TODD RIVER RESOURCES

ABN: 45 600 308 398

Financial Report
30 June 2015

DIRECTORS

Paul Burton
Geoffrey Crow
Rex Turkington

COMPANY SECRETARY
Simon Robertson

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AUDITORS
KPMG
235 St Georges Terrace
Perth WA 6000

Todd River Resources Limited Contents

The Directors present their report together with the financial report of Todd River Resources Limited, being the Company and its subsidiary for the period 24 June 2014 (Incorporation) to 30 June 2015 and the auditors report thereon.

DIRECTORS

The Directors of the Company at any time during or since the end of the financial year are:

Mr Paul Burton, B.Sc (Hons) Geology (UK), M.Sc Mineral Exploration (Canada), MAusImm, FAEG, MAICD

Mr Burton is an Exploration Geologist/Geochemist with over 25 years' experience in Exploration and Mining.

Mr Burton is experienced in running successful exploration programs for a variety of commodities. He has held consulting and senior management roles with major exploration companies.

Mr Burton is currently a Managing Director of TNG Limited.

Geoffrey Crow
Independent Non-Executive Director

Mr Crow has more than 28 years experience in all aspects of corporate finance, stockbroking and investor relations in Australia and international markets, and has owned and operated his own businesses in these areas for the last sixteen years.

Mr Crow is currently a non-executive director of unlisted company Iron Ridge Resources Limited and Listed company TNG Limited.

Rex Turkington, BCom(Hons), BCA,GAICD,AAFSI,ADA1(ASX)
Independent Non-Executive Director

Mr Turkington is a highly experienced corporate advisor and economist who has worked extensively in the financial services in Australia, specializing in the exploration and mining sectors. He has extensive experience with equities, derivatives, foreign exchange and commodities, and has participated in numerous corporate initial public offerings and capital raisings for listed exploration and mining companies.

Mr Turkington is currently a Director of an Australian corporate advisory company, offering corporate finance and investor relations advice to listed companies. He holds a first class Honors Degree in economics, is a graduate of the Austraian Institute of Company Directors and is an Associate of the Securities Institute of Australia

Mr Turkington is currently non-executive Chairman of ASX listed companies Key Petroleum Ltd and TNG Limited.

Simon Robertson, B.Bus, CA, M Appl. Fin.
Company Secretary

Mr Robertson gained a Bachelor of Business from Curtin University in Western Australia and Master of Applied Finance from Macquarie University in New South Wales. He is a member of the Institute of Chartered Accountants and the Chartered Secretaries of Australia. Mr Robertson currently holds the position of Company Secretary for a number of publically listed companies and has experience in corporate finance, accounting and administration, capital raisings and ASX compliance and regulatory requirements.

DIRECTORS MEETINGS

No Directors meetings have been held since incorporation.

REVIEW AND RESULTS OF OPERATIONS

The loss of the Group after income tax for the period was $181,688.

DIVIDENDS

No dividends were paid during the period and the Directors do not recommend payment of a dividend.

DIRECTORS' INTERESTS

The relevant interest of each Director in the shares and options over such instruments issued by the companies within the Group and other related body corporates, as notified by the Directors to the ASX in accordance with S205G(1) of the Corporations Act 2001, at the date of this report is as follows:

Director	Ordinary Shares	Options over Ordinary Shares
Paul Burton	-	-
Geoffrey Crow	-	-
Rex Turkington	-	-

Shares issued on exercise of options

There are no amounts unpaid on the shares issued.

EVENTS SUBSEQUENT TO REPORTING DATE

It is intended that it will occur by TNG first transferring (or procuring the tranferring of) the Northern Territory Base Metal Assets to Todd River Resources Limited in consideration for 35,000,000 shares in Todd River Resources Limited. All of the applications for the transfer of the assets have been lodged with the relevant Regulatory Authorities. As at 25 January 2017 some of the transfers to the Company have been effected. The Company has sought independent valuations for each of the areas of interest being transferred.

NON AUDIT SERVICES

KPMG, the auditor, did not provide any non-audit services during the period.

AUDITOR INDEPENDENCE DECLARATION

The auditor's independence declaration is included on page 6 of the financial report and forms part of the Directors' report for the period ended 30 June 2015.

Signed in accordance with a resolution of the Directors.

Paul Burton
Director
25 January 2017

KPMG

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To: the directors of Todd River Resources Limited

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial period ended 30 June 2015 there have been:

(i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and

(ii) no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

KPMG

Trevor Hart

Partner

Perth

25 January 2017

Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the period ended 30 June 2015

	Note	Period ending 2015(i) $
Corporate and administration expenses		(181,688)
Results from operating activities		(181,688)
Loss before income tax		(181,688
Income tax expense	6	-
Loss for the period attributable to the owners of the Company		(181,688)
Total comprehensive loss for the period attributable to the owners of the company		(181,688)
Loss per share		
Basic (loss) per share ($ dollars)	11	(1,816)

Consolidated Statement of Financial Position
As at 30 June 2015

	Note	2015 $
Current liabilities		
Trade and other payables	8	181,588
Total current liabilities		181,588
Total liabilities		181,588
Net liabilities		(181,588)
Equity		
Issued capital		100
Accumulated losses		(181,688)
Total equity		(181,588)

(i) Todd River Resources was incorporated 24 June 2014

The Consolidated Statement of Profit or Loss and other Comprehensive Income and Consolidated Statement of Financial Position are to be read in conjunction with the notes to the financial statements.

Consolidated Statement of Cash Flows
For the period ended 30 June 2015

	Period ending 2015 $
Net increase in cash and cash equivalents	-
Cash at the beginning of the period	-
Cash and cash equivalents at the end of the financial year	-

Consolidated Statement of Changes in Equity
For the period ended 30 June 2015

	Issued Capital $	Accumulated loss $	Total Equity $
At incorporation	-	-	-
Shares issued	100	-	100
Loss for the period	-	(181,688)	(181,688)
Total comprehensive loss	-	(181,688)	(181,688)
At 30 June 2015	100	(181,688)	(181,588)

The amounts recognised directly in equity are disclosed net of tax.

The Consolidated Statement of Changes in Equity and Consolidated Statement of Cash Flows are to be read in conjunction with the notes to the financial statements.

1 REPORTING ENTITY

Todd River Resources Limited (the 'Company') is a company domiciled in Australia, incorporated 24 June 2014. The address of the Company's registered office is Level 1, 282 Rokeby Road Subiaco, Western Australia 6008. The consolidated financial report of the Company as at and for the period ended 30 June 2015 comprises the Company and its subsidiary (together referred to as the 'Group'). The Group is a for profit entity and primarily is involved in the exploration of minerals within Australia.

2 BASIS OF PREPARATION

(a) Statement of compliance

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards (AASBs) adopted by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. The consolidated financial report of the Group also complies with International Financial Reporting Standards and Interpretations adopted by the International Accounting Standards Board.

(b) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for the following:

- financial instruments at fair value through profit or loss are measured at fair value ;
- available-for-sale financial assets are measured at fair value; and
- share based payments are measured at fair value.

The methods used to measure fair values are discussed further in Note 4.

(c) Functional and presentation currency

These consolidated financial statements are presented in Australian dollars, which is the Company's functional currency and the functional currency of all entities in the Group.

(d) Going Concern

The financial report has been prepared on a going concern basis, which contemplates the continuity of normal business activity and the settlement of liabilities in the normal course of business. The group is a wholly owned subsidiary of TNG Limited and accordingly it relies on funding from its 100% parent entity, TNG Limited.

Subsequent to 30 June 2015, TNG Limited and the Group formalised those funding arrangements. The effect of this has been to waive reimbursement of expenditure incurred by the Group prior to 30 June 2016. As a result the amount recognised as payable at 30 June 2015 of $181,345 will not be repaid and represents additional capital contributed by TNG Limited to the Group.

For expenses incurred from 1 July 2016, TNG Limited has agreed to fund expenditure of the Group which is estimated to be sufficient for the Group to complete its plan for separate initial public offering and capital raising on the Australian Stock Exchange (IPO). The funding for that expenditure will be repaid to TNG Limited from amounts raised by the planned IPO. In the event that an ASX listing is not completed amounts outstanding are to remain as an intercompany loan account with TNG Limited on such terms agreed between the parties.

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, and have been applied consistently by Group entities.

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable or convertible are taken into account. The financial statements of subsidiaries are included in the consolidated financial report from the date that control commences until the date that control ceases.

(ii) Transactions eliminated on consolidation

Intragroup balances, and any unrealised gains and losses or income and expenses arising from intragroup transactions, are eliminated in preparing the consolidated financial statements.

Unrealised gains arising from transactions with associates are eliminated against the investment to the extent of the Group's interest in the entity. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Gains and losses are recognised as the contributed assets are consumed or sold by the associates, if not consumed or sold by the associate, when the Group's interest in such entities is disposed of.

(b) Income tax

Current tax assets and liabilities for the current and prior periods 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 amounts are those that are enacted or substantively enacted at statement of financial position date.

Deferred income tax liabilities are recognised for all taxable temporary differences except where 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 at the time of transaction, affects neither the accounting profit nor taxable profit or loss. In respect of taxable temporary differences associated with investments in subsidiaries and associates except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences 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.

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. When the deductible temporary difference is associated with investments in subsidiaries and associates in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary differences 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 future taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 statement of financial position date.

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

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

(i) Tax consolidation

The Company and its wholly-owned Australian resident entities are part of a tax-consolidated group. As a consequence, all members of the tax-consolidated group are taxed as a single entity. The head entity within the tax-consolidated group is TNG Limited. Current tax liabilities and assets and deferred tax assets arising from unused tax losses and relevant tax credits of the members of the tax consolidated group are recognised by TNG Limited (as the head company of the tax-consolidated group).

Entities within the tax-consolidated group have not entered into a tax sharing or tax funding agreement with TNG Limited. The effect of not having entered into a tax sharing or tax funding agreement is that whilst TNG Limited (as the head company of the tax-consolidated group) will be liable for the income tax debts of the tax-consolidated group that are applicable to the period of consolidation, income tax debts may be recovered from subsidiary members in certain circumstances.

(c) Goods and services tax

The Company is part of a GST Group. The Representative Member is TNG Limited. Accordingly TNG Limited is responsible for the GST payable (if any) and claim the GST credits on transaction undertaken by the GST Group members.

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

Receivables and payables are stated net of the amount of GST.

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

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Loans and borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received net of issue costs associated with the borrowing.

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Amortised cost is calculated by taking into account any issue costs, and any discount or premium on settlement.

Gains and losses are recognised in the income statement when the liabilities are derecognised as well as through the effective interest method.

Other

Other non-derivative financial instruments are measured at amortised cost using the effective interest method, less any impairment loss.

(e) Share capital

Ordinary shares

Incremental costs directly attributable to issue of ordinary shares and share options are recognised as a deduction from equity, net of any related income tax benefit.

(f) Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all diluted potential ordinary shares, which comprise convertible notes and share options granted to employees.

(g) Segment reporting

Segment results that are reported to the Group's Managing Director (the chief operating Decision Maker) include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

The Group operated in one business segment and in one geographical location in both current and previous years.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) New Australian Accounting standards and interpretations issued but not yet adopted

A number of new standards, amendments to standards and interpretations are available for early adoption for annual periods beginning after 1 July 2015, and have not been applied in preparing these consolidated financial statements. The Group does not plan to adopt these standards early and the extent of the impact is not expected to be significant.

(i) AASB 9 *Financial Instruments*:
This standard includes requirements for the classification and measurement of financial assets resulting from the first part of Phase 1 of the project to replace AASB 139 *Financial Instruments: Recognition and Measurement*.
An assessment of the Group's financial assets and liabilities was performed to determine whether the change in standard would affect the classification and measurement of financial instruments currently held. The new standard is not expected to impact the measurement of the Group's financial assets and liabilities. Additional disclosure requirements will be incorporated on adoption of the standard.
The standard is effective from for annual reporting periods beginning or after 1 January 2018 with early adoption permitted.

(ii) AASB 15 Revenue from Contracts with Customers
The standard contains a single model that applies to contracts with customers and two approaches to recognising revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognised.
The standard is effective from for annual reporting periods beginning or after 1 January 2018 with early adoption permitted. The Group does not have existing contracts with Customers.

(iii) AASB 16 Leases
AASB 16 removes the classification of leases as either operating leases or financial leases for the lessee effectively treated all leases as finance leases. Short-term leases (less than 12 months) and leases of low value assets (such as personal computers) are exempt from the lease accounting requirements. There are also changes in accounting over the life of the lease. In particular, companies now recognise a front-loaded pattern of expense for most leases, even when they pay constant annual rentals. The Group has no significant leases.

4 DETERMINATION OF FAIR VALUES

Other receivables, trade and other payables

Trade and other payables are relatively short term in nature. As a result, the fair value of these instruments is considered to approximate its fair value.

5 FINANCIAL RISK MANAGEMENT

Overview

This note presents information about the Group's exposure to credit, liquidity and market risks, their objectives, policies and processes for measuring and managing risk.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group being a wholly owned subsidiary of TNG Limited manages liquidity risk via an intercompany loan arrangement with the parent entity TNG Limited. (Refer note 2d)

6 INCOME TAX

	Consolidated 2015 $
A reconciliation between tax expense and pre-tax loss:	
Accounting (loss) before income tax	(181,688)
At the domestic tax rate of 30%	(54,506)
Reconciling items	
Initial Public offer (IPO) costs not immediataly deductible	54,090
Allowable IPO expenditure	(12,655)
Tax losses not recognised	13,071
Income tax expense reported in the income statement	-
Unrecognised tax losses	43,572
Potential tax benefit @ 30%	13,071
Tax losses offset against tax liabilities	-
Unrecognised tax benefit	13,071
Reconciliation of income tax expemse	
Current tax expense	-
Other comprehensive income	-
	-

All unused tax losses were incurred by Australian entities.

Todd River Resources Limited is party to the TNG Limited Tax Consolidation Group of which TNG Limited is the head entity. Accordingly the unused tax losses are not available to Todd River Resources Limited.

Potential future income tax benefits net of deferred tax liabilities attributable to tax losses have not been brought to account because the Directors do not believe it is appropriate to regard realisation of the future income tax benefits as probable.

7 SEGMENT INFORMATION

The Group is located in one geographical segment being Australia. The Group was not operating during the period.

8 TRADE AND OTHER PAYABLES

	Consolidated **2015** **$**
Current	
Trade payables	243
Other payables	181,345
	181,588

The group is a wholly owned subsidiary of TNG Limited. Other payables relate to interest free intercompany loans between the Group and the parent entity TNG Limited. (Refer Note 2d)

Trade payables are normally settled on a 30-day basis.

9 CONSOLIDATED ENTITIES

Subsidiaries	**Country of Incorporation**	**2015 % of Ownership**
Todd River Metals Pty Ltd	Australia	100

10 AUDITORS REMUNERATION

Audit fees for the Group have been borne by the Group's parent entity, TNG Limited.

11 EARNINGS PER SHARE

The calculation of basic earnings per share for the period ended 30 June 2015 was based on the loss attributable to ordinary shareholders of $181,668 and a weighted average number of ordinary shares on issue during the year ended 30 June 2015 of 100.

12 EVENTS SUBSEQUENT TO BALANCE DATE

It is intended that it will occur by TNG first transferring (or procuring the tranferring of) the Northern Territory Base Metal Assets to Todd River Resources Limited in consideration for 35,000,000 shares in Todd River Resources Limited. All of the applications for the transfer of the assets have been lodged with the relevant Regulatory Authorities. As at 25 January 2017 some of the transfers to the Company have been effected. The Company has sought independent valuations for each of the areas of interest being transferred.

TNG Limited
Directors Declaration

1 In the opinion of the directors of TNG Limited (the "Company"):

(a) the financial statements and notes set out on pages 7 to15, are 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 2015 and of its performance, for the period ended on that date; and

(ii) complying with Accounting Standards and Corporation Regulations 2001, and

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

2 The directors have been given the declarations required by Section 295A of the Corporations Act 2001 from the Chief Executive Officer (or equivalent) and Chief Financial Officer for the financial period ended 30 June 2015.

3 the directors draw attention to note 2(a) of the consolidated financial statements which includes a statement of compliance with International Financial Reporting Standards.

Signed in accordance with the resolution of the directors:

Paul Burton
Director
Dated at Perth 25 January 2017

KPMG

Independent auditor's report to the members of Todd River Resources Limited

Report on the financial report

We have audited the accompanying financial report of Todd River Resources Limited (the company), which comprises the consolidated statement of financial position as at 30 June 2015, and consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the period ended on that date, notes 1 to 12 comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the Group comprising the Company and the entity it controlled at the year's end or from time to time during the financial period.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement whether due to fraud or error. In note 2(a), the directors also state, in accordance with Australian Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements of the Group comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001* and Australian Accounting Standards, a true and fair view which is consistent with our understanding of the Group's financial position and of its performance.

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

Independence

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

KPMG

Auditor's opinion

In our opinion:

(a) 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 2016 and of its performance for the period ended on that date; and

(ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

(b) the financial report also complies with International Financial Reporting Standards as disclosed in note 2(a).

KPMG

KPMG

Trevor Hart
Partner

Perth

25 January 2017