# BULLETIN RESOURCES LIMITED

**ACN 144 590 858**

## HALF-YEAR FINANCIAL STATEMENTS
## 31 DECEMBER 2017

**BULLETIN RESOURCES LIMITED**
**ACN 144 590 858**

**CONTENTS**

**BULLETIN RESOURCES LIMITED**
**ACN 144 590 858**

**COMPANY DIRECTORY**

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**DIRECTORS**

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

**COMPANY SECRETARY**

Andrew Chapman

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Australian Securities Exchange Ltd
Level 40, Central Park
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Perth WA 6000
ASX Code: BNR

Your Directors submit the financial report of the consolidated entity consisting of Bulletin Resources Limited ("the Company") and the entities it controlled ("the Group") at the end of, or during, the half-year ended 31 December 2017.

## 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 loss after tax for the half-year ended 31 December 2017 was $320,484 (31 December 2016: $15,556,662 profit).

## REVIEW OF OPERATIONS

On 26 July 2017 Bulletin acquired Gekogold Pty Ltd (Gekogold) which has a royalty over the Geko gold project operated by Coolgardie Minerals Limited (CML), formerly Golden Eagle Mining Limited.

On 26 October 2017 Gekogold commenced legal action against CML claiming that CML did not lodge a mining proposal with the Department of Mines and Petroleum in accordance with the Tenement Acquisition Agreement ("TAA") by 31 August 2016 as it was required to do, and as a result, Gekogold believes that it is entitled to the return of the two tenements namely M15/621 and L15/229.

CML purported to terminate the TAA on 27 October 2017 on the basis that Gekogold defaulted by not repaying CML $60,000. Gekogold disputed the legality of such an act. This matter was resolved after the end of the period as noted below.

CML has recently advised that it has now received all mining approvals for the Geko gold project and is seeking to be in production this year.

### Geko Gold Project

The Geko Gold project is in the shire of Coolgardie, Western Australia (Figure 2), approximately 25 kilometres west north-west of the township of Coolgardie, or about 15 kilometres north of the Bullabulling Gold Mine. It is situated within the Bullabulling Station pastoral lease, in the Jaurdi Land Division of the Coolgardie Mineral Field. It consists of two tenements being M15/621 and L15/229.

Limited due diligence conducted by Bulletin indicates that should the Project be put into production it would generate significant income. However, it should be noted that any mining studies conducted and resource statements prepared have been prepared by CML for the benefit of CML and Bulletin has not conducted its own studies into the feasibility of the Project.

CML has stated that it has completed bankable feasibility studies on the Project and recently advised its shareholders that it has now received all mining approvals for the Project and is seeking to be in production this year.

Bulletin continues to review and conduct due diligence on a number of opportunities in the resources sector but has yet to conclude a transaction. Bulletin will continue to identify an appropriate opportunity that it believes is in its and shareholders best interests.

## EVENTS SUBSEQUENT TO REPORTING DATE

On 22 February 2018 Bulletin advised that it has entered into a Heads of Agreement (HOA) with CML whereby Gekogold is entitled to a royalty from gold projection and a 30% profit share from the sale of minerals from the Gekogold Open Pit Project (Project) after a first $9m profit threshold. Importantly this interest is at no cost to Bulletin.

In addition to the above interest, Gekogold will retain a 30% joint venture interest in the balance of the tenement area outside the Project. All legal action between Gekogold and CML will cease upon execution of a Deed of Settlement.

Subject to the execution of a more detailed Deed of Settlement the key terms of the HOA are as follows:

1. Gekogold will retain a royalty, payable in cash, over the Project on the following terms:
   (i) 10% of the first 25,000 oz Au produced;
   (ii) 4% of the next 60,039 oz Au produced; and
   (iii) 2% of all production over and above 85,039 oz Au.

2. Gekogold will be entitled to 30% of the profit earned from the sale of minerals from the Project after CML has earned $9M profit. Gekogold makes no contribution to the costs of the Project and is not responsible for any losses incurred on the Project.

3. Mining at the Project must commence by 1st October 2018, subject to no major adverse event occurring.

4. Gekogold and CML will form a joint venture on a 30:70 basis on the tenement area outside the Project.

5. Gekogold will subscribe for a minimum of $500,000 in shares in the Initial Public Offering of CML, provided the IPO occurs within 12 months.

6. Both parties execute, within two business days of a formal Deed of Settlement, a memorandum of consent order dismissing all legal proceedings.

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 2017**.**

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

**Paul Poli**
**Chairman**

Dated this 15th day of March 2018

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Australia

**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 2017, 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.

This declaration is in respect of Bulletin Resources Limited and the entities it controlled during the period.

**Neil Smith**

Director

**BDO Audit (WA) Pty Ltd**

Perth, 15 March 2018

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
**For the Half-Year ended 31 December 2017**

| | Note | 31 December 2017 $ | 31 December 2016 $ |
|---|---|---|---|
| Revenue | | - | 959 |
| | | | |
| Interest received | | 42,744 | 3,408 |
| Other income | | 8,441 | 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 | | (26,025) | (40,371) |
| Professional fees | | (10,800) | (44,744) |
| Director and employee benefits expense | | (100,312) | (149,720) |
| Exploration expenditure | | (11,481) | (1,921) |
| Legal fees | | (123,112) | (54,204) |
| Administration expenses | | (84,240) | (188,931) |
| Finance costs | | - | (37,716) |
| Loss on sale of investments | | - | (1,003,466) |
| Share based payments expense | 7 | - | (220,674) |
| | | | |
| Expenses from operations | | (355,970) | (1,741,747) |
| | | | |
| **(Loss)/profit from operations before income tax expense** | | (304,785) | 16,970,948 |
| Income tax expense | | (15,699) | (1,414,286) |
| | | | |
| **(Loss)/profit after income tax expense for the period** | | (320,484) | 15,556,662 |
| | | | |
| Other comprehensive income | | | |
| *Items that may be reclassified subsequently to profit or loss:* | | | |
| Net change in fair value of available-for-sale financial assets | | (4,140) | 295,168 |
| Available-for-sale financial assets – realised in profit or loss on disposal, net of tax | | 37,000 | - |
| Total comprehensive income for the half-year | | 32,860 | 295,168 |
| | | | |
| **Total comprehensive (loss)/profit for the period attributable to equity holders of the company** | | (287,624) | 15,851,830 |
| | | | |
| Basic and diluted (loss)/profit per share (cents per share) | | (0.18) | 8.67 |

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

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION
**As at 31 December 2017**

| | Note | 31 December 2017 $ | 30 June 2017 $ |
|---|---|---|---|
| **Current Assets** | | | |
| Cash and cash equivalents | | 5,062,916 | 5,350,840 |
| Other receivables | 4 | 141,738 | 267,598 |
| Available-for-sale financial assets | 2 | 213,480 | 280,620 |
| **Total Current Assets** | | 5,418,134 | 5,899,058 |
| **Non Current Assets** | | | |
| Exploration and evaluation assets | 5 | 250,000 | - |
| **Total Non Current Assets** | | 250,000 | - |
| **Total Assets** | | 5,668,134 | 5,899,058 |
| **Current Liabilities** | | | |
| Trade and other payables | | 115,983 | 74,982 |
| Provision for income tax | | 1,577,819 | 1,562,120 |
| **Total Current Liabilities** | | 1,693,802 | 1,637,102 |
| **Total Liabilities** | | 1,693,802 | 1,637,102 |
| **Net Assets** | | 3,974,332 | 4,261,956 |
| **Equity** | | | |
| Issued capital | 6 | 1,200,704 | 1,200,704 |
| Reserves | | 202,361 | 169,501 |
| Retained earnings | | 2,571,267 | 2,891,751 |
| **Total Equity** | | 3,974,332 | 4,261,956 |

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

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
**For the Half-Year ended 31 December 2017**

| | Issued Capital | Other Reserves | Equity Settled Benefits Reserve | Retained Earnings | Total |
|---|---|---|---|---|---|
| | $ | $ | $ | $ | **$** |
| **Balance at 1 July 2016** | 14,647,689 | - | 47,808 | (13,192,606) | 1,502,891 |
| Comprehensive gain/(loss) for period attributable to members | - | 295,168 | - | 15,556,662 | 15,851,830 |
| Total comprehensive loss for the period | - | 295,168 | - | 15,556,662 | 15,851,830 |
| 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 |
| | | | | | |
| **Balance at 1 July 2017** | 1,200,704 | (98,980) | 268,481 | 2,891,751 | 4,261,956 |
| Comprehensive gain/(loss) for period attributable to members | - | 32,860 | - | (320,484) | (287,624) |
| Total comprehensive gain for the period | - | 32,860 | - | (320,484) | (287,624) |
| **Balance at 31 December 2017** | 1,200,704 | (66,120) | 268,481 | 2,571,267 | 3,974,332 |

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

## CONSOLIDATED STATEMENT OF CASH FLOWS
**For the Half Year Ended 31 December 2017**

| | 31 December 2017 $ | 31 December 2016 $ |
|---|---|---|
| **Cash flows from operating activities** | | |
| Receipts from customers | - | 959 |
| Payments to suppliers and employees | (303,729) | (1,218,775) |
| Interest received | 43,604 | 3,408 |
| Interest paid | - | (53,487) |
| Other income | - | 784,953 |
| **Net cash outflows in operating activities** | (260,125) | (482,942) |
| **Cash flows from investing activities** | | |
| Payments for exploration expenditure | (11,240) | - |
| 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) |
| Loan monies advanced | (125,000) | - |
| Proceeds from sale of available-for-sale-investments | 108,441 | 2,999,000 |
| **Net cash (outflows)/inflows in investing activities** | (27,799) | 2,914,674 |
| **Cash flows from financing activities** | | |
| Repayment of borrowings | - | (1,220,593) |
| **Net cash outflows in financing activities** | - | (1,220,593) |
| Net (decrease)/increase in cash and cash equivalents held | (287,924) | 1,211,139 |
| Cash and cash equivalents at the beginning of the period | 5,350,840 | 493,667 |
| Cash and cash equivalents at the end of the period | 5,062,916 | 1,704,806 |

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2017

### 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 2017 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 2017.

In the half year ended 31 December 2017, the Group 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 2018.

It has been determined by the Group 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 Group's accounting policies.

**(b) Basis of Consolidation**

*Subsidiaries*

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Bulletin Resources Limited as at 31 December 2017 and the results of all subsidiaries for the year then ended. Bulletin Resources Limited and its subsidiaries together are referred to in this financial report as the group or the consolidated entity.

Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

*Control over subsidiaries*

In determining whether the consolidated group has control over subsidiaries that are not wholly owned, judgement is applied to assess the ability of the consolidated group to control the day to day activities of the partly owned subsidiary and its economic outcomes. In exercising this judgement, the commercial and legal relationships that the consolidated group has with other owners of partly owned subsidiaries are taken into consideration. Whilst the consolidated group is not able to control all activities of a partly owned subsidiary, the partly owned subsidiary is consolidated within the consolidated group where it is determined that the consolidated group controls the day to day activities and economic outcomes of a partly owned subsidiary. Changes in agreements with other owners of partly owned subsidiaries could result in a loss of control and subsequently de-consolidation.

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

From 1 July 2018, the Group is required to adopt Standards and Interpretations mandatory for annual periods beginning on or after 1 January 2018. 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.

### (d) Significant accounting judgements and key estimates

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimate and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

**Taxation**

In calculating the tax expense for the current year, the Group has assessed the ability to utilise carried forward tax losses. The Group has obtained expert advice that the majority of these tax losses can be utilised. However, the tax legislation in relation to the utilisation of these tax losses can be complex and if the ruling from the ATO should not be favourable, this would increase the Group's tax payable significantly.

**Asset Acquisition**

The Company has determined that the acquisition of controlling interests in Gekogold Pty Ltd are not deemed business acquisitions. The transactions have been accounted for as asset acquisitions.

In assessing the requirements of AASB 3 Business Combinations, the Company has determined that the assets acquired do not constitute a business.

The principal asset acquired consist of the right to royalty which has been viewed as a retained interest in the Gekogold Open Pit Project.

When an asset acquisition does not constitute a business combination, the assets and liabilities are assigned a carrying amount based on their relative fair values in an asset purchase transaction and no deferred tax will arise in relation to the acquired assets and assumed liabilities as the initial recognition exemption for deferred tax under AASB 112 applies. No goodwill will arise on the acquisition and transaction costs of the acquisition are included in the capitalised cost of the asset.

## 2. AVAILABLE-FOR-SALE FINANCIAL ASSETS

(i) The Company acquired shares in Auris Minerals Limited (AUR), which is involved in exploration of gold and base metals in Western Australia. AUR is listed on the Australian Securities Exchange.

At the end of the period the Company's investment was $114,480 (30 June 2017: $123,120) which is based on AUR's quoted share price at 31 December 2017.

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

At the end of the period the Company's investment was $99,000 (30 June 2017: $157,500) which is based on KZR's quoted share price at 31 December 2017.

## 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 Nicolsons 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 Nicolsons 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 Nicolsons 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:

| | 2017<br>$ |
|---|---|
| **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** |
| Income tax expense | **(1,562,120)** |
| Gain on sale of joint venture interest after income tax | **16,221,324** |

(i) At the time of the sale the tax expense was not yet finalised. Once finalised a tax expense of $1,577,819 was taken to account, an increase of $15,699 at 31 December 2017.

## 4. OTHER RECEIVABLES

| | 31 Dec 17 $ | 30 Jun 17 $ |
|---|---|---|
| Loan receivable (i) | 125,000 | - |
| Other receivables | 16,738 | 17,598 |
| Prepaid right to royalty | - | 250,000 |
| | 141,738 | 267,598 |

(i) Loan Advance

An amount $125,000 was paid on 17 August 2017 as an unsecured loan to the former shareholder of Geko. The loan is interest free for the period of the loan being 12 months and attracts an interest rate of 12% pa if not repaid by the repayment date.

(ii) Relates to prepaid amount for right to royalty, refer Note 5 Exploration and Evaluation Assets.

## 5. EXPLORATION AND EVALUATION ASSETS

| | 31 Dec 17 $ | 30 Jun 17 $ |
|---|---|---|
| Right to royalty (i) | 250,000 | - |
| | 250,000 | - |

(i) Right to Royalty

On 26 July 2017 the Company acquired Gekogold Pty Ltd ("Geko"), the then registered owner of the Geko gold project located 25 km's WNW of Coolgardie. Geko is a party to a Tenements Acquisition Agreement with Coolgardie Minerals Limited (CML), formerly Golden Eagle Mining Limited, an unlisted company, dated 19th December 2014, whereby CML has acquired the project under certain conditions from Geko in return for a royalty.

The Tenement Acquisition Agreement ("TAA") for the Geko gold project by GEM provides for:

1. A 10% net smelter royalty (NSR) on the first 25,000 ounces produced from the Geko gold project to Geko; and
2. A 4% NSR on all gold produced after the first 25,000 ounces produced from the Geko gold project to Geko.

The terms around the TAA have been renegotiated subsequent to the end of the period as disclosed in Note 12.

The consideration by Bulletin for the acquisition of Geko from the shareholders of Geko is as follows:

1. An initial payment of $250,000 on execution of the agreement being a prepaid component of the capped royalty (paid);
2. Payment of a 3.33% NSR on gold produced from the Geko gold project capped at $3.5 million;
3. A payment of $750,000 being a further prepaid component of the capped royalty conditional on Bulletin becoming the 100% beneficial owner of the project.

| | 31 Dec 17<br>$ | 31 Jun 17<br>$ |
|---|---|---|
| **6. ISSUED CAPITAL** | | |
| 179,293,034 (30 June 2017:179,293,034) ordinary shares | 1,200,704 | 1,200,704 |

**Movement of ordinary share capital**

| | 31 Dec 17<br>Number | 30 Jun 17<br>Number | 31 Dec 17<br>$ | 30 Jun 17<br>$ |
|---|---|---|---|---|
| At the beginning of the reporting period | 179,293,034 | 179,293,034 | 1,200,704 | 14,647,689 |
| Exercise of options | - | - | - | - |
| 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 | 1,200,704 |

(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.

(ii) No options were issued during the period.

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

## 7. SHARE BASED PAYMENTS

There were no share based payments for the six months ended 31 December 2017, hence the Company has recognised Nil (2016: $220,674) as a share based payment in the statement of profit or loss and other comprehensive income.

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:

| | 2017 | 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 2017 was Nil (2016: 1.42 cents) per share.

## 8. 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.

## 9. CONTINGENT ASSETS AND LIABILITIES

In the opinion of the directors, there are no further contingent assets or liabilities as at 31 December 2017, other than those disclosed in Note 5.

## 10. COMMITMENTS

The Company has no commitments as at 31 December 2017.

## 11. RELATED PARTIES

There have been no material changes in the related party transactions from the annual report. For details on these arrangements refer to the 30 June 2017 consolidated annual financial report.

## 12. EVENTS SUBSEQUENT TO REPORTING DATE

On 22 February 2018 Bulletin advised that it has entered into a Heads of Agreement (HOA) with CML whereby Gekogold is entitled to a royalty from gold projection and a 30% profit share from the sale of minerals from the Gekogold Open Pit Project (Project) after a first $9m profit threshold. Importantly this interest is at no cost to Bulletin.

In addition to the above interest, Gekogold will retain a 30% joint venture interest in the balance of the tenement area outside the Project. All legal action between Gekogold and CML will cease upon execution of a Deed of Settlement.

Subject to the execution of a more detailed Deed of Settlement the key terms of the HOA are as follows:

1. Gekogold will retain a royalty, payable in cash, over the Project on the following terms:
   (i) 10% of the first 25,000 oz Au produced;
   (ii) 4% of the next 60,039 oz Au produced; and
   (iii) 2% of all production over and above 85,039 oz Au.

2. Gekogold will be entitled to 30% of the profit earned from the sale of minerals from the Project after CML has earned $9M profit. Gekogold makes no contribution to the costs of the Project and is not responsible for any losses incurred on the Project.

3. Mining at the Project must commence by 1st October 2018, subject to no major adverse event occurring.

4. Gekogold and CML will form a joint venture on a 30:70 basis on the tenement area outside the Project.

5. Gekogold will subscribe for a minimum of $500,000 in shares in the Initial Public Offering of CML, provided the IPO occurs within 12 months.

6. Both parties execute, within two business days of a formal Deed of Settlement, a memorandum of consent order dismissing all legal proceedings.

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 consolidated financial statements and notes, as set out on pages 7 to 16, 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 Consolidated Entity's financial position as at 31 December 2017 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 15th day of March 2018

**Paul Poli**
**Chairman**

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# INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Bulletin Resources Limited

## Report on the Half-Year Financial Report

### Conclusion

We have reviewed the half-year financial report of Bulletin Resources Limited (the Company) and its subsidiary (the Group), which comprises the consolidated statement of financial position as at 31 December 2017, 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 half-year then ended, and notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration.

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

(i) Giving a true and fair view of the Group's financial position as at 31 December 2017 and of its financial performance for the half-year ended on that date; and

(ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

### 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 Group's financial position as at 31 December 2017 and its financial 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 the Group, 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 the Group, would be in the same terms if given to the directors as at the time of this auditor's review report.

**BDO Audit (WA) Pty Ltd**

BDO

**Neil Smith**

**Director**

Perth, 15 March 2018