal policies and requirements of these banks to bring ownership in-house. We are continuing discussions with our banking partners about more strategic partnerships to deliver innovative fintech services to the people of the Philippines or support certain functionality of their own in-house mobile banking Apps that are rolling out.

#### UCPB agreement

We signed a five-year agreement during the July Quarter to provide internet payment gateway services for UCPB customers. UCPB is an existing customer who currently uses the Peppermint Platform to provide mobile banking services to their account holders and this new agreement extends Peppermint's services to UCPB.

#### Corporate

During the September quarter 32.5m shares were issued at 2 cents per share raising \$650,000 in a private placement of 50m shares, the remaining \$350,000 issued at 2 cents per share were then placed with strategic investor Smidge Digital Unit Trust to complete the placement agreement for \$1m.

During April 2018 we announced an agreement with Smidge Digital Trust to place shares to the value of \$1 million to strategic investors. The \$1m placement with Smidge Digital Unit Trust was restructured during April 2018 with subscriptions for first tranche of the new placement received by the company and with Smidge subscribing for the issue of 23,333,334 shares at a price of 3 cents per share to complete the second tranche of the placement. \$300,000 was raised from the issue of 10 million shares and \$160,000 was advanced prior to 30 June 2018 as part of a \$700,000 placement announced on 2 August 2018.

## Directors' Report (continued)

### 5. Operating and financial review (continued)

#### Shareholder returns

	2018	2017	2016	2015
Net loss for the year	(1,743,348)	(1,599,598)	(8,797,978)	(400,251)
Earnings per share (cents)	(0.2)	(0.2)	(1.4)	(0.1)
Net assets	(5,103)	539,196	2,129,004	(179,348)
Share price	\$0.025	\$0.009	\$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

The main expense item for the Company is its human resources, which have continued to focus on the Company's three business lines:

1. Non-bank Payments Platform;
2. Bank Mobile Banking and Payments Platform; and
3. Australian Outbound Remittance Business.

All areas are expected to grow with continued product development over the year, however, it is noted that Bank Mobile Banking and Payments Platform business line is expected to represent a small portion of the Company's business in coming years as the Non-bank Payments Platform and Australian Outbound Remittance Business are expected to grow at a faster pace than the Bank Mobile Banking and Payments Platform.

#### Review of financial condition

The Company had \$242k cash at bank as at 30 June 2018, and is now working with strategic partners with respect to future funding to ensure it is sufficiently funded to continue to execute its growth strategy and operational plans for the coming year.

#### 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 financial year and the Directors do not recommend the payment of a dividend in respect of the financial year.

### 7. Significant events after balance date

Subsequent to reporting date 23,333,334 fully paid ordinary shares were issued at 3 cents per share raising \$700,000, inclusive of \$160,000 recorded as a current liability at 30 June 2018, and 10,000,000 options vested.

Apart from the items above, there has not arisen in the interval between the end of the financial year 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.

## Directors' Report (continued)

### 8. Likely developments

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

Over the coming year Peppermint is aiming to continue to add additional white labelled payment partners to continue to diversify and build revenue streams, and in parallel Peppermint is building its own agent network in the Philippines, plus proceed to the commercial launch of its Australian outbound international remittance business for which testing has recently been completed.

### 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
Leigh Ryan	3,000,000	-
Rod Tasker	1,000,000	-

### 11. Share options

On 12 March 2018, the following performance options were issued:

Number	Exercise Price	Vesting Condition
10,000,000	\$0.03	Options to acquire fully paid ordinary shares at 3 cents each, which shall vest when the optionholder successfully raises between \$2 million and \$5 million for the Company pursuant to an engagement letter (which either party may terminate with 1 month notice) (Capital Raising), which are exercisable after the 30 day volume weighted average price of fully paid ordinary shares exceeds 5 cents.
10,000,000	\$0.03	Options to acquire fully paid ordinary shares at 3 cents each, which shall vest 2 months after the Capital Raising, which are exercisable after the 30 day volume weighted average price of fully paid ordinary shares exceeds 10 cents.
10,000,000	\$0.05	Options to acquire fully paid ordinary shares at 5 cents each, which shall vest 4 months after the Capital Raising, which are exercisable after the 30 day volume weighted average price of fully paid ordinary shares share price exceeds 15 cents.
10,000,000	\$0.05	Options to acquire fully paid ordinary shares at 5 cents each, which shall vest 6 months after the Capital Raising, which are exercisable after the 30 day volume weighted average price of fully paid ordinary shares share price exceeds 20 cents.

Options not exercised within 24 months of the Capital Raising will automatically lapse.

As at the date of this report, the Capital Raising had occurred and 10,000,000 options had vested.

## Directors' Report (continued)

### 11. Share options (continued)

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

At the date of this report, 10,000,000 unissued shares of the Company were under option and a further 30,000,000 were subject to vesting periods of two, four and six months in tranches of 10,000,000.

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. Performance shares

No shares were issued as a result of the achievement of performance hurdles.

At the date of this report, 100,000,000 performance shares 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 were on issue:

<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
	100,000,000

As at 30 June 2018, none of the milestones of the performance shares had been achieved.

Performance shares 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 achievement of performance hurdles.

### 13. 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.

## **Directors' Report (continued)**

### **14. Auditor Independence and Non-Audit Services**

The auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this Directors' Report.

### **15. Non-Audit Services**

The directors are of the opinion that the services as disclosed in Note 17 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

### **16. 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**

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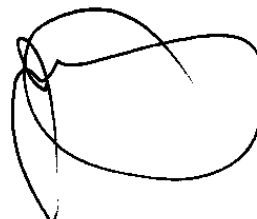
[www.rsm.com.au](http://www.rsm.com.au)**AUDITOR'S INDEPENDENCE DECLARATION**

As lead auditor for the audit of the financial report of Peppermint Innovation Limited for the year ended 30 June 2018 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.



RSM AUSTRALIA PARTNERS

JAMES KOMNINOS  
PartnerPerth, WA  
Dated: 30 August 2018

## Directors' Report (continued)

### Remuneration report (audited)

This remuneration report for the financial year ended 30 June 2018 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.

#### 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
Mr Leigh Ryan	Non-Executive Director, appointed 4 December 2015
Mr Rod Tasker	Non-Executive Director, appointed 28 September 2016

#### (ii) Executives

None

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)

#### 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; 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 2018 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.

## Directors' Report (continued)

### Remuneration report (audited) (continued)

#### *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.

##### *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 during the year.

#### *Voting and comments made at 2017 Annual General Meeting*

All resolutions at the 2017 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 2018

<b>Directors</b>	<b>Salary &amp; Fees</b>	<b>Non-monetary benefits (iii)</b>	<b>Post employment benefits</b>	<b>Share-based payments</b>	<b>Total</b>	<b>Performance Related</b>
Mr Anthony Kain	200,000	6,972	19,000	-	225,972	-
Mr Christopher Kain	265,000	9,238	25,175	-	299,413	-
Mr Matthew Cahill (i)	65,550	2,178	2,850	-	70,578	-
Mr Leigh Ryan	30,000	1,046	2,850	-	33,896	-
Mr Rod Tasker (ii)	112,500	3,672	2,850	-	119,022	-
<b>Totals</b>	<b>673,050</b>	<b>23,106</b>	<b>52,725</b>	<b>-</b>	<b>748,881</b>	<b>-</b>

*Compensation is stated on an accruals basis.*

- (i) Includes remuneration via Digital Domain Consulting, a business in which he holds a beneficial interest.
- (ii) Includes remuneration via Adapts Pty Ltd, a business in which he holds a beneficial interest.
- (iii) Comprises of directors and officers' insurance.

## Directors' Report (continued)

### Remuneration report (audited) (continued)

Year ended 30 June 2017

Directors	Salary & Fees	Non-monetary benefits (vii)	Post-employment benefits	Share-based payments	Total	Performance Related
Mr Anthony Kain (i)	190,000	5,345	9,500	-	204,845	-
Mr Christopher Kain (ii)	252,500	7,102	12,588	-	272,190	-
Mr Matthew Cahill (iii)	67,750	1,853	1,425	-	71,028	-
Mr Leigh Ryan (iv)	31,425	880	1,425	-	33,730	-
Mr Rod Tasker (v)	90,000	2,449	1,425	13,000	106,874	-
Mr Vincent Power (vi)	21,300	571	-	-	21,871	-
<b>Totals</b>	<b>652,975</b>	<b>18,200</b>	<b>26,363</b>	<b>13,000</b>	<b>710,538</b>	<b>-</b>

*Compensation is stated on an accruals basis.*

- (i) Until 31 December 2016 Anthony Kain was remunerated via Cicak Pty Ltd, a company of which he is a director and shareholder.
- (ii) Until 31 December 2016 Christopher Kain was remunerated via Ohka Pty Ltd, a company of which he is a director and shareholder.
- (iii) Includes remuneration via Digital Domain Consulting, a business in which he holds a beneficial interest.
- (iv) Until 31 December 2016 Leigh Ryan was remunerated via Spatial Data Services, a business in which he holds a beneficial interest.
- (v) Includes remuneration via Adapts Pty Ltd, a business in which he holds a beneficial interest.
- (vi) Vincent Power resigned from the board of directors on 14 September 2016.
- (vii) Comprises of directors and officers' insurance.

#### C. Service agreements

##### *Agreements with Executives*

The Company entered into employment contracts with Christopher Kain (as Chief Executive Officer / Managing Director) and Anthony Kain (as General Counsel and Company Secretary).

The material terms of the employment agreements are as follows:

- (a) Remuneration:
  - i. *Anthony Kain* - \$200,000 per annum plus statutory superannuation (currently 9.5%); and
  - ii. *Christopher Kain* - \$265,000 per annum plus statutory superannuation (currently 9.5%).
- (b) Annual review: performance reviewed on an annual basis with the possibility of a performance and CPI based remuneration adjustments.
- (c) Termination: either party may give the other 12 months' notice, in which the case the Company may make a payment in lieu of notice. In the event of misconduct, the Company may terminate employment without notice.
- (d) Standard employment terms and conditions.

## Directors' Report (continued)

### Remuneration report (audited) (continued)

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

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

- (a) Director's fees: director's fees at the rate of \$30,000 per annum plus superannuation together with:
  - an entitlement to fees or other amounts in relation to special duties or service performed outside the scope of ordinary employment as a director; and
  - 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, adjusted when on holiday.
- (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 director agreements with Leigh Ryan and Rod Tasker. The material terms of the agreement are as follow:

- (a) Director's fees: director's fees at the rate of \$30,000 per annum plus superannuation together with:
  - an entitlement to fees or other amounts in relation to special duties or service performed outside the scope of ordinary employment as a director;
  - 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.

In addition, the Company pays Adaps IT Pty Ltd (an entity controlled by Rod Tasker) a monthly consulting fee of \$7,500 plus GST, adjusted when on holiday.

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

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

- |             |   |
|-------------|---|
| <b>2018</b> | No shares nor options were granted as compensation during the 2018 year.  |
| <b>2017</b> | 1,250,000 shares were granted as remuneration in 2017.<br>No options were granted as compensation during the 2017 year. |

## Directors' Report (continued)

### Remuneration report (audited) (continued)

#### E. Performance Shares of key management personnel

<b>30 June 2018</b>	<b>Balance at start of the financial year</b>	<b>Granted as remuneration</b>	<b>Performance hurdle achieved</b>	<b>Net change other</b>	<b>Balance at the end of financial year</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 Leigh Ryan	-	-	-	-	-
Mr Rod Tasker	-	-	-	-	-
<b>Totals</b>	<b>60,215,573</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>60,215,573</b>

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

<b>30 June 2018</b>	<b>Balance at start of the financial year</b>	<b>Granted as remuneration</b>	<b>On exercise of options</b>	<b>Acquisitions / (Disposals)</b>	<b>Balance at the end of financial year</b>
<b>Directors</b>					
Mr Anthony Kain	93,991,416	-	-	-	93,991,416
Mr Christopher Kain	110,325,322	-	-	-	110,325,322
Mr Matthew Cahill	6,437,768	-	-	-	6,437,768
Mr Leigh Ryan	3,000,000	-	-	-	3,000,000
Mr Rod Tasker	1,000,000	-	-	-	1,000,000
<b>Totals</b>	<b>214,754,506</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>214,754,506</b>

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

Apart from reimbursements for expenses paid on behalf of the Company and the Group, director and fees paid directly or indirectly to director related entities, there were no transactions or balances with KMP during the year ended 30 June 2018 (2017: Nil).

END OF THE REMUNERATION REPORT

Signed in accordance with a resolution of the Directors:



**Christopher Kain**

**Managing Director**

Perth, 30 August 2018

## 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 financial year. 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.

#### ***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.

35% of the Group's employees are females, and the Chief Operating Officer of the Company based in the Philippines is a female.

## CORPORATE GOVERNANCE STATEMENT (continued)

### ***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 2018, 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.

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 Leigh Ryan	Non-Executive Director
Mr Rod Tasker	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 4 years, 1 month
Mr Christopher Kain	Appointed 24 July 2014 (inception), tenure 4 years, 1 month
Mr Matthew Cahill	Appointed 24 July 2014 (inception), tenure 4 years, 1 month
Mr Leigh Ryan	Appointed 4 December 2015, tenure 2 year, 9 months
Mr Rod Tasker	Appointed 28 September 2016, tenure 1 year, 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. 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 a suitably qualified additional independent Non-Executive Director to Chair the Company.

### ***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 2018, 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.

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.

#### *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.

## CORPORATE GOVERNANCE STATEMENT (continued)

### ***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 2018, 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 2018**

	Note	Consolidated 2018 \$	2017 \$
Revenue	4	887,981	1,007,474
Cost of sales		(660,937)	(809,249)
Gross profit		227,044	198,225
Other income	4	20,454	41,077
Administration expenses	4	(1,982,753)	(1,821,853)
Finance costs	4	(93)	(797)
Impairment	5(a)	(8,000)	-
Share based payment expense	5	-	(16,250)
<b>(Loss) before income tax</b>		(1,743,348)	(1,599,598)
Income tax expense	6	-	-
<b>(Loss) for the year</b>		(1,743,348)	(1,599,598)
<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>		(1,743,348)	(1,599,598)
<b>(Loss) for the year attributable to members of the parent entity</b>		(1,743,348)	(1,599,598)
<b>Total comprehensive (loss) for the year attributable to members</b>		(1,743,348)	(1,599,598)
Basic and diluted loss per share (cents per share)	3	(0.2)	(0.2)

The accompanying notes form part of these financial statements

## STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2018

	Note	<b>Consolidated</b>	
		<b>2018</b>	<b>2017</b>
		\$	\$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	7	241,793	428,439
Trade and other receivables	8	67,626	65,649
Inventory		2,852	22,807
<b>Total Current Assets</b>		<u>312,271</u>	<u>516,895</u>
<b>NON-CURRENT ASSETS</b>			
Intangible assets	9	28,229	84,687
<b>Total Non-Current Assets</b>		<u>28,229</u>	<u>84,687</u>
<b>TOTAL ASSETS</b>		<u>340,500</u>	<u>601,582</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	10	114,534	37,349
Provisions		71,069	25,037
Funds received in advance of the issue of shares	10	160,000	-
<b>Total Current Liabilities</b>		<u>345,603</u>	<u>62,386</u>
<b>TOTAL LIABILITIES</b>		<u>345,603</u>	<u>62,386</u>
<b>(NET LIABILITIES) / NET ASSETS</b>		<u>(5,103)</u>	<u>539,196</u>
<b>EQUITY</b>			
Issued capital	11	12,536,072	11,337,023
Accumulated losses		(12,541,175)	(10,797,827)
<b>TOTAL EQUITY</b>		<u>(5,103)</u>	<u>539,196</u>

The accompanying notes form part of these financial statements

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2018

		<b>Consolidated</b>	
	<b>Note</b>	<b>2018</b>	<b>2017</b>
		<b>\$</b>	<b>\$</b>
<b>Cash flows from Operating Activities</b>			
Receipts from customers		960,997	978,672
Payments to suppliers and employees		(2,564,146)	(2,676,832)
Interest received		454	8,503
Net cash (used in) operating activities	7(b)	(1,602,695)	(1,689,657)
<b>Cash Flows from Investing Activities</b>			
Proceeds on the sale of plant and equipment		-	26,795
Proceeds on the sale of geological data		20,000	-
Net cash provided by investing activities		20,000	26,795
<b>Cash Flows from Financing Activities</b>			
Issue of shares		1,300,000	-
Funds received in advance of the issue of shares		160,000	-
Share issue expenses		(63,951)	(6,460)
Net cash provided by / (used in) financing activities		1,396,049	(6,460)
Net decrease in cash held		(186,646)	(1,669,322)
Cash at the beginning of the financial year		428,439	2,097,761
Cash at the end of the financial year	7(a)	241,793	428,439

The accompanying notes form part of these financial statements



## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2018

	Issued Capital \$	Accumulated Losses \$	Total \$
Balance at 1 July 2017	11,337,023	(10,797,827)	539,196
Loss for the year	-	(1,743,348)	(1,743,348)
Total comprehensive loss for the year	-	(1,743,348)	(1,743,348)
<i>Transactions with owners in their capacity as owners:</i>			
Shares issued	1,300,000	-	1,300,000
Share issue expenses	(108,951)	-	(108,951)
Share based payments	8,000	-	8,000
Balance at 30 June 2018	12,536,072	(12,541,175)	(5,103)
Balance at 1 July 2016	11,327,233	(9,198,229)	2,129,004
Loss for the year	-	(1,599,598)	(1,599,598)
Total comprehensive loss for the year	-	(1,599,598)	(1,599,598)
<i>Transactions with owners in their capacity as owners:</i>			
Share issue expenses	(6,460)	-	(6,460)
Share based payments	16,250	-	16,250
Balance at 30 June 2017	11,337,023	(10,797,827)	539,196

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.

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, Australian Accounting Standards and Interpretations, and as appropriate for profit oriented entities.

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 2018.

#### ***Basis of measurement***

The financial report has also been prepared under the historical cost convention.

#### ***Functional and presentation currency***

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

### **(b) Going concern**

The financial statements have been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and the discharge of liabilities in the normal course of business.

As disclosed in the financial statements, the Group incurred a net loss of \$1,743,348 and had net cash outflows from operating activities of \$1,602,695 for the year ended 30 June 2018. As at that date, the Group had net liabilities of \$5,103.

The Directors believe that there are reasonable grounds to believe that the Group will continue as a going concern, after consideration of the following factors:

- In accordance with the Corporations Act 2001, the Group has plans to raise further working capital through the issue of equity during the financial year end 30 June 2019;
- The Group raised \$700,000 subsequent to reporting date as disclosed in Note 20, inclusive of \$160,000 recorded as a current liability 30 June 2018 (see Note 10) which was received in advance of the issue of shares; and
- The Group has the ability to scale down its operations in order to curtail expenditure, in the event capital raisings are delayed or insufficient cash is available to meet projected expenditure.

Accordingly, the Directors believe that the Group will be able to continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report.

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

**(b) Going concern (continued)**

Should the Group not achieve the matters set out above, there is a material uncertainty which may cast significant doubt as to whether the Group will continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

The financial report does not include any adjustments relating to the amounts or classification of recorded assets or liabilities that might be necessary if the Group is not able to continue as a going concern.

**(c) New or amended Accounting Standards and Interpretations adopted**

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

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

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

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

*AASB 2016-2 Amendments to Australian Accounting Standards - Disclosure Initiative: Amendments to AASB 107*

The Group has adopted AASB 2016-2 from 1 July 2017. The amendments to AASB 107 'Statement of Cash Flows' require the disclosure of changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.

**(d) New Accounting Standards and Interpretations not yet mandatory or early adopted**

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Group for the annual reporting period ended 30 June 2018. The Group's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the Group, are set out below.

*AASB 9 Financial Instruments*

This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard replaces all previous versions of AASB 9 and completes the project to replace IAS 39 'Financial Instruments: Recognition and Measurement'. AASB 9 introduces new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost, if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows, which arise on specified dates and solely principal and interest. All other financial instrument assets are to be classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading) in other comprehensive income ('OCI'). For financial liabilities, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity.

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

**(d) New Accounting Standards and Interpretations not yet mandatory or early adopted (continued)**

New impairment requirements will use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment will be measured under a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. The standard introduces additional new disclosures. The Group will adopt this standard from 1 July 2018 and the impact of its adoption is expected to be minimal on the Group.

*AASB 15 Revenue from Contracts with Customers*

This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard provides a single standard for revenue recognition. 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 those goods or services. The standard will require: contracts (either written, verbal or implied) to be identified, together with the separate performance obligations within the contract; determine the transaction price, adjusted for the time value of money excluding credit risk; allocation of the transaction price to the separate performance obligations on a basis of relative stand-alone selling price of each distinct good or service, or estimation approach if no distinct observable prices exist; and recognition of revenue when each performance obligation is satisfied. Credit risk will be presented separately as an expense rather than adjusted to revenue. For goods, the performance obligation would be satisfied when the customer obtains control of the goods. For services, the performance obligation is satisfied when the service has been provided, typically for promises to transfer services to customers. For performance obligations satisfied over time, an entity would select an appropriate measure of progress to determine how much revenue should be recognised as the performance obligation is satisfied. Contracts with customers will be presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Sufficient quantitative and qualitative disclosure is required to enable users to understand the contracts with customers; the significant judgments made in applying the guidance to those contracts; and any assets recognised from the costs to obtain or fulfil a contract with a customer. The new standard introduces expanded quantitative and qualitative disclosure requirements. Apart from providing more extensive disclosures on the Group's revenue transactions, the Group does not anticipate that the application of AASB 15 will have a material impact on the financial position and/or financial performance of the Group.

**(e) 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).

**(f) 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.

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

**(g) 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. Revenue is measured at the fair value of the consideration received or receivable.

*Rendering of services*

Rendering of service revenue from payments and remittance fees is recognised when the services are provided.

*Interest income*

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

**(h) 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.

**(i) 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.

**(j) 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 (i.e. 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.

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

**(j) Financial instruments (continued)**

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.

**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.

**(k) 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 on a straight line basis.

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.

**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 profit or loss 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 on a straight line basis 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.

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

**(k) Intangible assets (continued)**

*Disposals*

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.

**(l) 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 reporting date.

Deferred income tax is provided on all temporary differences at reporting 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:

- 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 reporting 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 reporting 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 reporting date.

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

**(l) Income tax (continued)**

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.

**(m) Other taxes**

Revenues, expenses and assets are recognised net of the amount of Goods and Services Tax ('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.

**(n) 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.

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.



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

**(o) 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.

**(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 profit and loss and other 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 finance cost.

*Employee Benefits*

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating long service leave 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.

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

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

The cost of these equity-settled transactions with employees and consultants are 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.

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

**(q) Share based payments (continued)**

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.

**(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.

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

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

*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.

**(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. SEGMENT REPORTING**

The Group operates predominantly in the mobile banking, payment and remittance industry. For management purposes, the Group is organised into business units based on its services and has three reportable segments, as follows:

- mobile banking and payment services, presently operating in the Philippines;
- international remittances, recently established from Australia; and
- corporate and head office.

With the recent establishment of international remittances from Australia, the Group has introduced the above three reportable segments for the first time for the year ended 30 June 2018.

No operating segments have been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the consolidated financial statements.

Also, the Group's financing (including finance costs and finance income) and income taxes are managed on a Group basis and are not allocated to operating segments.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

2. SEGMENT REPORTING (continued)

Year Ended 30 June 2018	Mobile Banking and Payment Services	International Remittance	Head Office	Total Segments	Adjustments and Eliminations	Consolidated
<b>Revenue</b>						
External customers	887,981	-	-	887,981	-	887,981
Inter-segment	-	-	-	-	-	-
<b>Total revenue</b>	<b>887,981</b>	<b>-</b>	<b>-</b>	<b>887,981</b>	<b>-</b>	<b>887,981</b>
<b>Income/(expenses)</b>						
Depreciation and amortisation	56,458	-	-	56,458	-	56,458
<b>Segment profit</b>	<b>(296,808)</b>	<b>(273,170)</b>	<b>(1,173,370)</b>	<b>(1,743,348)</b>	<b>-</b>	<b>(1,743,348)</b>
<b>Total assets</b>	<b>135,229</b>	<b>24,079</b>	<b>1,758,548</b>	<b>1,917,856</b>	<b>(1,577,365)</b>	<b>340,500</b>
<b>Total liabilities</b>	<b>1,068,755</b>	<b>536,361</b>	<b>331,806</b>	<b>1,939,922</b>	<b>(1,591,319)</b>	<b>345,603</b>

Inter-segment revenues are eliminated upon consolidation and reflected in the 'adjustments and eliminations' column. All other adjustments and eliminations are part of detailed reconciliations presented further below.

Year Ended 30 June 2017	Mobile Banking and Payment Services	International Remittance	Head Office	Total Segments	Adjustments and Eliminations	Consolidated
<b>Revenue</b>						
External customers	1,007,474	-	-	1,007,474	-	1,007,474
Inter-segment	-	-	-	-	-	-
<b>Total revenue</b>	<b>1,007,474</b>	<b>-</b>	<b>-</b>	<b>1,007,474</b>	<b>-</b>	<b>1,007,474</b>
<b>Income/(expenses)</b>						
Depreciation and amortisation	56,458	-	-	56,458	-	56,458
<b>Segment profit</b>	<b>(287,232)</b>	<b>(239,113)</b>	<b>(1,073,253)</b>	<b>(1,599,598)</b>	<b>-</b>	<b>(1,599,598)</b>
<b>Total assets</b>	<b>295,971</b>	<b>-</b>	<b>1,221,458</b>	<b>1,517,429</b>	<b>(915,847)</b>	<b>601,582</b>
<b>Total liabilities</b>	<b>932,689</b>	<b>239,113</b>	<b>44,641</b>	<b>1,216,443</b>	<b>(1,154,057)</b>	<b>62,386</b>

**Adjustments and eliminations**

Finance income and costs, and fair value gains and losses on financial assets are not allocated to individual segments as the underlying instruments are managed on a group basis. Current taxes and certain financial assets and liabilities are not allocated to those segments as they are also managed on a group basis. Inter-segment revenues are eliminated on consolidation.

Sales to customers which represent over 10% of revenue, all within the Mobile Banking and Payment Services segment, were as follow:

	2018	2017
	\$	\$
- Customer 1	614,483	914,436
- Customer 2	134,973	-
- Customer 3	102,118	57,320

	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
<b>3. LOSS PER SHARE</b>		
Basic and diluted loss per share (cents per share)	(0.2)	(0.2)
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	(1,743,348)	(1,599,598)
Weighted average number of shares outstanding during the year used in the calculations of basic loss per share:	921,190,224	891,863,512
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.		
<b>4. RESULT FOR THE YEAR</b>		
<b>Revenue</b>		
- Transaction revenue	766,886	996,346
- Project revenue	121,095	11,128
	<u>887,981</u>	<u>1,007,474</u>
<b>Other income</b>		
- Proceeds on the sale of assets	20,000	26,795
- Security deposit refund	-	5,779
- Interest income	454	8,503
	<u>20,454</u>	<u>41,077</u>
<b>Administration costs</b>		
- Audit fees	34,500	32,000
- Consulting fees	148,255	139,532
- Depreciation and amortisation	56,458	56,459
- Directors' fees and consulting remuneration	725,775	679,338
- Employee expenses	508,988	400,792
- Insurance	23,105	18,200
- Investor relations	94,629	165,209
- Licence fees and royalties	60,000	60,000
- Share registry fees	14,077	15,470
- Start-up expenses	33,627	11,071
- Stock exchange fees	24,881	29,064
- Sundry expenses	258,458	214,718
	<u>1,982,753</u>	<u>1,821,853</u>
<b>Finance costs</b>		
- Other	93	797
	<u>93</u>	<u>797</u>

Finance costs includes all interest-related expenses, other than those arising from financial assets at fair value through profit or loss.

**5. SHARE BASED PAYMENTS**

**(a) Shares Issued**

2018:

1,000,000 shares with a value of \$8,000 were issued for a share based payment made on 18 July 2017 pursuant to an equity investment. The fair value was determined by reference to the share price at the grant date, and the asset acquired was subsequently impaired.

2017:

The Company issued 1,000,000 shares to Mr Rod Tasker, a director of the Company, and 250,000 shares to an employee under the terms of his employment contract. A value of \$13,000 and \$3,250, respectively, was ascribed to these shares, based on the share price at the dates of issue.

**(b) Performance Options**

2018:

40,000,000 performance options were granted to a consultant during the year (2017: nil) as follows:

<b>Number</b>	<b>Exercise Price</b>	<b>Vesting Condition</b>
10,000,000	\$0.03	Options to acquire fully paid ordinary shares at 3 cents each, which shall vest when the optionholder successfully raises between \$2 million and \$5 million for the Company pursuant to an engagement letter (which either party may terminate with 1 month notice) (Capital Raising), which are exercisable after the 30 day volume weighted average price of fully paid ordinary shares exceeds 5 cents.
10,000,000	\$0.03	Options to acquire fully paid ordinary shares at 3 cents each, which shall vest 2 months after the Capital Raising, which are exercisable after the 30 day volume weighted average price of fully paid ordinary shares exceeds 10 cents.
10,000,000	\$0.05	Options to acquire fully paid ordinary shares at 5 cents each, which shall vest 4 months after the Capital Raising, which are exercisable after the 30 day volume weighted average price of fully paid ordinary shares share price exceeds 15 cents.
10,000,000	\$0.05	Options to acquire fully paid ordinary shares at 5 cents each, which shall vest 6 months after the Capital Raising, which are exercisable after the 30 day volume weighted average price of fully paid ordinary shares share price exceeding 20 cents.

Options not exercised within 24 months of the capital raising will automatically lapse.

The Capital Raising has been completed subsequent to 30 June 2018, resulting in the vesting of 10,000,000 options subsequent to 30 June 2018 (see note 20).

**5. SHARE BASED PAYMENTS (continued)**

The following table illustrates the number (No.) and weighted average exercise prices of and movements in performance options issued as compensation during the year:

	<b>2018 No</b>	<b>2018 Weighted average exercise price</b>	<b>2017 No</b>	<b>2017 Weighted average exercise price</b>
Outstanding at the beginning of the year	-	nil	-	-
Granted during the year	40,000,000	\$0.04	-	-
Forfeited during the year	-	-	-	-
Exercised during the year	-	-	-	-
Expired during the year	-	-	-	-
Outstanding at the end of the year	40,000,000	\$0.04	-	-
Exercisable at the end of the year	-	-	-	-

**(c) Valuation of Shares and Performance Options**

Shares issued are valued at the value of a share in the Company as traded on ASX at the date of deemed date of grant of the share plan shares.

The fair value of shares issued and performance options will be recognised as an expense if the performance hurdle is achieved.

The amount recognised as part of employee benefits expense for shares issued during the year was nil (2017: \$16,250).

The amount recognised as a share issue expense for performance options issued during the year was nil (2017: nil).

No share based payment expense was recognised in relation to the options issued during the year ended 30 June 2018. Option share-based payment expense will be recognised at the point the service is delivered, being on date capital is raised by the consultant engaged.

The engagement letter for the capital raising may be terminated by either party by giving one month written notice, however, options not exercised within 24 months of the capital raising will automatically lapse.

The capital raising has been completed subsequent to 30 June 2018, resulting in the vesting of the options subsequent to 30 June 2018.

	2018	2017
	\$	\$
<b>6. INCOME TAX</b>		
<b>(a) Income tax recognised in profit/loss</b>		
No income tax is payable by the Company as it recorded a loss for income tax purposes for the period.		
<b>(b) Numerical reconciliation between income tax expense and the loss before income tax.</b>		
The prima facie income tax expense on pre-tax accounting loss from operations reconciles to the income tax expense in the financial statements as follows:		
Accounting loss before tax	(1,743,348)	(1,599,598)
Income tax benefit at 27.5%	479,421	439,889
Unrecognised tax losses	(479,421)	(439,889)
Income tax expense	<u>-</u>	<u>-</u>
<b>(c) Unrecognised deferred tax balances</b>		
Tax losses at 27.5%	<u>(1,546,614)</u>	<u>(1,025,513)</u>
<b><i>Deferred tax asset not booked</i></b>		
Accrued liabilities	(6,298)	(6,600)
Provision for annual leave	(19,544)	(6,885)
Intangible assets	(7,763)	(23,289)
Blackhole deductions	<u>(70,233)</u>	<u>(131,658)</u>
<b>Net unrecognised deferred tax assets at 27.5%</b>	<u>(1,650,452)</u>	<u>(1,193,945)</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(l) is not satisfied and such benefit will only be available if the conditions of deductibility also disclosed in Note 1(l) are satisfied.

**7. CASH AND CASH EQUIVALENTS**

Cash at bank	241,793	428,439
	<u>241,793</u>	<u>428,439</u>

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

**(a) Reconciliation to the Statement of Cash Flows**

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

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

Cash and cash equivalents	<u>241,793</u>	<u>428,439</u>
---------------------------	----------------	----------------



	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
<b>7. CASH AND CASH EQUIVALENTS (continued)</b>		
<b>(b) Reconciliation of loss after income tax to net cash flows from operating activities:</b>		
Loss for the year	(1,743,348)	(1,599,598)
Non cash-flow items in loss for the year:		
- Depreciation / assets written off	56,458	56,459
- Gain on sale of assets	-	(26,795)
- Proceeds on the sale of geological data	(20,000)	-
- Share based payment	-	16,250
- Impairment	8,000	-
Changes in operating assets and liabilities:		
- (Increase) / decrease in trade and other receivables	(1,977)	(28,802)
- Decrease / (increase) in inventory	19,955	(22,807)
- Increase / (decrease) in trade and other payables	32,185	(109,401)
- Increase in provisions	46,032	25,037
Net cash used in operating activities	<u>(1,602,695)</u>	<u>(1,689,657)</u>
<b>8. TRADE AND OTHER RECEIVABLES</b>		
<b>Current:</b>		
Trade receivables	34,494	62,002
GST receivable	13,166	3,647
Advance to supplier	19,966	-
	<u>67,626</u>	<u>65,649</u>
<b>9. INTANGIBLE ASSETS</b>		
Opening balance at the beginning of the financial year	84,687	141,145
Additions	-	-
Amortisation for the financial year	(56,458)	(56,458)
Closing balance at the end of the financial year	<u>28,229</u>	<u>84,687</u>
At cost	169,375	169,375
Accumulated amortisation	(141,146)	(84,688)
Closing balance at the end of the financial year	<u>28,229</u>	<u>84,687</u>
<b>10. TRADE AND OTHER PAYABLES - current</b>		
Sundry payables and accrued expenses	<u>114,534</u>	<u>37,349</u>
Funds received in advance of the issue of shares (i)	<u>160,000</u>	<u>-</u>

(i) The shares were issued subsequent to year end (see Note 20).

	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
<b>11. ISSUED CAPITAL</b>		
Paid up capital – ordinary shares	12,902,513	11,594,513
Capital raising costs	(366,441)	(257,490)
	<u>12,536,072</u>	<u>11,337,023</u>

**(a) Ordinary shares**

	<b>Number of shares</b>	<b>\$</b>
<b>30 June 2018 movements in issued capital:</b>		
Balance at 1 July 2017	892,449,128	11,337,023
Shares issued	60,000,000	1,300,000
Share issue expenses	-	(108,951)
Share based payment (see note 5)	1,000,000	8,000
Balance at 30 June 2018	<u>953,449,128</u>	<u>12,536,072</u>
<b>30 June 2017 movements in issued capital:</b>		
Balance at 1 July 2016	891,199,128	11,327,233
Share issue expenses	-	(6,460)
Share based payment (see note 5)	1,250,000	16,250
Balance at 30 June 2017	<u>892,449,128</u>	<u>11,337,023</u>

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.

**(b) Performance shares**

100,000,000 performance shares 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>

As at 30 June 2018, none of the milestones of the performance shares had been achieved.

**12. 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 related parties are as follows:**

**(i) Key management personnel ('KMP'):**

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

For details of remuneration disclosures relating to key management personnel, refer to Note 13: 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.

**(iii) Apart from reimbursements for expenses paid on behalf of the Company and the Group, director and fees paid directly or indirectly to director related entities, there were no transactions or balances with KMP during the year ended 30 June 2018 (2017: Nil).**

**(b) 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 2018</b>	<b>% Equity interest 2017</b>
Peppermint Technology Pty Ltd	Australia	Information technology	100%	100%
Peppermint Payments Pty Ltd	Australia	International remittance	100%	100%
Peppermint Technology, Inc	Philippines	Information technology	100%	100%
Zambian Copper Pty Ltd (i)	Australia	Intermediate Holding Company	100%	100%
Horizon Copper Zambia Limited	Zambia	Dormant	100%	100%
Sedgwick Resources Limited (i)	Zambia	Mineral exploration	100%	100%

**(i) The Group 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 on 4 December 2015.**

	<b>2018</b>	<b>2017</b>
	\$	\$
<b>13. KEY MANAGEMENT PERSONNEL</b>		
<i>Remuneration paid:</i>		
Short-term employee benefits	673,050	652,975
Post-employment benefits	52,725	26,363
Share-based payments	-	13,000
Non-monetary benefits	23,106	18,200
	<u>748,881</u>	<u>710,538</u>

Please see the Remuneration Report for further details.

**14. PARENT ENTITY INFORMATION**

**(a) Information relating to Peppermint Innovation Limited**

Current assets	182,051	359,766
Non-current assets	-	-
Total assets	<u>182,051</u>	<u>359,766</u>
Current liabilities	(331,806)	(51,672)
Non-current liabilities	-	-
Total liabilities	<u>(331,806)</u>	<u>(51,672)</u>
(Net liability) / net assets	<u>(149,755)</u>	<u>308,094</u>
Issued capital	11,781,792	10,582,743
Accumulated losses	(11,931,547)	(10,274,649)
Total shareholders' equity	<u>(149,755)</u>	<u>308,094</u>
Loss for the parent entity	<u>(1,656,908)</u>	<u>(1,590,476)</u>
Total comprehensive income of the parent entity	<u>(1,656,908)</u>	<u>(1,590,476)</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 15 to the financial statements.

	<b>2018</b>	<b>2017</b>
	\$	\$
<b>15. COMMITMENTS</b>		
(a) Leases as lessee		
The Group leases an office. At 30 June, the future minimum lease payments under non-cancellable leases were payable as follows:		
Less than 1 year	1,686	-
Between 1 and 5 years	-	-
More than 5 years	-	-
	<u>1,686</u>	<u>-</u>

- (b) The Group has agreed to provide funding of up to PHP 5,000,000 (\$126,440) to one of its services providers.

Other than the matter noted above, the Group did not have any contractual commitments to capital expenditure not recognised as liabilities at 30 June 2018.

**16. 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.

**17. AUDITORS' REMUNERATION**

Amounts received or due and receivable by the auditors for:

- Auditing or reviewing the financial report	34,500	32,000
- Other services	-	-
	<u>34,500</u>	<u>32,000</u>

**18. 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.

	<b>2018</b>	<b>2017</b>
	\$	\$
<b>19. FINANCIAL RISK MANAGEMENT (continued)</b>		
The Group holds the following financial instruments:		
<b>Financial Assets:</b>		
Cash and cash equivalents	241,793	428,439
	<u>241,793</u>	<u>428,439</u>
<b>Financial Liabilities:</b>		
Financial liabilities at amortised cost		
- Trade and other payables	114,534	37,349
	<u>114,534</u>	<u>37,349</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, liquidity and foreign currency 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 and when they fall due.

The Group manages its liquidity needs by carefully monitoring scheduled debt servicing payments for liabilities as well as cash outflows for day-to-day operations.

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

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

	Within 1 year		1 to 5 years		Total	
	2018	2017	2018	2017	2018	2017
	\$	\$	\$	\$	\$	\$
Trade and other payables	114,534	37,349	-	-	114,534	37,349
Total	114,534	37,349	-	-	114,534	37,349

**Foreign currency risk**

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

At 30 June 2018, the Group had the following exposure to PHP foreign currency expressed in A\$ equivalents, which are not designated as cash flow hedges:

	2018	2017
	\$	\$
<b>Financial Assets:</b>		
Cash and cash equivalents	68,614	72,164
Trade and other receivables	34,494	62,001
Inventory	2,852	22,807
	<u>105,960</u>	<u>156,972</u>
<b>Financial Liabilities:</b>		
Trade and other payables	-	5,683
	<u>-</u>	<u>5,683</u>

**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 11.

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 sensitivity effect of possible interest rate and foreign exchange rate movements have not been disclosed as they are not material.

**Fair value of financial instruments**

Unless otherwise stated, the carrying amount of financial instruments reflect their fair value.

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

Subsequent to reporting date 23,333,334 fully paid ordinary shares were issued at 3 cents per share raising \$700,000, inclusive of \$160,000 recorded as a current liability at 30 June 2018, and 10,000,000 options vested.

Apart from the items above, there has not arisen in the interval between the end of the financial year 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

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 to the financial statements;
- the attached financial statements and notes give a true and fair view of the Group's financial position as at 30 June 2018 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable

The directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors



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

30 August 2018



**RSM Australia Partners**

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## INDEPENDENT AUDITOR'S REPORT To the Members of PEPPERMINT INNOVATION LIMITED

### Qualified Opinion

We have audited the financial report of Peppermint Innovation Limited (the Company) and its subsidiaries ("the Group"), which comprises the consolidated statement of financial position as at 30 June 2018, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, except for the matter described in the Basis for Qualified Opinion section of our report, the financial report of the Group is in accordance with the Corporations Act 2001, including:

- (i) giving a true and fair view of the Group's financial position as at 30 June 2018 and of its financial performance for the year then ended; and
- (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

### Basis for Qualified Opinion

As at 30 June 2018, the Group includes two controlled entities, being Horizon Copper Zambia Limited and Sedgwick Resources Limited, in the Republic of Zambia, which had combined total unaudited assets of \$Nil and total unaudited liabilities of \$Nil. We were unable to obtain sufficient appropriate evidence about the completeness of liabilities and contingencies 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 2018. Consequently, we were unable to determine whether any adjustments to these amounts were necessary.

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of the Group, would be in the same terms if given to the directors as at the time of this auditor's report.

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

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RSM Australia Partners is a member of the RSM network and trades as RSM. RSM is the trading name used by the members of the RSM network. Each member of the RSM network is an independent accounting and consulting firm which practices in its own right. The RSM network is not itself a separate legal entity in any jurisdiction.

RSM Australia Partners ABN 36 965 185 036

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## **Material Uncertainty Related to Going Concern**

Without further modifying our opinion, we draw attention to Note 1 in the financial report, which indicates that the Group incurred a net loss of \$1,743,348 and had net cash outflows from operating activities of \$1,602,695 for the year ended 30 June 2018. As of that date, the Group had net liabilities of \$5,103. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt about the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

## **Key Audit Matters**

Except for the matters described in the Basis for Qualified Opinion section, of our report and in the Material Uncertainty Related to Going Concern section of our report, we have determined that there are no other key audit matters to be communicated in our report.

## **Other Information**

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2018, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## **Responsibilities of the Directors for the Financial Report**

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

## **Auditor's Responsibilities for the Audit of the Financial Report**

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: [http://www.auasb.gov.au/auditors\\_responsibilities/ar2.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar2.pdf). This description forms part of our auditor's report.

## Report on the Remuneration Report

### *Opinion on the Remuneration Report*

We have audited the Remuneration Report included in within the directors' report for the year ended 30 June 2018.

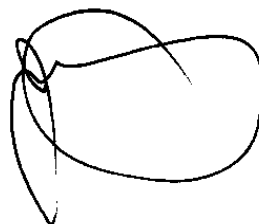
In our opinion, the Remuneration Report of Peppermint Innovation Limited, for the year ended 30 June 2018, complies with section 300A of the Corporations Act 2001.

### *Responsibilities*

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.



RSM AUSTRALIA PARTNERS



JAMES KOMNINOS  
Partner

Perth, WA  
Dated: 30 August 2018

## 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 31 July 2018.

### (A) DISTRIBUTION OF EQUITY SECURITIES

#### (i) Ordinary share capital

- 893,449,128 fully paid ordinary shares are held by 1,182 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:

	<b>Fully paid ordinary shares</b>
1 – 1,000	23
1,001 – 5,000	45
5,001 – 10,000	53
10,001 – 100,000	587
100,001 and over	474
	<hr/> 1,182 <hr/>
Holding less than a marketable parcel	<hr/> 250 <hr/>

#### (ii) Options

- No options were on issue.

Options do not carry a right to vote.

### (B) SUBSTANTIAL SHAREHOLDERS

<b>Ordinary shareholders</b>	<b>Fully paid</b>	
	<b>Number</b>	<b>Percentage</b>
CHRISTOPHER KAIN	110,325,322	11.91
ANTHONY KAIN	93,991,416	10.15
EAGLE BRILLIANT HOLDINGS LTD	57,247,355	6.18
	<hr/> <b>307,132,987</b> <hr/>	<hr/> <b>28.25</b> <hr/>

**ASX ADDITIONAL INFORMATION (continued)****(C) TWENTY LARGEST SECURITY HOLDERS**

Ordinary shareholders	Fully paid	
	Number	Percentage
1 OHKA PTY LTD	107,750,214	11.30
2 CICAK PTY LTD	91,416,309	9.59
3 EAGLE BRILLIANT HOLDINGS LTD	57,247,355	6.00
4 LEGAL TOOLBOX PTY LTD <SMIDGE DIGITAL UNIT A/C>	30,000,000	3.15
5 ALLGREEN HOLDINGS PTY LTD	20,000,000	2.10
6 CASADA HOLDINGS PTY LTD <C A ASTILL INVESTMENT A/C>	17,556,061	1.84
7 BNP PARIBAS NOMINEES PTY LTD HUB24 CUSTODIAL SERV LTD DRP	16,150,000	1.69
8 JUNEDAY PTY LTD	16,124,053	1.69
9 TIMRIKI PTY LTD	15,000,000	1.57
10 TIMRIKI PTY LTD <TIMRIKI A/C>	11,992,890	1.26
11 MR ROBERT ANTHONY ANGLEY + MS SUSAN JANE ARTHUR <VERTEX DESIGN SUPER FUND A/C>	11,250,019	1.18
12 PADSTOCK LIMITED	10,000,000	1.05
12 MR ADRIAN PAUL + MS NOELENE PAUL <ZME SUPERANNUATION FUND A/C>	10,000,000	1.05
14 MR ADRIAN STEPHEN PAUL	9,450,004	0.99
15 PEGG TWO PTY LTD <PEGG TWO UNIT A/C>	8,750,000	0.92
16 ICE COLD INVESTMENTS PTY LTD <G & J BROWN SUPER FUND A/C>	8,100,000	0.85
17 ROGUE INVESTMENTS PTY LTD	8,000,000	0.84
18 GREATSIDE HOLDINGS PTY LTD	7,900,000	0.83
19 ANDKER PTY LTD <THE JIREH SUPER FUND A/C>	7,500,000	0.79
20 ENERGY US PTY LTD	7,492,017	0.79
<b>Totals: Top 20 holders of ORDINARY FULLY PAID SHARES (Total)</b>	<b>471,678,922</b>	<b>49.47</b>
<b>Total Remaining Holders Balance</b>	<b>481,770,207</b>	<b>50.53</b>

**ASX ADDITIONAL INFORMATION (continued)****(D) HOLDERS OF OVER 20% OF UNLISTED SECURITIES**

<b>Performance Shares</b>	<b>Number</b>	<b>Percentage</b>
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	43.09
	<b>100,000,000</b>	<b>100.00</b>