

BULLETIN RESOURCES LIMITED

ACN 144 590 858

HALF-YEAR FINANCIAL STATEMENTS

31 DECEMBER 2016

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BULLETIN RESOURCES LIMITED
ACN 144 590 858

COMPANY DIRECTORY

DIRECTORS

Paul Poli (Director, Chairman)
Frank Sibbel (Director)
Robert Martin (Director)

COMPANY SECRETARY

Andrew Chapman

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DIRECTORS' REPORT
For the Half Year Ended 31 December 2016

Your Directors submit the financial report of the Company for the half-year ended 31 December 2016.

DIRECTORS

The names of the Directors of the Company in office during the half year and to the date of this report are:

Paul Poli
Frank Sibbel
Robert Martin

RESULT

The profit after tax for the half-year ended 31 December 2016 was \$15,556,662 (31 December 2015: \$455,217 loss).

REVIEW OF OPERATIONS

Sale of Interest in Nicolsons Gold Project

On 2 May 2016 the Company announced that it had entered into an agreement with its joint venture partner, Pantoro Limited (PNR; Pantoro) to dispose of its 20% interest in the Nicolsons Gold Project with effect from 1 May 2016.

The consideration for the sale of Bulletin's 20% interest in Nicolsons was:

1. PNR issued Bulletin 130 million fully paid ordinary PNR shares;
2. Halls Creek Mining Pty Ltd (HCM), the Operator, assumed 100% of BNR obligations under its gold loan finance facility with the CBA such that Bulletin has no further obligations to the CBA subsequent to settlement.
3. HCM will assume 50% of the responsibility of the gold hedge facility provided by CBA prior to settlement.

In addition, and as part of the agreement, the Company elected to make, after settlement, an in-specie distribution of one PNR share for every two Bulletin shares held at the time of the in-specie distribution.

A shareholder meeting was held on 7 July 2016 where shareholders unanimously approved both the sale of the interest in Nicolsons as well as the in-specie distribution. Settlement of the sale of the Company's 20% interest in the Nicolsons gold project occurred on 14 July 2016 with the Company receiving 130M Pantoro shares.

Corporate

On 25 July 2016 the Company conducted the in-specie distribution to its shareholders by distributing 1 Pantoro share for every 2 Bulletin shares held at the Record Date. This resulted in the Company distributing approximately \$13.5M worth of equity back to its shareholders while retaining approximately 40M Pantoro shares in its own right.

Bulletin disposed of 20M Pantoro shares during the period to settle all outstanding liabilities and to give it a strong cash position. Until the Company acquires a new project it is expected that overheads will be relatively low.

Bulletin has reviewed a number of opportunities in the resources sector and will continue to do so until identifying an appropriate opportunity that it believes is in its and shareholders best interests. It is the Company's stated intention to identify an opportunity that, in time, will allow it to again reward shareholders.

DIRECTORS' REPORT
For the Half Year Ended 31 December 2016

A review conducted of the 2012 and 2013 Research & Development (R&D) tax returns lodged by previous management determined there were omissions in those returns that resulted in the Company receiving a lower R&D refund for those years than they were entitled to from the Australian Taxation Office (ATO). As a result Bulletin lodged amended returns which resulted in the ATO refunding a total of \$784,917, before costs, to the Company during the period.

Bulletin has taken a small investment position in two ASX listed companies as detailed in Note 2.

The Company held its annual general meeting in November 2016 where all resolutions were passed.

EVENTS SUBSEQUENT TO REPORTING DATE

Since the end of the period Bulletin has disposed of a further 9M shares in PNR on market.

Other than the above, no matter or circumstance has arisen subsequent to the balance date, which has significantly affected, or may significantly affect the operations of the Company, the result of those operations, or the state of affairs of the Company in subsequent financial years.

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration under section 307C of the Corporations Act 2001 is set out on page 6 for the half year ended 31 December 2016.

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



Paul Poli
Chairman

Dated this 16th day of March 2017

DECLARATION OF INDEPENDENCE BY NEIL SMITH TO THE DIRECTORS OF BULLETIN RESOURCES LIMITED

As lead auditor for the review of Bulletin Resources Limited for the half-year ended 31 December 2016, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.



Neil Smith

Director

BDO Audit (WA) Pty Ltd

Perth, 16 March 2017

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the Half-Year ended 31 December 2016

	Note	31 December 2016 \$	31 December 2015 \$
Revenue		959	912,725
Cost of sales		-	(979,749)
Gross Profit		959	(67,024)
Interest received		3,408	7,197
Other income		139,966	-
Research and development grant refund		784,918	-
Gain on sale of joint venture interest	3	17,783,444	-
Other expenses			
Listing and share registry expense		(40,371)	(22,007)
Depreciation		-	(5,853)
Professional fees		(44,744)	(10,950)
Director and employee benefits expense		(149,720)	(104,089)
Exploration expenditure		(1,921)	(1,281)
Legal fees		(54,204)	(6,759)
Administration expenses		(188,931)	(76,785)
Finance costs		(37,716)	(28,912)
Loss on sale of investments		(1,003,466)	(138,754)
Share based payments expense	6	(220,674)	-
Expenses from operations		(1,741,747)	(395,390)
Profit/(loss) from operations before income tax expense		16,970,948	(455,217)
Income tax expense		(1,414,286)	-
Profit/(loss) after income tax expense for the period		15,556,662	(455,217)
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Net change in fair value of available-for-sale financial assets		295,168	188,737
Available-for-sale financial assets – realised in profit or loss on disposal, net of tax		-	138,754
Total comprehensive profit/(loss) for the half-year		295,168	327,491
Total comprehensive profit/(loss) for the period attributable to equity holders of the company		15,851,830	(127,726)
Basic profit/(loss) per share (cents per share)		8.67	(0.26)
Diluted profit/(loss) per share (cents per share)		8.67	(0.26)

The above Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

STATEMENT OF FINANCIAL POSITION
As at 31 December 2016

	Note	31 December 2016 \$	30 June 2016 \$
Current Assets			
Cash and cash equivalents		1,704,806	493,667
Available-for-sale financial assets	2	4,001,818	-
		<u>5,706,624</u>	<u>493,667</u>
Assets classified as held for sale	3	-	5,820,600
Total Current Assets		<u>5,706,624</u>	<u>6,314,267</u>
Non-Current Assets			
Total Non-Current Assets		-	-
Total Assets		<u>5,706,624</u>	<u>6,314,267</u>
Current Liabilities			
Trade and other payables		37,428	776,311
Borrowings	4	-	1,386,365
Deferred tax liability		126,500	-
Provision for income tax		1,414,286	-
		<u>1,578,214</u>	<u>2,162,676</u>
Liabilities directly associated with assets classified as held for sale	3	-	2,648,700
Total Current Liabilities		<u>1,578,214</u>	<u>4,811,376</u>
Non-Current Liabilities			
Total Non-Current Liabilities		-	-
Total Liabilities		<u>1,578,214</u>	<u>4,811,376</u>
Net Assets		<u>4,128,410</u>	<u>1,502,891</u>
Equity			
Issued capital	5	1,200,704	14,647,689
Reserves		563,650	47,808
Retained earnings/(accumulated losses)		2,364,056	(13,192,606)
Total Equity		<u>4,128,410</u>	<u>1,502,891</u>

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

STATEMENT OF CHANGES IN EQUITY
For the Half-Year ended 31 December 2016

	Issued Capital	Other Reserves	Equity Settled Benefits Reserve	Accumulated Losses	Total
	\$	\$	\$	\$	\$
Balance at 1 July 2015	14,490,189	(371,248)	47,808	(12,037,129)	2,129,620
Comprehensive loss for period attributable to members	-	327,491	-	(455,217)	(127,726)
Total comprehensive loss for the period	-	327,491	-	(455,217)	(127,726)
Issue of shares	-	-	-	-	-
Share issue cost	-	-	-	-	-
Share based payment	-	-	-	-	-
Balance at 31 December 2015	14,490,189	(43,757)	47,808	(12,492,346)	2,001,894
Balance at 1 July 2016	14,647,689	-	47,808	(13,192,606)	1,502,891
Comprehensive gain for period attributable to members	-	295,168	-	15,556,662	15,851,830
Total comprehensive gain for the period	-	295,168	-	15,556,662	15,851,830
Issue of shares	-	-	-	-	-
Share issue cost	-	-	-	-	-
In-specie distribution	(13,446,985)	-	-	-	(13,446,985)
Share based payment	-	-	220,674	-	220,674
Balance at 31 December 2016	1,200,704	295,168	268,482	2,364,056	4,128,410

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

STATEMENT OF CASH FLOWS
For the Half Year Ended 31 December 2016

	31 December 2016 \$	31 December 2015 \$
Cash flows from operating activities		
Receipts from customers	959	912,725
Payments to suppliers and employees	(1,218,775)	(850,722)
Interest received	3,408	7,197
Interest paid	(53,487)	-
Other income	784,953	-
Net cash inflows/(outflows) in operating activities	(482,942)	69,200
Cash flows from investing activities		
Payments for exploration expenditure	-	(35,069)
Payments for other joint venture activities	-	82,685
Payments to joint venture for plant and equipment	-	(1,308,726)
Payments to joint venture for mine properties	-	(347,975)
Cash disposed of on disposal of joint venture interest	504,275	-
Payments for available-for-sale-investments	(379,601)	-
Payment for joint venture hedge commitments	(209,000)	-
Proceeds on sale of plant and equipment	-	20,000
Proceeds from sale of available-for-sale-investments	2,999,000	728,084
Net cash inflows/(outflows) in investing activities	2,914,674	(861,001)
Cash flows from financing activities		
Proceeds from loan monies	-	600,000
Repayment of borrowings	(1,220,593)	-
Net cash inflows/(outflows) in financing activities	(1,220,593)	600,000
Net increase/(decrease) in cash and cash equivalents held	1,211,139	(191,801)
Cash and cash equivalents at the beginning of the period	493,667	857,951
Cash and cash equivalents at the end of the period	1,704,806	666,150

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

1. BASIS OF PREPARATION

- (a) The half year financial report is a general purpose financial report prepared in accordance with the requirements of the Corporations Act 2001, Accounting Standard AASB 134 Interim Financial Reporting, applicable accounting standards and other mandatory professional reporting requirements.

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2016 and any public announcements made by Bulletin Resources Limited during the half-year in accordance with the continuous disclosure requirements arising under the Corporations Act 2001.

The half year report does not include full disclosures of the type normally included in an annual financial report. Therefore, it cannot be expected to provide as full an understanding of the financial performance, financial position and cash flows of the entity as in the full financial report.

The accounting policies and methods of computation adopted in the preparation of the half year financial report are consistent with those adopted and disclosed in the company's annual financial report for the financial year ended 30 June 2016.

In the half year ended 31 December 2016, the Company has reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for annual reporting periods beginning on or after 1 January 2017.

It has been determined by the Company that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change is necessary to the Company's accounting policies.

(b) Impact of standards issued but not yet applied by the entity

From 1 July 2017, the Group is required to adopt Standards and Interpretations mandatory for annual periods beginning on or after 1 January 2017. The Group has reviewed the impact of these Standards and Interpretations and is continuing to assess whether they will have a significant effect on the financial position or performance of the Group. The Group has not elected to early adopt any new standards or amendments.

2. AVAILABLE-FOR-SALE FINANCIAL ASSETS

- (i) The Company holds shares in Pantoro Limited (PNR), which is involved in exploration of gold and base metals in Australia and Papua New Guinea and was the Company's joint venture partner in the Nicolsons Gold Project. PNR is listed on the Australian Securities Exchange.

At the end of the period the Company's investment was \$3,600,618 (30 June 2016: nil) which is based on Pantoro's quoted share price. The Company incurred a loss of \$1,003,466 on the sale of Pantoro shares during the period.

- (ii) The Company acquired shares in RNI NL (RNI), which is involved in exploration of gold and base metals in Western Australia. RNI is listed on the Australian Securities Exchange.

At the end of the period the Company's investment was \$151,200 (30 June 2016: nil) which is based on RNI's quoted share price.

- (iii) The Company held shares in Kalamazoo Resources Limited (KZR), which is involved in exploration of gold and base metals in Western Australia. KZR listed on the Australian Securities Exchange in January 2017.

At the end of the period the Company's investment was \$250,000 (30 June 2016: nil) which is based on the actual cost of the investment.

3. SALE OF INTEREST IN JOINT VENTURE AND DISCONTINUED OPERATIONS

On 2 May 2016 the Company announced that it had entered into an agreement with its joint venture partner Pantoro to dispose of its 20% interest in the Nicolson's Gold Project with effect from 1 May 2016. From that date the Company lost the rights to those assets. The Company announced it had executed a Joint Venture Interest Sale and Purchase Agreement on 15 May 2016 with Pantoro whereby subject to completion of all legal agreements, receipt of shareholder, regulatory, and financier approvals to approve the transaction the consideration for the sale of Bulletin's 20% interest in Nicolson's was as follows:

1. Pantoro to issue Bulletin 130 million fully paid ordinary Pantoro shares;
2. Halls Creek Mining Pty Ltd (HCM), the Operator, assumed 100% of Bulletin's obligations under its gold loan finance facility with the CBA such that Bulletin has no further obligations to the CBA subsequent to settlement.
3. HCM will assume 50% of the responsibility of the gold hedge facility provided by CBA prior to settlement and 100% thereafter.

In addition, and as part of the agreement, the Board of Bulletin has elected to make, after settlement, an in-specie distribution of one Pantoro share for every two Bulletin shares held at the time of the in-specie distribution.

A shareholder meeting was held on 7 July 2016 where shareholders unanimously approved both the sale of the interest in Nicolson's as well as the in-specie distribution. The disposal of the Company's interest was settled on 14 July 2016. The in-specie distribution occurred on 25 July 2016.

The gain on sale of the interest in the joint venture is calculated as follows:

	2016
	\$
Consideration	
Cash	-
Shares in Pantoro Limited at market value at settlement date	20,800,000
	20,800,000
Net assets of the interest in the joint venture	(3,171,900)
Cash retained relating to joint venture	504,275
Gold hedge liability	(348,931)
Gain on sale of joint venture interest	17,783,444

3. SALE OF INTEREST IN JOINT VENTURE AND DISCONTINUED OPERATIONS (continued)

At 30 June 2016, the Company's interest in the Nicolson's Gold Project was classified as discontinued operations. The major classes of assets and liabilities relating to the Company's share of the Nicolson's Gold Project classified as discontinued operations at 30 June 2016 were as follows:

	2016
	\$
Assets	
Cash held in joint venture	504,275
Property, plant and equipment	1,974,462
Mine property and development	3,320,438
Exploration expenditure capitalised	21,425
Assets held for discontinued operations	5,820,600
Liabilities	
Other creditors	358,010
Provision for rehabilitation	361,401
Deferred revenue	1,929,289
Liabilities directly associated with discontinued operations	2,648,700
Net assets directly associated with discontinued operations	3,171,900
Net cash flows from:	
- Operating	944,381
- Investing	(3,285,863)
- Financing	-

4. INTEREST BEARING LOANS

	31 Dec 16	30 Jun 16
	\$	\$
Current		
Finance lease liability (i)	-	-
Unsecured loan (ii)	-	1,386,365
	-	1,386,685
Non-Current		
Unsecured loan (ii)	-	-
	-	-

- (i) Represents the Company's share of the finance leases which have repayment terms of less than 12 months over motor vehicles at the Nicolson's Gold Project.
- (ii) Represents two separate unsecured loans owing to Auro Pty Ltd including for both interest and the principal. The loans accrued interest at 12% per annum and was payable every 6 months. The loan was repaid in July 2017.

	31 Dec 16	30 Jun 16
	\$	\$
5. ISSUED CAPITAL		
179,293,034 (30 June 2016:179,293,034) ordinary shares	1,200,704	14,647,689

Movement of ordinary share capital

	31 Dec 16 Number	30 Jun 16 Number	31 Dec 16 \$	30 Jun 16 \$
At the beginning of the reporting period	179,293,034	174,043,034	14,647,689	14,490,189
Exercise of options	-	5,250,000	-	157,500
Return of capital (i)	-	-	(13,446,985)	-
Transaction costs	-	-	-	-
At the end of the reporting period	179,293,034	179,293,034	1,200,704	14,647,689

- (i) On 25 July 2016 an in-specie distribution of one Pantoro share for every two Bulletin shares held at the time of the in-specie distribution was conducted resulting in a reduction of the Company's issued capital based on the market value of the shares at that date.

Issue of options during the period	Number of options	\$
Opening balance at 1 July 2015	-	-
Unlisted options issued to directors during the period	12,000,000	-
Unlisted options issued to others during the period	3,500,000	-
	15,500,000	-

No dividends have been paid or declared since the start of the financial period, and none are recommended.

6. SHARE BASED PAYMENTS

In November 2016 the Company granted 15,500,000 unlisted options to directors, the company secretary and a consultant with an exercise price of \$0.033 each expiring on 30 November 2019. The fair value of the options granted during the six months to 31 December 2016 was estimated on the date of grant using the following assumptions:

	2016
Dividend yield (%)	-
Expected volatility (%)	93.98
Risk-free interest rate (%)	1.92
Expected life of options (years)	3.02
Option exercise price (\$)	0.033
Share price at grant date (\$)	0.026
Fair value at grant date (c)	1.42

The weighted average fair value of the options for the six months to 31 December 2016 was 1.42 cents per share.

For the six months ended 31 December 2016 the Company has recognised \$220,674 as a share based payment in the statement of profit or loss and other comprehensive income.

7. SEGMENT REPORTING

The Group operates in the mineral exploration industry in Australia. For management purposes, the Group is organised into one main operating segment which involves the exploration of minerals in Australia. All of the Group's activities are interrelated and discrete financial information is reported to the Board (Chief Operating Decision Maker) as a single segment. Accordingly, all significant operating decisions are based upon analysis of the Group as one segment. The financial results from this segment are equivalent to the financial statements of the Group as a whole.

8. CONTINGENT ASSETS AND LIABILITIES

In the opinion of the directors, there are no further contingent assets or liabilities as at 31 December 2016 and no changes in the interval between 31 December 2016 and the date of this report.

9. COMMITMENTS

The Company has no commitments as at 31 December 2016.

10. RELATED PARTIES

Arrangements with related parties continue to be in place. For details on these arrangements refer to the 30 June 2016 consolidated annual financial report and note 6 above.

11. EVENTS SUBSEQUENT TO REPORTING DATE

Since the end of the period Bulletin has disposed of a further 9M shares in PNR on market.

Other than the above, no matter or circumstance has arisen subsequent to the balance date, which has significantly affected, or may significantly affect the operations of the Company, the result of those operations, or the state of affairs of the Company in subsequent financial years.

DIRECTORS' DECLARATION

The directors of the Company declare that:

1. The financial statements and notes, as set out on pages 7 to 15, are in accordance with the Corporations Act 2001, including:
 - (a) complying with Accounting Standards AASB134 Interim Financial Reporting, the Corporations Regulations 2001; and other mandatory professional reporting requirements
 - (b) giving a true and fair view of the Company's financial position as at 31 December 2016 and of its performance for the half-year ended on that date
2. In the directors' opinion there are reasonable grounds to believe that Bulletin Resources Limited will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the directors.

Dated at Perth this 16th day of March 2017



Paul Poli
Chairman

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Bulletin Resources Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Bulletin Resources Limited, which comprises the statement of financial position as at 31 December 2016, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a statement of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the company's financial position as at 31 December 2016 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Bulletin Resources Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Bulletin Resources Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.



Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Bulletin Resources Limited is not in accordance with the *Corporations Act 2001* including:

- (i) giving a true and fair view of the company's financial position as at 31 December 2016 and of its performance for the half-year ended on that date; and
- (ii) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

BDO Audit (WA) Pty Ltd

A handwritten signature in blue ink, appearing to read 'Neil Smith'. Above the signature, the letters 'BDO' are written in a similar blue ink.

Neil Smith

Director

Perth, 16 March 2017