Annual Report

for the financial year ended 30 June 2017

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CORPORATE INFORMATION

ABN 30 118 758 946

Directors

Mr Stuart Rechner	Chairman
Mr Nick Burn	Executive Director / Exploration Manager
Dr David Detata	Non-Executive Director

Company secretary

Mrs Anna MacKintosh

Registered and Principal Office

Suite 2, Lower Ground Floor
26 Eastbrook Terrace
East Perth WA 6004

Telephone: (08) 6555 0322
Website: www.gbenergy.com.au

Share register

Advanced Share Registry
150 Stirling Highway
Nedlands WA 6009
Telephone: 08 9389 8033

Solicitors

Fairweather Corporate Lawyers
595 Stirling Highway
Cottesloe WA 6011

Bankers

Bankwest
108 St. Georges Terrace
Perth WA 6000

Auditors

HLB Mann Judd
Level 4, 130 Stirling Street
Perth WA 6000

Securities Exchange Listing

GB Energy Limited shares are listed on the Australian Securities Exchange (ASX: GBX)

DIRECTORS' REPORT

Your directors present their report together with the financial statements of the Group consisting of GB Energy Limited ("the Company") and the entities it controlled during the period for the financial year ended 30 June 2017. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

Directors

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

Mr Stuart Rechner BSc LLB MAIG GAICD (Chairman)

Mr Stuart Rechner is an experienced company director and geologist with a background in project generation and acquisition. Mr Rechner holds degrees in both geology and law and is a member of the Australian Institute of Geoscientists and the Australian Institute of Company Directors. For over ten years Mr Rechner was an Australian diplomat responsible for the resources sector with postings to Beijing and Jakarta.

In the 3 years immediately before the end of the financial year, Mr Rechner also served as a director of the following listed companies:
Strategic Energy Resources Limited: 12 September 2014 to current
Kingston Resources Limited: 23 February 2015 to current

Dr David Detata BSc MSc PhD (Chemistry) MBA GAICD (Non-Executive Director)

Dr David Detata is an experienced scientific professional with over 12 years industry experience in scientific research and investigations. Dr Detata holds a Doctor of Philosophy in energetic materials characterisation and Master of Business Administration from the University of Western Australia. Dr Detata brings additional technical and scientific competence to the Board. In the 3 years immediately before the end of the financial year, Dr Detata did not serve as a director of any other listed company.

Mr Nick Burn (Exploration Manager and Executive Director) BSc (Hons) MBA MAIG appointed 10 October 2016

Mr Nick Burn has over 25 years experience in the minerals exploration industry including extensive operational experience throughout Australia. Mr Burn was previously CEO of ASX Listed uranium explorer Regalpoint Resources Ltd and Exploration Manager for Energy Metals Ltd. In the 3 years immediately before the end of the financial year, Mr Burn did not serve as a director of any other listed company.

Mr Graeme Kirke BCom MSDIA (Chairman) resigned 10 October 2016

Mr. Graeme Kirke has more than 30 years experience in stock broking and capital markets. He is currently managing director of Australian Financial Services Licensee KSLCORP Pty Ltd. He was a founding director of GB Energy Ltd.
In the 3 years immediately before the end of the financial year, Mr Kirke did not serve as a director of any other listed company.

Company Secretary

Anna MacKintosh B.Com (UWA) CPA

Anna MacKintosh, has over 30 years commercial experience including BHP, and 10 years being employed as Compliance Manager, Finance Manager and Responsible Executive for Australian Financial Services licensee KSLCORP Pty Ltd. She has been the Company Secretary for GB Energy Limited for the last 8 years.

DIRECTORS' REPORT (continued)

Interests in the shares and options of the Company and related bodies corporate
The following relevant interests in shares and options of the Company or a related body corporate were held by the directors as at the date of this report.

Directors	Number of fully paid ordinary shares	Number of options over ordinary shares
Mr Stuart Rechner	11,718,750	20,000,000
Dr David Detata	9,000,000	Nil
Mr Nick Burn	5,125,000	10,500,000

17 million ordinary shares were issued by the Company during or since the end of the financial year as a result of the exercise of options.

There are no unpaid amounts on the shares issued.

The Company currently has 58 million unlisted options that were issued in May 2016 to a Company Consultant and in November 2016 to Directors of the company as an incentive and compensation for future services. (exercisable at $0.006 each and expiring on 13 May 2019).

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.

Principal Activities
The principal activity of the entities within the Group during the year was mineral exploration with a focus on uranium and Iron Oxide Copper-Gold-Uranium (IOCGU) mineralisation in Australia.

There have been no significant changes in the nature of those activities during the year.

Review of operations

During the financial year, GB Energy Limited (the Company) increased operational tempo following a period of cautious financial management.

The Company appointed Mr Nick Burn BSc (Hons) MBA MAIG as Exploration Manager and Executive Director to lead our exploration efforts. Founding Director, largest shareholder and Executive Chairman Mr Graeme Kirke also resigned during the financial year. The Board thanks Mr Kirke for his leadership and unwavering support over the years.

Exploration during the year included drilling for copper-gold-uranium in South Australia; testing of lithium and potash brine potential in South Australian salt lakes; and commencement of a regional nickel-copper-platinum group elements (Ni-Cu-PGE) campaign in the Northern Territory.

The Company also devoted significant resources to the review of new opportunities. This resulted in the signing of a binding Term Sheet with Kalia Holdings Pty Ltd (Kalia) and its shareholders for an option to acquire 72.29% (and potentially 100%) of the shares in Kalia (the Kalia Option). Kalia holds contractual rights to explore for minerals and develop mines in the Tinputz district of North Bougainville, Papua New Guinea which is prospective for gold, copper and other minerals. Bougainville is one of the last undeveloped mineralised provinces of the world and is an ideal setting for porphyry copper-gold and associated epithermal gold mineralisation. Shareholders voted in favour of this significant transaction at the General Meeting held on 21 August 2017.

A subsidiary of the Company also lodged three Exclusive Prospecting Licence applications over the Bitterwasser lithium clay project in Namibia. These applications are contested and there is no guarantee GBX will be awarded the licences.

The Company raised $543,573 via an equity placement (tranche 1) associated with the Kalia transaction during the financial year.

The 2016 Annual Report was released on 22 September 2016 and the 2016 Annual General Meeting was held on 25 November 2016 with all resolutions passed.

Risk and Opportunities

Our resources exploration focus exposes the Company to the general trends and conditions in exploration and relevant commodity prices. Both settings have improved in the last twelve months. This combined with the Company's increased efforts have been reflected in a significant increase in value for shareholders.

DIRECTORS' REPORT (continued)

Being a bona fide, active mineral explorer has allowed the Company to contemplate (and receive ASX approval for) a significant transaction such as the Bougainville opportunity. This transaction is not without risk (as outlined in the Notice of Meeting of 19 July 2017), however the potential prize is great.

Short and Long Term Analysis

In the short term, the Company will continue exploration on our existing projects in Australia as we conclude due diligence on the Bougainville transaction. The longer term outlook is varied.

Should the Board's due diligence conclude that the Company should exercise the Kalia Option, a new chapter will begin with commencement of a copper-gold exploration program in Bougainville, Papua New Guinea.

Should the transaction not proceed for any reason, the Company will continue to explore our existing projects and seek to extract value, including joint venture or sale. The Company will also continue to review scale project opportunities in mineral resources.

General

Capital markets have adopted a higher risk and appetite setting for resources. We consider the next twelve months is a time to further increase operational tempo and take some carefully considered risks.

Financial Position

Further funds will be required to execute the Company strategy.

Significant changes in the state of affairs

There was no significant change in the state of affairs during the 2017 financial year.

Significant events after balance date

The option to acquire Kalia Holdings Pty Ltd as announced 20 March 2017 was extended in July 2017 to 18 September 2017.

A Notice of Meeting was released on the 19th July for a General Shareholders Meeting was held on the 21st August 2017. The nine resolutions contained in the Notice, which in the most part seek approval to proceed with the Kalia Option were approved.

Likely developments and expected results

The Company will require additional funding to continue operations.

Environmental legislation

In the course of its normal exploration activities, the Group adheres to environmental regulations imposed on it by the various regulatory authorities, particularly those regulations relating to ground disturbance and the protection of rare and endangered flora and fauna. The Group has complied with all material environmental requirements during the financial year. The Board believes that the Group has adequate systems in place for the management of its environmental requirements and is not aware of any breach of these environmental requirements as they apply to the Group.

Indemnification and insurance of Directors and Officers

The Company has agreed to indemnify all the directors of the Company for any liabilities to another person (other than the Company or related body corporate) that may arise from their position as directors of the Company and its controlled entities, except where the liability arises out of conduct involving a lack of good faith.

DIRECTORS' REPORT (continued)

Remuneration report
This report, which forms part of the directors' report, outlines the remuneration arrangements in place for the key management personnel ("KMP") of GB Energy Limited for the financial year ended 30 June 2017. The information provided in this remuneration report has been audited as required by Section 308(3C) of the Corporations Act 2001.

The remuneration report details the remuneration arrangements for 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.

Key Management Personnel
Directors

Mr Stuart Rechner	Chairman
Mr Nick Burn	Exploration Manager and Executive Director (appointed 10 October 2016)
Dr David Detata	Non-Executive Director
Mr Graeme Kirke	Chairman (resigned 10 October 2016)

Executives

Mrs Anna MacKintosh	Company Secretary/CFO

Remuneration philosophy
The performance of the Company depends upon the quality of the directors and executives. The Board has the authority and responsibility for planning, directing and controlling the activities of the company and the Group, including directors of the company and of the senior management. Compensation levels for directors and senior management of the Group are competitively set to attract and retain appropriately qualified and experienced directors and executives.

Remuneration levels are not dependent upon any performance criteria as the Company and the Group are not generating a profit.

Remuneration committee
The Board of Directors of the Company is responsible for determining and reviewing compensation arrangements for the directors and the executive team.

The Board assesses the appropriateness of the nature and amount of remuneration of directors and executives on a periodic basis by reference to relevant employment market conditions with an 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 Company with the ability to attract and retain directors of the highest calibre, whilst incurring a cost that is acceptable to shareholders.

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 aggregate level ($500,000) was set at the time of the company's incorporation and has not changed since.

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.

The remuneration of non-executive directors for the year ended 30 June 2017 is detailed in page 9 of this report.

DIRECTORS' REPORT (continued)

Senior manager and executive director remuneration
Remuneration consists of fixed remuneration only.

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. The Committee has access to external, independent advice where necessary.

The fixed remuneration of the Company Directors and executives is detailed in page 9 of this report.

2017 Annual General Meeting

The company's most recent Annual General Meeting was held on 25 November 2016. The remuneration report for the financial year ended 30 June 2016 was adopted for the purposes of section 250R(2) of the Corporations Act 2001 and for all other purposes.

Employment Contracts

Stuart Rechner – Chairman
The key terms of Mr Rechner's service contract are:

- Stuart is paid Chairman Fees of $25,000 per annum plus statutory superannuation. Any additional consulting work is charged at $800 (excl GST) per day.
- Termination Notice 3 months by either party.
- No termination benefits

Nick Burn – Exploration Manager and Executive Director (appointed 10 October 2016)
The key employment terms of Mr. Burn's service contract are:

- Director's fee of $18,000 per annum plus statutory superannuation and approved employment expenses.
- Consulting fee of $500 per day plus GST for activities in addition to normal Directors duties.
- No termination benefits

David Detata – Non-Executive Director (appointed 22 April 2016)
The key employment terms of Dr Detata's service contract are:

- Director's fee of $18,000 per annum plus statutory superannuation and approved employment expenses
- No termination benefits

Graeme Kirke – Chairman (resigned 10 October 2016)
The key employment terms of the service contract with Graeme Kirke for his role as Chairman/Executive Director were:

- Chairman's fee of $25,000 per annum plus statutory superannuation and approved employment expenses.
- Consulting fee of $650 per day plus GST up to a maximum of 100 days per annum for activities in addition to normal Directors duties.
- Termination Notice on Consultant Contract 1 month by either party.
- No termination benefits.

Anna MacKintosh –Company Secretary/CFO
12 month service agreement between GB Energy and Anna MacKintosh as Company Secretary/CFO with the following key employment terms:

- Fees of $60,000 per annum plus statutory superannuation
- Term 12 months with option to extend by mutual agreement.
- Termination Notice 3 months by either party.
- No termination benefits.
- Employment terms reviewed 6 months from the commencement date

DIRECTORS' REPORT (continued)

Remuneration of Key Management Personnel

Key Management Personnel remuneration for the years ended 30 June 2017 and 30 June 2016

	Short-term employment benefits		Post-employment benefit	Equity		
	Salary & fees	Bonus	Superannuation	Share options	Total	Performance related
30 June 2017	$	$	$	$	$	%
Directors						
S Rechner	70,265	-	2,191	34,451	106,907	-
D Detata	19,500	-	1,710	8,613	29,823	-
N Burn (i)	69,888	-	1,237	21,532	92,657	
G Kirke (ii)	6,250	-	-	-	6,250	-
Executives						
A MacKintosh	60,000	-	5,700	-	65,700	-
Total	225,903	-	10,837	64,596	301,336	-

	Short-term employment benefits		Post-employment benefit	Equity		
	Salary & fees	Bonus	Superannuation	Share options	Total	Performance related
30 June 2016	$	$	$	$	$	%
Directors						
G Kirke	36,000	-	-	-	36,000	-
S Rechner	29,020	-	2,423	-	31,443	-
P Glovac (iii)	22,138	-	-	-	22,138	-
D Detata (iv)	3,000	-	285	-	3,285	-
Executives						
A MacKintosh	60,000	-	5,700	-	65,700	-
Total	150,158	-	8,408	-	158,566	-

(i) Appointed 10 October 2016
(ii) Resigned on 10 October 2016
(iii) Resigned 22 April 2016
(iv) Appointed 22 April 2016

No member of key management personnel appointed during the period received a payment as part of his or her consideration for agreeing to hold the position.

Bonuses

No bonuses were granted during the year.

DIRECTORS' REPORT (continued)

Shareholdings of Key Management Personnel

30 June 2017	Balance at beginning of period Number	Granted as remuneration Number	On Exercise of Options Number	Net Change Other Number	Balance at end of period Number
Directors					
Mr Stuart Rechner	11,718,750	-	-	-	11,718,750
Dr David Detata	4,000,000	-	5,000,000	-	9,000,000
Mr Nick Burn	3,125,000 (ii)	-	2,000,000	-	5,125,000
Mr Graeme Kirke	131,442,510	-	-	1,371,000	132,813,510 (i)
Executives					
Mrs Anna MacKintosh	2,300,000	-	-	-	2,300,000

(i) At the time of resignation of director
(ii) At the time of appointment of director

30 June 2016	Balance at beginning of period Number	Granted as remuneration Number	On Exercise of Options Number	Net Change Other Number	Balance at end of period Number
Directors					
Mr Stuart Rechner	11,718,750	-	-	-	11,718,750
Dr David Detata	-	-	-	4,000,000(ii)	4,000,000
Mr Patrick Glovac	28,125,000	-	-	(28,125,000)(i)	-
Mr Graeme Kirke	101,972,400	-	-	29,470,110	131,442,510
Executive					
Mrs Anna MacKintosh	2,300,000	-	-	-	2,300,000

(i) At the time of resignation of director
(ii) At the time of appointment of director

All equity transactions with key management have been entered into under terms and conditions no more favourable than those the Group would have adopted if dealing at arm's length.

Option holdings of Personnel

James Allchurch (Lead Consultant) was granted 75 million Unlisted options @$0.006 in the previous financial year with expiry 3 years from grant date of 13 May 2016. 37.5 million of these options were cancelled on the 20th October 2016.
37.5 million options under the same terms that were granted to Company Directors on the 25th November 2016 as remuneration. There are no other options on issue. See Note 15 also.

30 June 2017	Balance at beginning of period Number	Granted as remuneration Number	Options exercised Number	Net Change Other Number	Balance at end of period Number	Grant Value	Percentage vested
Directors							
Mr Stuart Rechner	-	20,000,000	-	-	20,000,00	$0.0017	100%
Dr David Detata	-	5,000,000	(5,000,000)	-	-	$0.0017	100%
Mr Nick Burn	-	12,500,000	(2,000,000)	-	10,500,00	$0.0017	100%
Executive							
Anna MacKintosh	-	-	-	-	-	-	-

DIRECTORS' REPORT (continued)

Options Exercised during 2017 financial year.

	Options exercised Number	Grant Date	Value at exercise date(i)
Directors			
Mr Stuart Rechner	-	25 Nov 2016	$0.01
Dr David Detata	(5,000,000)	25 Nov 2016	$0.01
Mr Nick Burn	(2,000,000)	25 Nov 2016	$0.01

(i) The value at the date of exercise of options that were granted as part of remuneration and exercised during the year has been determined as the intrinsic value of the options as at exercise date.

End of Remuneration Report

Directors' Meetings

The number of meetings of directors (including meetings of committees of directors) held during the year and the number of meetings attended by each director were as follows:

	Directors meetings
Number of meetings held:	5
Number of meetings attended:	
Mr Graeme Kirke	1
Mr Stuart Rechner	5
Dr David Detata (appointed 22 April 2016)	5
Mr Nick Burn (appointed 10 October 2016)	4

Proceedings on behalf of the Company
No person has applied for leave of court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

Auditor Independence and Non-Audit Services
Section 307C of the Corporations Act 2001 requires our auditors, HLB Mann Judd, to provide the directors of the Company with an Independence Declaration in relation to the audit of the financial report. This Independence Declaration is set out on page 12 and forms part of this directors' report for the year ended 30 June 2017.

Non-Audit Services
No non-audit services were provided during the year by the auditor.

Signed in accordance with a resolution of the directors.

Dated: 30 August 2017

Stuart Rechner
Chairman

HLB Mann Judd

Accountants | Business and Financial Advisers

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the consolidated financial report of GB Energy Limited for the year ended 30 June 2017, I declare that to the best of my knowledge and belief, there have been no contraventions of

a) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

b) any applicable code of professional conduct in relation to the audit.

HLB Mann Judd

HLB Mann Judd
Chartered Accountants

M R Ohm
Partner

Perth, Western Australia
30 August 2017

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2017

	Notes	Consolidated 2017 $	2016 $
Continuing operations			
Interest income	2	381	4,371
Administrative and employee benefits expense		(334,432)	(344,936)
Depreciation expense		(482)	(2,417)
Accounting expenses		(34,880)	(29,500)
Project generation		(46,668)	
Impairment of exploration assets		(545,650)	(46,943)
Loss before income tax expense		(961,732)	(419,425)
Income tax benefit	3	-	-
Loss for the year		(961,732)	(419,425)
Other comprehensive income, net of income tax			
Reclassification adjustments			
Reclassification to profit or loss on dissolution of foreign operations		-	-
Other comprehensive income/(loss) for the year, net of tax		-	-
Total comprehensive loss for the year attributable to owners of the parent		(961,732)	(419,425)
Basic loss per share (cents per share)	5	0.102	0.046
Diluted loss per share (cents per share)	5	0.102	0.046

The accompanying notes form part of these financial statements

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2017

		Consolidated	
		2017	2016
	Notes	$	$
Assets			
Current assets			
Cash and cash equivalents	6	57,259	468,535
Trade and other receivables	7a	158,326	5,514
Prepayments	8	2,872	1,544
		218,457	475,593
Assets classified as held for sale	10	30,000	-
Total current assets		248,457	475,593
Non-current assets			
Loan Kalia Holdings Pty Ltd	7b	600,000	-
Property, plant and equipment	9	-	482
Deferred exploration and evaluation expenditure	10	263,182	506,156
Total non-current assets		863,182	506,638
Total assets		1,111,639	982,231
Liabilities			
Current liabilities			
Trade and other payables	11a	320,024	26,509
Borrowings – bridging loan KSLCorp Pty Ltd	11b	100,000	-
Total current liabilities		420,024	26,509
Total liabilities		420,024	26,509
Net assets		691,615	955,722
Equity			
Issued capital	12	11,223,627	10,578,054
Reserves	13	463,635	411,583
Accumulated losses	13	(10,995,647)	(10,033,915)
Total equity		691,615	955,722

The accompanying notes form part of these financial statements

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2017

Consolidated

	Notes	Issued capital $	Option premium reserve $	Share-based payment reserve $	Foreign currency translation reserve $	Accumulated Losses $	Total equity $
Balance at 1 July 2016		10,578,054	245,660	165,923	-	(10,033,915)	955,722
Loss for the year		-	-	-	-	(961,732)	(961,732)
Total comprehensive loss for the year		-	-	-	-	(961,732)	(961,732)
Shares issued during the year		645,575	-	-	-	-	645,575
Recognition of share-based payments	14	-	-	52,052	-	-	52,052
Balance as at 30 June 2017		11,223,629	245,660	217,975	-	(10,995,647)	691,615
Balance as at 1 July 2015		10,578,054	245,660	58,000	-	(9,614,490)	1,267,224
Loss for the year		-	-	-	-	(419,425)	(419,425)
Total comprehensive loss for the year		-	-	-	-	(419,425)	(419,425)
Recognition of share-based payments	14	-	-	107,923	-	-	107,923
Balance as at 30 June 2016		10,578,054	245,660	165,923	-	(10,033,915)	955,722

The accompanying notes form part of these financial statements

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2017

	Notes	Consolidated 2017 $	2016 $
Cash flows from operating activities			
Payments to suppliers and employees		(360,777)	(272,158)
Interest received		381	4,371
Net cash (outflows) from operating activities	6	(360,396)	(267,787)
Cash flows from investing activities			
Exploration and evaluation expenditure		(196,455)	(91,858)
Loan to Kalia Holding Pty Ltd		(600,000)	-
Net cash (outflows) from investing activities		(796,455)	(91,858)
Cash flows from financing activities			
Proceeds from issue of shares		645,575	-
Payments for share issue costs		-	-
Proceeds from borrowings (KSLCorp Pty Ltd)		100,000	-
Net cash inflows from financing activities		745,575	-
Net increase/(decrease) in cash and cash equivalents		(411,276)	(359,645)
Cash and cash equivalents at the beginning of the year		468,535	828,180
Effect of exchange rate fluctuations on cash held		-	-
Cash and cash equivalents at the end of the year	6	57,259	468,535

The accompanying notes form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

These financial statements are general purpose financial statements, which have been prepared in accordance with the requirements of the Corporations Act 2001, Accounting Standards and Interpretations and comply with other requirements of the law.

The accounting policies detailed below have been consistently applied to all of the years presented unless otherwise stated. The financial statements are for the Group consisting of GB Energy Limited and its subsidiaries.

The financial statements have been prepared on a historical cost basis. Cost is based on the fair values of the consideration given in exchange for assets.

The financial statements are presented in Australian dollars.

The Company is a listed public company, incorporated in Australia and operating in Australia. The entity's principal activities are exploration focused on energy metals.

(b) Adoption of new and revised standards

Standards and Interpretations applicable to 30 June 2017
In the year ended 30 June 2017, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Company and effective for the current annual reporting period.

As a result of this review, the Directors have determined that there is no material impact of the new and revised Standards and Interpretations on the Company and, therefore, no material change is necessary to Group accounting policies.

Standards and Interpretations in issue not yet adopted
The Directors have also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the year ended 30 June 2017.

As a result of this review the Directors have determined that there is no material impact, of the new and revised Standards and Interpretations on the Company and, therefore, no change is necessary to Group accounting policies.

(c) Statement of compliance

The financial report was authorised for issue by the directors on 30 August 2017.

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).

The financial statements comprise the consolidated financial statements of the Group. For the purposes of preparing the consolidated financial statements, the Company is a for-profit entity.

(d) Basis of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of GB Energy Limited ('Company' or 'parent entity') as at 30 June 2017 and the results of all subsidiaries for the year then ended. GB Energy Limited and its subsidiaries are referred to in this financial report as the Group.

The financial statements of the subsidiaries are prepared for the same reporting period as the parent entity, using consistent accounting policies.

In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profit and losses resulting from intra-Group transactions have been eliminated in full.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group. Control exists where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing when the Group controls another entity.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill) and liabilities of the subsidiary and any non-controlling interests. When assets of the subsidiary are carried at revalued amounts or fair values and the related cumulative gain or loss has been recognised in other comprehensive income and accumulated in equity, the amounts previously recognised in other comprehensive income and accumulated in equity are accounted for as if the Group had directly disposed of the relevant assets (i.e. reclassified to profit or loss or transferred directly to retained earnings as specified by applicable Standards). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under AASB 139 'Financial Instruments: Recognition and Measurement' or, when applicable, the cost on initial recognition of an investment in an associate or jointly controlled entity.

(e) Critical accounting estimates and judgements

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.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions are recognised in the period in which the estimate is revised if it affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Share-based payment transactions:

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using a Black and Scholes model.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the consolidated entity's estimate of equity instruments that will eventually vest. At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

Impairment of exploration expenditure

The Group assesses impairment at each reporting date by evaluating conditions specific to the Group that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. When assessing impairment of exploration and evaluation assets, the carrying amount of exploration and evaluation is compared to its recoverable amount. The estimated recoverable amount is used to determine the extent of the impairment loss (if any).

As at 30 June 2017, the Directors reviewed the Group's exploration portfolio for indicators of impairment. As a result of this review, a total of $545,650 of capitalised exploration expenditure was written off in relation to certain South Australian tenements. Refer to Note 11 also.

(f) Going concern

The Group has incurred a net loss after tax of $961,732 (2016: $419,425) and net cash outflows from operating and investing activities of $1,156,851 for the year ended 30 June 2017 (2016: $359,645). As at 30 June 2017 the Group had cash assets of $57,259 and a working capital deficiency of $171,566.

The directors have prepared a cash flow forecast for the period to 30 September 2018 which indicates further fund raising will be required to fund further exploration expenditure, other principal activities and working capital. The ability of the Group to continue as a going concern is principally dependent upon raising sufficient additional capital.

Based on the cash flow forecasts, the directors are satisfied that the going concern basis of preparation is appropriate. The financial report has therefore been prepared on the going concern basis, which assumes continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

Should the Group be unable to raise the further funding referred to above, there is a material uncertainty that may cast significant doubt on whether the Group will be able to continue as a going concern and therefore, whether it will be able to realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Segment reporting
Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors of GB Energy Limited.

(h) Foreign currency translation
Both the functional and presentation currency of GB Energy Limited and its Australian subsidiaries is Australian dollars. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance date.

All exchange differences in the consolidated financial report are taken to profit or loss with the exception of differences on foreign currency borrowings that provide a hedge against a net investment in a foreign entity. These are taken directly to equity until the disposal of the net investment, at which time they are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction.

Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

As at the balance date the assets and liabilities of this subsidiary are translated into the presentation currency of GB Energy Limited at the rate of exchange ruling at the balance date and income and expense items are translated at the average exchange rate for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used.

The exchange differences arising on the translation are taken directly to a separate component of equity, being recognised in the foreign currency translation reserve.

On disposal of a foreign entity, the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised in profit or loss.

In addition, in relation to the partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. partial disposals of associates or jointly controlled entities that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

Goodwill and fair value adjustments on identifiable assets and liabilities acquired arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in equity.

(i) Revenue recognition
Revenue is measured at fair value of the consideration received or receivable.

Interest income
Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue can be reliably measured. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Income tax

The income tax expense or benefit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary difference and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

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 amount are those that are enacted or substantively enacted by the balance date.

Deferred income tax is provided on all temporary differences at the balance 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 balance date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Other taxes

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

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

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Cash flows are included in the 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.

(l) Impairment of tangible and intangible assets other than goodwill

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

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset unless the asset is carried at revalued amount (in which case the impairment loss is treated as a revaluation decrease).

An assessment is also made at each balance 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.

(m) 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.

(n) 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 any allowance for impairment. Trade receivables are generally due for settlement within periods ranging from 15 days to 30 days.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of trade receivables is continually reviewed and those that are considered to be uncollectible are written off by reducing the carrying amount directly. An allowance account is used when there is objective evidence that the Group will not be able to collect all amounts due according to the original contractual terms. Factors considered by the Group in making this determination include known significant financial difficulties of the debtor, review of financial information and significant delinquency in making contractual payments to the Group. The impairment allowance is set equal to the difference between the carrying amount of the receivable and the present value of estimated future cash flows, discounted at the original effective interest rate. Where receivables are short-term discounting is not applied in determining the allowance.

The amount of the impairment loss is recognised in the statement of comprehensive income within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in the statement of comprehensive income.

(o) Non-current assets (or disposal groups) held for sale and discontinued operations

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and investment property that are carried at fair value and contractual rights under insurance contracts, which are specifically exempt from this requirement.

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of derecognition.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of the disposal group classified as held for sale are presented separately from the other assets in the statement of financial position. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the statement of financial position.

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately in the statement of comprehensive income.

(p) Financial assets

Classification

The consolidated entity classifies its investments in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and, in the case of assets classified as held-to-maturity, re-evaluates this designation at each reporting date.

(i) Financial assets at fair value through profit or loss

Financial assets are classified as financial assets at fair value through profit or loss where the financial asset:

- has been acquired principally for the purpose of selling in the near future;
- is a part of an identified portfolio of financial instruments that the consolidated entity manages together and has a recent actual pattern of short-term profit-taking; or
- is a derivative that is not designated and effective as a hedging instrument.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(ii) Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the balance sheet date which are classified as non-current assets. Loans and receivables are included in trade and other receivables in the statement of financial position.

(iii) Held-to-maturity investments
Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the consolidated entity's management has the positive intention and ability to hold to maturity. If the consolidated entity were to sell other than an insignificant amount of held-to-maturity financial assets, the whole category would be tainted and reclassified as available-for-sale. Held-to-maturity financial assets are included in non-current assets, except for those with maturities less than 12 months from the reporting date, which are classified as current assets.

(iv) Available-for-sale financial assets
Available-for-sale financial assets, comprising principally marketable equity securities, are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance date.

Effective interest method
The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period.
Income is recognised on an effective interest rate basis for debt instruments other than those financial assets 'at fair value through profit or loss'.

Recognition and derecognition
Regular purchases and sales of financial assets are recognised on trade-date – the date on which the consolidated entity commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed to the statement of comprehensive income. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the consolidated entity has transferred substantially all the risks and rewards of ownership.

When securities classified as available-for-sale are sold, the accumulated fair value adjustments recognised in equity are included in the statement of comprehensive income as gains and losses from investment securities.

Subsequent measurement
Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method.

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the statement of comprehensive income within other income or other expenses in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the statement of comprehensive income as part of revenue from continuing operations when the consolidated entity's right to receive payments is established.

Changes in the fair value of monetary securities denominated in a foreign currency and classified as available-for-sale are analysed between translation differences resulting from changes in amortised cost of the security and other changes in the carrying amount of the security. The translation differences related to changes in the amortised cost are recognised in profit or loss, and other changes in carrying amount are recognised in equity. Changes in the fair value of other monetary and non-monetary securities classified as available-for-sale are recognised in equity.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair value
The fair values of quoted investments are based on last trade prices. If the market for a financial asset is not active (and for unlisted securities), the consolidated entity establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

Impairment
The consolidated entity assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of a security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in the statement of comprehensive income. Impairment losses recognised in the statement of comprehensive income on equity instruments classified as available-for-sale are not reversed through the statement of comprehensive income.

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

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

Plant and equipment	3 - 5 years

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

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

The recoverable amount of plant and equipment is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For an asset that does not generate largely independent cash inflows, recoverable amount is determined for the cash-generating unit to which the asset belongs, unless the asset's value in use can be estimated to approximate fair value.

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(r) Trade and other payables

Trade payables and other payables are carried at amortised cost and represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. Trade and other payables are presented as current liabilities unless payment is not due within 12 months.

(s) 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. Provisions are not recognised for future operating losses.

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

Provisions are measured at the present value or management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period.

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 an interest expense.

(t) Share-based payment transactions

Equity settled transactions

The Group in a previous financial year provided benefits to employees of the Group in the form of share-based payments, whereby employees render services in exchange for shares or rights over shares (equity-settled transactions).

The cost of these equity-settled transactions with employees is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using a Black-Scholes 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 GB Energy Limited (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 balance 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.

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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share. Refer Note 5.

(u) 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. Incremental costs directly attributable to the issue of new shares or options for the acquisition of a new business are not included in the cost of acquisition as part of the purchase consideration.

(v) Loss per share

Basic loss per share is calculated as net loss attributable to members of the parent, adjusted to exclude any costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted loss per share is calculated as net loss attributable to members of the parent, adjusted for:

- costs of servicing equity (other than dividends) and preference share dividends;
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares; divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

(w) Exploration and evaluation

Exploration and evaluation expenditures in relation to each separate area of interest are recognised as an exploration and evaluation asset in the year in which they are incurred where the following conditions are satisfied:

- the rights to tenure of the area of interest are current; and
- at least one of the following conditions is also met:

  - the exploration and evaluation expenditures are expected to be recouped through successful development and exploration of the area of interest, or alternatively, by its sale; or
  - exploration and evaluation activities in the area of interest have not at the balance date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

Exploration and evaluation assets are initially measured at cost and include acquisition of rights to explore, studies, exploratory drilling, trenching and sampling and associated activities and an allocation of depreciation and amortised of assets used in exploration and evaluation activities. General and administrative costs are only included in the measurement of exploration and evaluation costs where they are related directly to operational activities in a particular area of interest.

Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. The recoverable amount of the exploration and evaluation asset (for the cash generating unit(s) to which it has been allocated being no larger than the relevant area of interest) is estimated to determine the extent of the impairment loss (if any). Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in previous years.

Where a decision has been made to proceed with development in respect of a particular area of interest, the relevant exploration and evaluation asset is tested for impairment and the balance is then reclassified to development.

(x) Parent entity financial information

The financial information for the parent entity, GB Energy Limited, disclosed in Note 18 has been prepared on the same basis as the consolidated financial statements, except as set out below.

Investments in subsidiaries

Investments in subsidiaries are accounted for at cost in the parent entity's financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(y) Employee Benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave, when it is probable that settlement will be required and they are capable of being measured reliably.

Liabilities recognised in respect of short-term employee benefits, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Liabilities recognised in respect of long term employee benefits are measured as the present value of the estimated future cash outflows to be made by the consolidated entity in respect of services provided by employees up to reporting date.

NOTE 2: REVENUE AND EXPENSES

	Consolidated	
	2017	2016
	$	$
Revenue		
Interest income	381	4,371
Foreign exchange gains	-	-
	381	4,371

	Consolidated	
	2017	2016
	$	$
Other expenses		
Depreciation of non-current assets	482	2,417
Impairment of exploration assets	545,650	46,943

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

NOTE 3: INCOME TAX

Income tax recognised in profit or loss
The major components of tax expense are:

	Consolidated 2017 $	Consolidated 2016 $
Current tax expense/(income)	-	-
Deferred tax expense/(income) relating to the origination and reversal of temporary differences	-	-
	-	-

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

	Consolidated 2017 $	Consolidated 2016 $
Accounting loss before tax from continuing operations	(961,732)	(419,425)
Gain before tax from discontinued operations	-	-
Accounting loss before income tax	(961,732)	(419,425)
Income tax benefit calculated at 27.5% (2016:28.5%)	(274,094)	(119,536)
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income:		
Difference in overseas tax rates	-	-
Effect of unused tax losses not recognised as deferred tax assets	274,094	119,536
Income tax benefit reported in the consolidated statement of comprehensive income	-	-
Income tax attributable to discontinued operations	-	-

The tax rate used in the above reconciliation is the corporate tax rate of 28.5% payable by Australian corporate entities on taxable profits under Australian tax law.

Unrecognised deferred tax assets
Deferred tax assets have not been recognised in respect of the following items:

	Consolidated 2017 $	Consolidated 2016 $
Tax losses – revenue	2,062,070	1,945,548
Tax losses – capital	402,789	417,436
Deductible temporary differences	(76,190)	(139,417)
	2,388,669	2,223,567

The deductible temporary differences and tax losses do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilise the benefits thereof.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

NOTE 4: SEGMENT REPORTING

AASB 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the Chief Operating Decision Maker in order to allocate resources to the segment and to assess its performance.

The Group's operating segments have been determined with reference to the monthly management accounts used by the Chief Operating Decision maker to make decisions regarding the Group's operations and allocation of working capital. Due the size and nature of the Group, the Board as a whole has been determined as the Chief Operating Decision Maker.

Base on the quantitative thresholds included in AASB 8, there is only one reportable segment being exploration and evaluation and one geographical segment being within Australia.

The revenue and results of this segment are those of the Group as a whole and are set out in the consolidated statement of comprehensive income and the assets and liabilities of the Group as a whole are set out in the consolidated statement of financial position.

NOTE 5: LOSS PER SHARE

	Consolidated	
	2017	2016
Basic loss per share	Cents per share	Cents per share
Continuing operations	(0.102)	(0.046)
Total basic loss per share	(0.102)	(0.046)

	Consolidated	
	2017	2016
Diluted loss per share	Cents per share	Cents per share
Continuing operations	(0.102)	(0.046)
Total diluted loss per share	(0.102)	(0.046)

Basic loss per share

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

	Consolidated	
	2017	2016
	$	$
Loss	(961,732)	(419,425)
Loss from continuing operations	(961,732)	(419,425)

	Consolidated	
	2017	2016
	Number	Number
Weighted average number of ordinary shares for Basic earnings per share	944,393,826	905,955,825
Diluted earnings per share	1,002,393,826	905,955,825

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

NOTE 6: CASH AND CASH EQUIVALENTS

	Consolidated	
	2017	2016
	$	$
Cash at bank and on hand	57,259	468,535

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

Reconciliation of loss for the year to net cash flows from operating activities

	Consolidated	
	2017	2016
	$	$
Loss for the year	(961,732)	(419,425)
Depreciation and amortisation	482	2,417
Other	7,032	-
Share based payment	52,052	107,923
Impairment of exploration	545,650	46,943
(Increase)/decrease in assets:		
Trade and other receivables	(30,797)	3,219
Other current assets	(1,330)	607
Increase/(decrease) in liabilities:		
Trade and other payables	28,247	(9,471)
Net cash from operating activities	(360,396)	(267,787)

NOTE 7a: TRADE AND OTHER RECEIVABLES

	Consolidated	
	2017	2016
	$	$
Other receivables	134,217	-
GST receivables	24,109	5,514
	158,326	5,514

NOTE 7b: BORROWINGS

	Consolidated	
	2017	2016
	$	$
Loan Kalia Holdings Pty Ltd (i)	600,000	-

(i) During the period the Company extended a $600,000 loan to Kalia Holdings Pty Ltd. The Company has announced a transaction whereby it will acquire 72.29% (and potentially 100%) of the issued capital of Kalia in exchange for 772,891,566 shares and 750,000,000 performance shares. The loan is interest free.

NOTE 8: OTHER FINANCIAL ASSETS

	Consolidated	
	2017	2016
Current	$	$
Prepayments	2,872	1,544

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

NOTE 9: PROPERTY, PLANT AND EQUIPMENT

	Consolidated Plant and equipment $
Gross carrying amount	
Balance at 1 July 2015	87,743
Additions	-
Disposals	-
Balance at 1 July 2016	87,743
Additions	-
Disposals	-
Balance at 30 June 2017	87,743
Accumulated depreciation and impairment	
Balance at 1 July 2015	84,844
Depreciation expense	2,417
Disposals	-
Balance at 1 July 2016	87,261
Depreciation expense	482
Disposals	-
Balance at 30 June 2017	87,743
Carrying value	
30 June 2017	-
30 June 2016	482

The useful life of the assets was estimated as follows for both 2017 and 2016:

Plant and equipment	3 years

NOTE 10: DEFERRED EXPLORATION AND EVALUATION EXPENDITURE

	Consolidated 2017 $	Consolidated 2016 $
Costs carried forward in respect of:		
Exploration and evaluation phase – at cost		
Balance at beginning of year	506,156	461,241
Expenditure incurred	454,692	91,858
Plan for accelerating exploration (PACE) grant South Aust (i)	(122,016)	-
Impaired exploration expenditure (ii)	(545,650)	(46,943)
Available for Sale EL 5391 (iii)	(30,000)	-
Total exploration and evaluation expenditure	263,182	506,156

(i) The Company was successful in obtaining a grant from the South Australian Government in respect of the drilling program undertaken on EL 5302 in June 2017. Actual funds were received 21 July 2017.

(ii) Exploration expenditure impaired in the current financial year, EL 5255 relinquished $209,748, EL5778 relinquished $26,764, EL 5391 impaired $20,568 and EL 5302 relinquished $288,570.

(iii) EL5391 reclassified to Assets available for sale at the agreed sale value of $30,000.

The recoupment of costs carried forward in relation to areas of interest in the exploration and evaluation phases is dependent on the successful development and commercial exploitation or sale of the respective areas.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

NOTE 11a: TRADE AND OTHER PAYABLES (CURRENT)

	Consolidated 2017 $	2016 $
Trade payables (*i*)	4,122	6,001
Accruals	315,902	20,508
	320,024	26,509

(i) Trade payables are non-interest bearing and are normally settled on 30-day terms.

Information regarding the interest rate, foreign exchange and liquidity risk exposure is set out in Note 15.

NOTE 11b: BOROWINGS

	Consolidated 2017 $	2016 $
Loan KSL Corp Pty Ltd	100,000	-
	100,000	-

(i) Represents unsecured bridging loan to be repaid by 31 August 2017.

NOTE 12: ISSUED CAPITAL

	Consolidated 2017 $	2016 $
1,058,849,199 Ordinary shares issued and fully paid (2016: 905,955,825)	11,223,627	10,578,054

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held.

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

Movement in ordinary shares on issue

	2017		2016	
	Number	$	Number	$
Balance at beginning of year	905,955,825	10,578,054	905,955,825	10,578,054
Placement of Shares March 2017	135,893,374	543,574	-	-
Conversion of options to shares	17,000,000	102,000	-	-
Balance at end of year	1,058,849,199	11,223,627	905,955,825	10,578,054

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

Share options

The Company during the current financial year made an equity based payment to the Lead Consultant and Directors of the Company approved at the 2016 Annual General Meeting. Refer Note 15.

	2017		2016	
	Number	$	Number	$
Balance at beginning of year	75,000,000	165,923	-	-
Forfeiture of options (20 Oct 2016)	(37,500,000)	(12,543)	75,000,000	165,923
Issue of Options to Directors (25 Nov 2016)	37,500,000	64,596	-	-
Exercise of options (Apr/May 2017)	(17,000,000)	-	-	-
Balance at end of year	58,000,000	217,975	75,000,000	165,923

NOTE 13: RESERVES AND ACCUMULATED LOSSES

Reserves

Movements in reserves were as follows:

	Consolidated				
	Option premium reserve	Share based payment reserve	Revaluation reserve	Foreign currency translation reserve	Total
2017	$	$	$	$	$
Balance at beginning of year	245,660	165,923	-	-	411,583
Equity based payment (options)	-	64,595	-	-	64,595
Forfeiture of Options (37.5 million)		(12,543)	-	-	(12,543)
Balance at end of year	245,660	217,975	-	-	463,635

	Consolidated				
	Option premium reserve	Share based payment reserve	Revaluation reserve	Foreign currency translation reserve	Total
2016	$	$	$	$	$
Balance at beginning of year	245,660	58,000	-	-	303,660
Equity based payment (options)	-	107,923	-	-	107,923
Balance at end of year	245,660	165,923	-	-	411,583

Nature and purpose of reserves

Share based payment and option premium reserve

The share based payment reserve is used to record the value of equity benefits provided to employees and directors as part of their remuneration. The option premium reserve arises on the grant of share options for consideration.

Foreign currency translation reserve

Exchange differences relating to the translation from the functional currencies of the Group's foreign controlled entities into Australian dollars are brought to account by entries made directly to the foreign currency translation reserve.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

Accumulated Losses
Movements in accumulated losses were as follows:

	Consolidated 2017 $	Consolidated 2016 $
Balance at beginning of year	(10,033,915)	(9,614,490)
Net loss for the year	(961,732)	(419,425)
Balance at end of year	(10,995,647)	(10,033,915)

NOTE 14: SHARE BASED PAYMENT PLANS

Employee Share Options

Options issued to Directors are not issued under an Employee Share Option Plan and are subject to approval by shareholders and attaching vesting conditions.

The following share-based payment arrangements were in place during the current period:

Series	Number	Grant date	Expiry date	Exercise price cents	Fair value at grant date Cents
Consultant					
1. Options issued 13 May 2016	37,500,000	13/5/2016	13/5/19	$0.006	$0.0004
2 Options issued 13 May 2016 (escrowed until 13/5/17)	37,500,000	13/5/2016	13/5/19	$0.006	$0.0004
Options cancelled 20 Oct 2016	(37,500,000)				
Directors					
3. Options issued 25 Nov 2016	37,500,000	25/11/2016	13/5/19	$0.006	$0.0017

The fair value of the unlisted options was determined using the Black Scholes Method. Inputs used to determine the valuation were:

Series 1 and 2	Series 3
Number of Options: 75,000,000 Share Price: $0.004 Exercise Price: $0.006 Expected Volatility:204% Expiry date (years): 3 Expected dividend yield: nil Risk free rate: 2.5%	Number of Options: 37,500,000 Share Price: $0.003 Exercise Price: $0.006 Expected Volatility:191% Expiry date (years): 2.5 Expected dividend yield: nil Risk free rate: 2.5%

The following table illustrates the number and weighted average exercise prices of, and movements in, share options on issue during the 2016 and 2017 years.

	2017 Number	2017 Weighted average exercise price $	2016 Number	2016 Weighted average exercise price $
Outstanding at the beginning of year	75,000,000	-	-	-
Granted during the year	37,500,000	$0.006	75,000,000	$0.006
Forfeited during the year	(37,500,000)	$0.006	-	-
Exercised during the year	(17,000,000)	$0.006	-	-
Expired during the year	-	-	-	-
Outstanding at the end of year	58,000,000	$0.006	75,000,000	$0.006
Exercisable at the end of year	58,000,000	$0.006	37,500,000	$0.006

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

17 million options were exercised during the year.

NOTE 15: FINANCIAL INSTRUMENTS

Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The Group's overall strategy remains unchanged from 2016.

The capital structure of the Group consists of cash and cash equivalents (no debt) and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings.

None of the Group's entities are subject to externally imposed capital requirements.

Operating cash flows are used to maintain and expand operations, as well as to make routine expenditures such as tax, and general administrative outgoings.

Categories of financial instruments

	Consolidated	
	2017	2016
	$	$
Financial assets		
Cash and cash equivalents	57,259	468,535
Receivables	158,326	5,514
Loan Kalia Holdings Pty Ltd	600,000	-
Other financial assets – prepayments	2,872	1,544
Financial liabilities		
Trade and other payables	320,024	26,509
Borrowings	100,000	-

Financial risk management objectives
The Group is exposed to market risk (including currency risk, fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk.

Market risk
The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates, commodity prices and exchange rates.

There has been no change to the Group's exposure to market risks or the manner in which it manages and measures the risk from the previous period

Interest rate risk management
The Group's exposures to interest rates on financial assets and financial liabilities are confined to variable interest rates on its cash holdings of $57,259 at balance date.

Interest rate risk sensitivity analysis
The sensitivity analyses below have been determined based on the exposure to interest rates for both derivative and non-derivative instruments at the balance date and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the change in interest rates.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

At balance date, if interest rates had been 50 basis points higher or lower and all other variables were held constant, the impact on the net loss and equity would be immaterial.

Credit risk management
Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group only transacts with entities that are rated the equivalent of investment grade and above. This information is supplied by independent rating agencies where available and, if not available, the Group uses publicly available financial information and its own trading record to rate its major customers. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the risk management committee annually.

The Group does not have any significant credit risk exposure to any single counterparty or any Group of counterparties having similar characteristics. The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies.

The carrying amount of financial assets recorded in the financial statements, net of any allowance for losses, represents the Group's maximum exposure to credit risk without taking account of the value of any collateral obtained.

Fair Values

The carrying amount of the Group's financial assets and liabilities approximates their carrying amounts at balance date.

NOTE 16: COMMITMENTS AND CONTINGENCIES

a) *Australia minerals exploration program*

As at 30 June 2017, GBE Exploration (100% subsidiary of GB Energy) held five Exploration licences ("EL") in Australia. Subsequent to year end, one EL was not renewed and one EL was sold. The annual financial commitment is as follows;

Licence	**Annual Commitment**
EL 5231 (SA)	$65,000
EL31275 (NT)	$19,500
EL31391 (NT)	$15,500

b) *Operating lease commitments*

GB Energy Limited has not entered into a contracted head office lease arrangement for the 2016/2017 financial year. The current lease arrangements are on a month to month basis at $1,550 per month plus outgoings.

NOTE 17: RELATED PARTY DISCLOSURE

The consolidated financial statements include the financial statements of GB Energy Limited and the subsidiaries listed in the following table.

	Country of incorporation	% Ownership interest 2017 $	2016 $
Parent Entity			
GB Energy Limited	Australia		
Subsidiaries			
GBE Exploration Pty Ltd (held 100% by GB Energy Ltd)	Australia	100%	100%
Namib Pty Ltd [(i)] (held 100% by GB Energy Ltd)	Australia	100%	100%

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

GB Energy Limited is the ultimate Australian parent entity and ultimate parent of the Group.

(i) Namib Pty Ltd was incorporated in the previous financial year for the Company's activities in Namibia. No transactions or activities have occurred during the current financial year.

Transactions with Key Management Personnel
Other than as indicated in Note 21, there were no other transactions with key management personnel during the year.

Loans to Key Management Personnel
There were no loans to Key Management Personnel.

Other transactions and balances with Key Management Personnel
Nil.

NOTE 18: PARENT ENTITY DISCLOSURES

Financial position

	2017 $	2016 $
Assets		
Current assets	54,257	461,276
Non-current assets	601,125	1,607
Total assets	655,382	462,883
Liabilities		
Current liabilities	128,765	26,637
Non-current liabilities	-	-
Total liabilities	128,765	26,637
Equity		
Issued capital	11,223,627	10,578,055
Reserves		
• Option premium reserve	245,660	245,660
• Equity settled employee benefits	217,975	165,923
Accumulated losses	(11,160,647)	(10,553,392)
Total equity	526,615	436,246

Financial performance

	2016 $	2016 $
Loss for the year	(607,254)	(469,730)
Other comprehensive loss	-	-
Total comprehensive loss	(607,255)	(469,730)

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries

GB Energy Limited has not entered into any deed of cross guarantee with its wholly-owned subsidiaries during the year ended 30 June 2017 (2016: Nil).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

NOTE 19: EVENTS AFTER THE REPORTING PERIOD

The option to acquire Kalia Holdings Pty Ltd as announced 20 March 2017 was extended in July 2017 to 18 September 2017.

A Notice of Meeting was released on the 19th July for a General Shareholders Meeting was held on the 21st August 2017. The nine resolutions contained in the Notice, which in the most part seek approval to proceed with the Kalia Option, were approved by shareholders.

NOTE 20: AUDITOR'S REMUNERATION

The auditor of GB Energy Limited is HLB Mann Judd.

	Consolidated	
	2017	2016
	$	$
Auditor of the parent entity		
Audit or review of the financial statements	29,500	29,500
	29,500	29,500

NOTE 21: DIRECTORS AND EXECUTIVES DISCLOSURES

Key management personnel remuneration has been included in the Remuneration Report section of the Directors' Report. Total remuneration paid to key management personnel is as follows:

	2017	2016
	$	$
Remuneration type		
Short- term employee benefits	225,903	150,158
Post-employment benefits	10,837	8,408
Non monetary benefit	64,596	-
Total	301,336	158,566

DIRECTORS' DECLARATION

1. In the opinion of the directors of GB Energy Limited (the 'Company'):

   a. the accompanying financial statements and notes 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 2017 and of its performance for the year then ended; and

      ii. complying with Australian Accounting Standards, the Corporations Regulations 2001, professional reporting requirements and other mandatory requirements.

   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.

   c. the financial statements and notes thereto are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board.

2. This declaration has been made after receiving the declarations required to be made to the directors in accordance with Section 295A of the Corporations Act 2001 for the financial year ended 30 June 2017.

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

Stuart Rechner
Chairman

Dated 30 August 2017

HLB Mann Judd

Accountants | Business and Financial Advisers

INDEPENDENT AUDITOR'S REPORT

To the Members of GB Energy Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of GB Energy Limited ("the Company") and its controlled entities ("the Group"), which comprises the consolidated statement of financial position as at 30 June 2017, the consolidated statement of 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, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

a) giving a true and fair view of the Group's financial position as at 30 June 2017 and of its financial performance for the year then ended; and

b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

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

Material Uncertainty Regarding Going Concern

We draw attention to Note 1(f) in the financial report, which indicates that the Group incurred a net loss of $961,732 and net cash outflows from operating and investing activities of $1,156,851 for the year ended 30 June 2017. As at 30 June 2017, the Group had cash assets of $57,259 and a working capital deficiency of $171,566. As stated in Note 1(f), these events or conditions, along with other matters as set forth in Note 1(f), indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Material Uncertainty Related to Going Concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matter	How our audit addressed the key audit matter
Carrying amount of exploration and evaluation expenditure Note 10 of the financial report	
In accordance with AASB 6 *Exploration for and Evaluation of Mineral Resources*, the Group capitalises exploration and evaluation expenditure and at 30 June 2017 had capitalised exploration and evaluation expenditure of $263,182. Our audit focussed on the Group's assessment of the carrying amount of the capitalised exploration and evaluation asset as it involved the most communication with those charged with governance and also is of importance to the users' understanding of the financial report as a whole. We planned our work to address the audit risk that the capitalised expenditure might no longer meets the recognition criteria of the standard. In addition, we considered it necessary to assess whether facts and circumstances existed to suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount.	Our procedures included but were not limited to the following: - We obtained an understanding of the key processes associated with management's review of carrying values of each area of interest; - We considered the Director's assessment of potential indicators of impairment; - We obtained evidence that the Group has current rights to tenure of its area of interest; - We examined exploration budgets and discussed with management the nature of planned ongoing activities; - We enquired with management, reviewed ASX announcements and minutes of Directors' meetings to ensure that the Group had not resolved to discontinue exploration and evaluation at its area of interest; and - We examined the disclosures made in the financial report.

Information Other than the Financial Report and Auditor's Report Thereon

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 2017, but does not include the financial report and our 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 Company and 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 Company or 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 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.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2017.

In our opinion, the Remuneration Report of GB Energy Limited for the year ended 30 June 2017 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.

HLB Mann Judd

HLB Mann Judd
Chartered Accountants

M R Ohm
Partner

Perth, Western Australia
30 August 2017

CORPORATE GOVERNANCE STATEMENT

The Company's Corporate Governance disclosure is available on the Company's website at:

www.gbenergy.com.au/corporategovernance

ADDITIONAL SECURITIES EXCHANGE INFORMATION

ASX additional information as at 15 August 2017

Number of holders of equity securities

Ordinary share capital

1,058,849,199 fully paid ordinary shares are held by 579 individual shareholders.

All issued ordinary shares carry one vote per share.

Options

Nil

Distribution of holders of equity securities

	Fully paid ordinary shares	
1 – 1,000	28	5,017
1,001 – 5,000	12	35,475
5,001 – 10,000	46	445,555
10,001 – 100,000	178	8,975,348
100,001 and over	315	1,049,387,804
	579	1,058,849,199

Holding less than a marketable parcel	159

Substantial shareholders

Ordinary shareholders	**Fully paid ordinary shares Number**
Mr Graeme Kirke and associated entities	165,447,197
Gleneagle Securities Nominees	122,905,985
Mrs Melanie Therese Verheggen	60,000,000

Twenty largest holders of quoted equity securities

Ordinary shareholders	**Fully paid ordinary shares** **Number**	**Percentage**
Graeme Kirke and associated entities	165,447,197	15.625
Gleneagle Securities Nominees Pty Ltd	122,905,985	11.608
Mrs Melanie Therese Verheggen	60,000,000	5.667
Greywood Holdings Pty Ltd	28,893,374	2.729
Oakhurst Enterprises Pty Ltd	28,000,000	2.644
Finrow Limited	25,000,000	2.361
LSAF Holdings Pty Ltd <Owen Family A/C>	25,000,000	2.361
EERC Australasia Pty Ltd group	24,748,202	2.337
Amric Pty Ltd <Amric Superfund A/C>	24,250,000	2.290
Ian Sandover & Associates Pty Ltd < Sandover Super A/C>	23,500,000	2.219
Freshwater Resources Pty Ltd <The Ashton Superfund A/C>	19,062,500	1.800
Mr Jan Bialek & Mrs Teresa Grazyna Bialek	15,971,767	1.508
Alberta Resources Pty Ltd <British Columbia S/F A/C>	13,735,579	1.297
Mr Paul Anthony Henry	12,500,000	1.181
Mr John Macolm Burrell & Mrs Judith Maree Burrell	12,500,000	1.181
Mr Stuart Rechner	11,718,750	1.107
Port Bateman Pty Ltd <The Page Super Fund A/C>	11,596,992	1.095
Quevy Holdings Pty Ltd	11,500,000	1.086
Mr Michael David Cotterill	11,250,000	1.062
Chifley Portfolios Pty Limited	11,250,000	1.062
	658,830,343	**62.22**

Company Secretary

Mrs Anna MacKintosh

On-market buy-back

Currently there is no on-market buy-back of the Company's securities

Registered and principal office

Suite 2,Ground Floor, 26 Eastbrook Terrace
EAST PERTH WA 6004

Share registry

Advanced Share Registry Services
150 Stirling Highway
NEDLANDS WA 6009

TENEMENT SCHEDULE

As at 15 August 2017

TENEMENT	LOCATION	INTEREST
EL 5231	South Australia	100%
EL31275	Northern Territory	100%
EL31391	Northern Territory	100%