



ABN 43 089 093 943

Annual Report 2018

CREAT RESOURCES HOLDINGS LIMITED

ABN 43 089 093 943

Annual Report

For the year ended 30 June 2018

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CREAT RESOURCES HOLDINGS LIMITED AND CONTROLLED ENTITIES

CHAIRMAN'S STATEMENT

Chairman's Statement

Dear Shareholders,

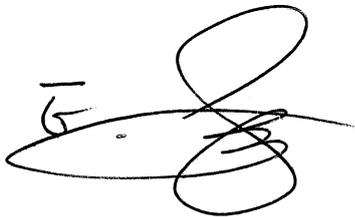
I am pleased to report that our investment in Galaxy Resources continues to improve. Mining and sales of Lithium concentrate from the Mt. Cattlin mine in Western Australia continues on target. Exploration continues with promising results at Galaxy's Canadian project.

Galaxy secured a sale of a portion of the tenements not required at Sal De Vida in Argentina which will see the company debt free and cashed up. Lithium continues to have a bright future.

During the year the company had the opportunity to take up an investment in a small Western Australian Lithium company which has mineral leases in numerous locations, but more importantly, holds the patented technology to extract Lithium from previously un-economic sources. The entry into this investment was minimal with tremendous upside if the technology takes off. Galaxy Resources took up 12% of the company based on their proprietary technology and have successfully trialled it at the Mt. Cattlin site. The company's quick action allowed us to acquire a position before the share price improved considerably.

The Company continues to reduce costs where possible. Stellar Resources Limited, an ASX listed tin explorer continues to lease the Zeehan properties generating a small revenue for the company.

The Board would like to take this opportunity to again thank our shareholders for their continued support and look forward to another year of improvement in the Company's assets.

A handwritten signature in black ink, appearing to be 'Yu Sun', written over a horizontal line.

Executive Chairman
Mr Yu Sun
Dated:

CREAT RESOURCES HOLDINGS LIMITED AND CONTROLLED ENTITIES

DIRECTORS' REPORT

The directors of Creat Resources Holdings Limited submit herewith the financial report of Creat Resources Holdings Limited and its subsidiaries (the 'Consolidated Entity' or the 'Company') for the year ended 30 June 2018. The Registered Office and principal place of business is 262 Main St. Zeehan, Tasmania 7469 Australia. In order to comply with the provisions of the *Corporations Act 2001*, the directors' report as follows:

Information about the directors and senior management

The names and particulars of the directors of the company during or since the end of the financial year are:

Name	Role	Appointed	Ceased
Mr. Tan Yang	Executive Chairman, & CEO	04/01/15	31/07/17
Mr. Tan Yang	Non-Executive Director	31/7/17	Current
Mr. Tad Ballantyne	Deputy Chairman & Non-Executive Director	18/03/08	Current
Mr. Morris Hansen	General Manager, Company Secretary & Executive Director	26/06/12	Current
Mr. Phillip Simpson	Non-Executive Director	11/02/09	Current
Mr. Yu Sun	Non-Executive Director	01/08/15	01/08/17
Mr. Yu Sun	Executive Chairman, & CEO	02/08/17	Current

The above named directors held office during the period and since the end of the financial year, except as noted above.

Mr Yu Sun **Executive Chairman, & CEO (appointed 02/08/17)**

Mr. Sun joined Creat Capital Limited in 2011 and is currently an Investment Director. He has an extensive investment background whilst specialising in the debt market and private equity investment.. Mr Sun started his career with Lloyds Banking Group in London since 2006 in the area of fixed income investment. Mr Sun graduated from the University of Birmingham with a Master's Degree in MSc Investments, and prior to this he was a graduate of the Management School of Lancaster University majoring in BA Economics. Mr Sun is a qualified member of CFAUK with the license of Investment Management Certificate (IMC).

Mr. Sun was nominated and accepted the positions of Executive Chairman, and CEO on the 2nd August 2018 following the retirement of Mr. Tan Yang from those positions.

Mr Tad Ballantyne **Deputy Chairman & Non-Executive Director**

Mr Ballantyne has a record of successful business in China and the United States. During the past 20 years Mr Ballantyne has been in the business of acquiring and operating troubled companies or assets being divested by public or private companies. He is currently a director to a number of public companies listed on the NASDAQ or OTC Bulletin Board. Mr Ballantyne holds a Bachelor of Science degree in business management from the University of Wisconsin.

CREAT RESOURCES HOLDINGS LIMITED AND CONTROLLED ENTITIES

DIRECTORS' REPORT

Mr Morris Hansen **General Manager, Company Secretary & Executive Director**

Mr Hansen has a Bachelor Degree in Geology from Central Washington State University. Mr Hansen is a geologist with over 30 years in mineral exploration and business management experience in Australia and internationally. Mr. Hansen has worked in Australia, the United States, Papua New Guinea and Indonesia during his exploration career and brings a sound understanding of international mineral exploration to the company. Mr. Hansen joined the company as a geologist in October 2010. Based in Burnie on the West Coast of Tasmania he manages the company's Australian operations. Mr Hansen is a member of the Australian Institute of Geoscientists and a member of the Australian Institute of Company Directors.

Mr Phillip Simpson **Non-Executive Director**

Mr Simpson is a marine consultant and has founded and managed his own companies and businesses since 1978. He has consulted to major Australian Banks as part of the general business of his marine brokerage. He has acted in a consultancy role for many Self-Managed Superannuation Funds for valuation purposes. Mr Simpson is a member of good standing of the Australian Institute of Company Directors and a founding member of the Tasmanian Abalone Council.

Mr Tan Yang **Non-Executive Director**

Mr. Yang has more than 15 years' experience in general management, operations, strategy, and investment across Asia Pacific and Europe. Tan Yang is currently Managing Director of Creat Capital Company Limited. Prior to Creat Capital, he worked with Accenture and Monitor Group in London as a strategy consultant responsible for delivering major strategy projects for Fortune 500 clients across a wide range of industries in Europe. Before that, he worked for Siemens in Australia/New Zealand as Operation Manager and Six Sigma Black Belt implementing major process improvement projects across Asia-Pacific. He started out his career at Sinotrans, one of the largest shipping companies in China before a two-year stint in Fiji as General Manager of one of the largest retail chains there.

Mr. Yang holds a PhD in Management Studies from Oxford University. He is also a research associate at the Oxford Institute of Information Management, where his research focuses on the role of Information Technology as an enabler of sustainable strategic advantage.

Mr. Yang retired from all Executive Positions within the Company on the 31st July 2018 and was replaced by Mr. Yu Sun.

Directorships of other listed companies

The Directors of the company did not hold any directorships of other listed companies in the 3 years immediately before the end of the financial year.

CREAT RESOURCES HOLDINGS LIMITED AND CONTROLLED ENTITIES

DIRECTORS' REPORT

Directors' Shareholdings

The following table sets out each director's relevant interest in shares, debentures, and rights or options in shares or debentures of the company or a related body corporate as at the date of this report.

	Fully paid ordinary shares Number	Share options Number	Convertible notes Number
Directors			
Mr Tan Yang	-	-	-
Mr Tad Ballantyne	-	-	-
Mr Morris Hansen	-	-	-
Mr Phillip Simpson ⁽¹⁾	6,000,000	-	-
Mr Yu Sun	-	-	-

(1) Beneficial interest in shares held directly or indirectly through Terralinna Pty Ltd and Kingdom Securities Pty Ltd (6,000,000 shares).

Principal activities

The principal activities of the Consolidated Entity during the financial year were investment in companies involved in exploration and mining in both Australia and overseas.

Operating results

The profit of the Consolidated Entity for the year after providing for income tax amounted to \$1,675,762 (2017 loss: \$5,892,326).

Review of operations

The Company is pursuing a strategy of acquiring interests in strategic resource companies.

Galaxy Resources Ltd Investment

Galaxy Resources Limited ("Galaxy") is a Western Australian ASX listed company which plans to become one of the world's leading producers of lithium compounds – the essential component for lithium ion batteries commonly used to power most portable devices as well as the world's fast expanding fleet of hybrid and electric cars. Lithium compounds such as lithium carbonate are forecast to be in short supply against high future demand due to advances in long life batteries and sophisticated electronics including mobile phones and computers. Galaxy has positioned itself to meet this lithium future by focusing on its Lithium deposits in Australia, Argentina and Canada.

The Company's shareholding in Galaxy is 7,166,983 shares. During the reporting period the Company's holding was diluted through various placements to 1.81% as at 30 June 2018.

Lepidico Ltd

Lepidico Limited ("Lepidico") is a Perth-based ASX listed, global company, which also trades shares in Germany on the Frankfurt, Hamburg, Munich, Stuttgart, Xetra and Tradegate stock exchanges. Lepidico operates through the exploration, development and operation of lithium assets, particularly those containing lithium-rich mica minerals and holds the patent on proprietary technology for the extraction of these minerals.

The Company's shareholding in Lepidico is 1,000,000 shares. During the reporting period the Company's holding was diluted through various placements to 0.03% as at 30 June 2018.

CREAT RESOURCES HOLDINGS LIMITED AND CONTROLLED ENTITIES

DIRECTORS' REPORT

Future developments

Disclosure of information regarding likely developments in the operations of the consolidated entity in future financial years and the expected results of those operations is likely to result in unreasonable prejudice to the consolidated entity. Accordingly, this information has not been disclosed in this report. However, the company continues to assess potential investment opportunities within the mining industry as an investor and/or direct participant.

Dividends

In respect of the financial year ended 30 June 2018, no dividends have been paid or recommended (2017: nil).

Indemnification of officers and auditors

The company has not, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify an officer of the company or any related body corporate against a liability incurred as such an officer or auditor.

Meetings of Directors

During the reporting period a total of one meeting of directors was held.

The following table sets out the number of directors' meetings (including meetings of committees of directors) held during the financial year and the number of meetings attended by each director while they were a director or committee member.

Directors	Board of directors		Audit & Risk committee		Remuneration & nomination committee		Environmental & community impact Committee		Technical & safety committee	
	Held (1)	Attended	Held (1)	Attended	Held	Attended	Held	Attended	Held	Attended
Mr Tad Ballantyne	1	1	-	-	-	-	-	-	-	-
Mr Morris Hansen	1	1	-	-	-	-	-	-	-	-
Mr Phillip Simpson	1	1	-	-	-	-	-	-	-	-
Mr Yu Sun	1	1	-	-	-	-	-	-	-	-
Mr Tan Yang	1	1	-	-	-	-	-	-	-	-

(1) "Held" also refers to eligible to attend.

Non-Audit Services

The Company may use the services of the auditor on matters additional to their statutory audit duties where the auditor's expertise and experience with the Consolidated Entity is important. Details of the amounts paid or payable to the auditor for audit and non-audit services provided during the financial year are provided in note 8 to the financial statements.

There were no other non-audit services provided by the auditor during the financial year.

CREAT RESOURCES HOLDINGS LIMITED AND CONTROLLED ENTITIES

DIRECTORS' REPORT

Auditor's independence declaration

The auditor's independence declaration is included on page 50 of the annual report.

Director and senior management details

The following persons acted as directors of the company during or since the end of the financial year.

Name	Role
Mr Tan Yang	Executive Chairman & CEO/Non-Executive Director
Mr Tad Ballantyne	Deputy Chairman & Non-Executive Director
Mr Morris Hansen	General Manager, Secretary & Executive Director
Mr Phillip Simpson	Non-Executive Director
Mr Yu Sun	Non-Executive Director/Executive Chairman & CEO

The term 'senior management' is used to refer to the following persons. Except as noted, the named persons held their current position for the whole of the financial year and since the end of the financial year:

Tan Yang	Executive Chairman & CEO (retired 31/7/17)
Morris Hansen	General Manager and Company Secretary

Remuneration policy

The board ensures that the remuneration of key management personnel is competitive, reasonable and acceptable to shareholders.

Relationship between the remuneration policy and company performance

Remuneration of key management personnel is currently not related to company performance.

The tables below set out summary information about the consolidated entity's earnings and movements in shareholder wealth for the five years to 30 June 2018:

	30 June 2018 \$'000	30 June 2017 \$'000	30 June 2016 \$'000	30 June 2015 \$'000	30 June 2014 \$'000
Revenue	27	27	32	51	12
Net profit/(loss) before tax	1,675	(5,892)	20,093	(10,511)	(8,245)
Net profit/(loss) after tax	1,675	(5,892)	20,093	(10,511)	(8,245)
Share price at start of year	n.a	n.a	n.a	n.a	0.60p
Share price at end of year	n.a	n.a	n.a	n.a	n.a
Dividend	n.a	n.a	n.a	n.a	n.a
Basic earnings per share	0.25cps	(0.88)cps	3.01cps	(1.58)cps	(1.24)cps
Diluted earnings per share	0.25cps	(0.88)cps	3.01cps	(1.58)cps	(1.24)cps

CREAT RESOURCES HOLDINGS LIMITED AND CONTROLLED ENTITIES

DIRECTORS' REPORT

Key terms of employment contracts

Remuneration and other terms of employment for the directors and senior management are as set out in the Company's Constitution.

Tan Yang

- No set term of agreement as at 30 June 2018.
- Base salary, as at 30 June 2018 Nil.
- No benefits on termination.

Morris Hansen

- No set term of agreement.
- Base salary, as at 30 June 2018 of \$64,500, plus statutory superannuation (as applicable). This reflects his position as Company Secretary and the duties required by that position on a part time basis.
- No benefits on termination.

Yu Sun

- No set term of agreement as at 29 August 2018.
- Base salary, as at 29 August 2018 Nil.
- No benefits on termination.

Key management personnel equity holdings

	Opening number of shares 1/7/17	Share movements during period	Closing number of shares 30/6/18
Directors			
Mr Tad Ballantyne	-	-	-
Mr Morris Hansen	-	-	-
Mr Phillip Simpson	6,000,000	-	6,000,000
Mr Yu Sun	-	-	-
Mr Tan Yang	-	-	-
	<u>6,000,000</u>	<u>-</u>	<u>6,000,000</u>

This directors' report is signed in accordance with a resolution of directors made pursuant to s.298 (2) of the *Corporations Act 2001*.

On behalf of the Directors



Mr Yu Sun

Executive Chairman & CEO

Dated:

CREAT RESOURCES HOLDINGS LIMITED AND CONTROLLED ENTITIES

CORPORATE GOVERNANCE STATEMENT

Corporate Governance Practices

This statement provides an outline of the main corporate governance policies and practices that the Company has adopted or proposes to adopt. They will be reviewed and possibly modified on an annual basis at the end of each financial year.

In pursuing increasing value for shareholders, the board places considerable importance on high standards of ethical behaviour, governance and accountability. The board is aware of, and continues to have regard to, developments in Australia and overseas in relation to corporate governance "best practice". The board believes that the Company's corporate governance policies and practices substantively comply with the ASX Corporate Governance Council Principles of Good Corporate Governance and Best Practice Recommendations (ASX Recommendations).

However, the board also recognizes that full adoption of the ASX Recommendations may not be immediately practical nor provide the best result for the Company given its particular circumstances and structure.

The board (together with the Company's management) has defined its corporate policies and practices to ensure that the Company will maintain and continuously improve its governance standards in a changing environment. Underlying this are values and behaviours aimed at ensuring transparency and fair dealing, and protecting shareholder interests. The Company is committed to continuously improving and refining its governance policies and practices.

Role and Responsibilities of the Board

The board of directors is responsible to shareholders for the overall performance of the Company and accordingly takes accountability for monitoring the Company's business and affairs and setting its strategic direction, establishing policies, and overseeing the Company's financial position. Responsibility for the day-to-day management of the Company is delegated to the managing director and through him to senior management.

In summary, the board is responsible and accountable for:

- final approval of corporate strategy and performance objectives, published resources and reserve estimates, and financial plans;
- capital management, including capital raisings, approval and monitoring of significant capital expenditure;
- monitoring of financial performance, review and approval of significant financial and other reporting;
- assessing the appropriateness and adequacy of, and monitoring compliance with, corporate governance policies and ethical standards;
- evaluating the performance of the Company's executive and senior management pursuant to the guidelines, policies and strategies laid down by the board from time to time;
- ensuring the Company's risk management policies are appropriate and reviewing and ratifying its risk management and internal control framework, including insurance, corporate security and prudential limits on a continuing basis;
- approving the Company's treasury policies, including metals price hedging, foreign currency and interest rate exposure; and
- The engagement of auditors to review and report to the board on the Company's financial results and reporting systems, internal controls and compliance with statutory and regulatory requirements.

The board is responsible for the core powers and duties identified above, other than those specifically delegated to management. In addition, detailed formal authorities and delegations from the board to management have been established.

CREAT RESOURCES HOLDINGS LIMITED AND CONTROLLED ENTITIES

CORPORATE GOVERNANCE STATEMENT

In carrying out its duties, the board will meet formally, in person, over one or two days at least once a year. At other times regular quarterly board meeting may be held by telephone. Additional meetings will be held as required to address specific issues or as the need arises. Some directors and company senior management also participate in meetings of various board committees, which assist the full board in examining particular areas of interest.

It is the Company's intent for directors to hold board meetings at a venue deemed appropriate for the meeting.

Composition of the Board

The directors (based on the recommendations of the remuneration and nomination committee) determine the composition of the board employing the following principles:

- the board may, in accordance with the Company's constitution, be comprised of a minimum of four directors and maximum of nine; and
- The roles of the chairman of the board and of managing director should be exercised by different individuals.

The Company believes that the board should comprise directors with a broad range of experience reflecting the present and future character of the Company's business. The board must be structured in such a way that it has an appropriate range of expertise competent to understand all the current and emerging issues facing the Company and can effectively review management's proposals and decisions.

The board is presently comprised of five directors, including a chairman. Details of the current directors are set out in the Directors' Report.

The Company's constitution requires one-third of the directors (or the next lowest whole number) to retire by rotation at each annual general meeting (AGM). The directors to retire at each AGM are those who have been longest in office since their last election. Where directors have served for equal periods, they may agree amongst themselves or determine by lot who will retire. A director must retire in any event at the third AGM since he or she was last elected or re-elected. Retiring directors may offer themselves for re-election.

A director appointed as an additional or casual director by the board will hold office until the next AGM when they may be re-elected.

The managing director is not subject to retirement by rotation and, along with any director appointed as an additional or casual director, is not to be taken into account in determining the number of directors required to retire by rotation.

Director Independence

In assessing independence, the board has regard to whether a director has any business interests or other relationship that could materially affect or interfere with the exercise of their independent judgment and ability to act in the best interests of the Company and its shareholders. The board also makes the assessment having regard to the ASX recommendations.

In order to ensure that any "interests" of a director in a particular matter to be considered by the board are known by each director, each director has contracted with the Company to disclose any relationships, duties or interests held that may give rise to a potential conflict. This disclosure extends to the interests of family companies and spouses. Some directors are involved with other companies or professional firms which may potentially have dealings with the Company. Directors are required to adhere strictly to constraints on their participation and voting in relation to any matters in which they may have an interest.

CREAT RESOURCES HOLDINGS LIMITED AND CONTROLLED ENTITIES

CORPORATE GOVERNANCE STATEMENT

Appointment of Directors

Nominations of new directors, recommended by the remuneration and nomination committee, are considered by the full board. The remuneration and nomination committee may employ external consultants to access a wide base of potential directors, considering their range of skills and experience required in light of the:

- current composition of the board;
- need for independence;
- strategic direction and progress of the Company; and
- nature of the Company's business.

The board assesses nominated directors against a range of criteria including recent relevant experience, professional expertise, personal qualities, potential conflicts of interest and their capacity to commit themselves to the board's activities.

Performance Review of the Board

At least once yearly, the managing director and/or other directors, executives or agents of the Company will provide the board with a report detailing interactions with and outlining the expressed views of the Company's shareholders. The independent directors and anyone else charged with managing investor relationships may also contribute to this report. The board will undertake informal reviews of its processes and performance and the performance of the independent directors.

Independent Professional Advice

Directors are able to access members of the management team at any time to request relevant information, provided that the managing director is notified in advance.

It is board policy that directors may seek independent advice at the Company's expense, provided that the chairman is notified in advance. Directors must ensure that the costs of the advice are reasonable and will generally obtain the advice with the assistance of the Company Secretary.

Board committees

To assist the board in fulfilling its responsibilities, the board has established four standing committees to consider certain issues and functions in greater detail. The standing committees are:

- Audit and risk;
- Remuneration and nomination;
- Environmental and community impact; and
- Technical and safety.

The chairman of the particular committee reports on any matters of substance at the next full board meeting. Committees provide recommendations to the board. Other committees may be established on an ad hoc basis from time to time to deal with specific matters.

In addition to the formal committee structure for the board, the chairman of the board will maintain a close relationship and have regular meetings with the relevant ministers of the government of the day, and the managing director will have similar relationships and regular meetings with the relevant heads of departments of the government bureaucracy.

The duties set out to be undertaken by the respective committees were addressed by the full board during the financial year given the size of the company.

CREAT RESOURCES HOLDINGS LIMITED AND CONTROLLED ENTITIES

CORPORATE GOVERNANCE STATEMENT

Audit and Risk Committee

Members of the audit and risk committee are:

Mr. Tad Ballantyne

Mr. Phillip Simpson

The committee has appropriate financial expertise and all members are financially literate and have an appropriate understanding of the industry in which the Company operates and matters pertaining to obligations and responsibilities of publicly listed companies. The managing director may be invited to attend committee meetings in an advisory role. However, specific sessions are held with the Company's (internal) and external auditors independent of the managing director and of management. The company secretary attends all committee meetings.

The function of the audit and risk committee is to assist the board in fulfilling its responsibilities associated with the preparation and independent audit of the Company's accounts, its external financial reporting, its internal control structure, risk management systems and audit function, primarily by:

- determining the appropriateness of accounting principles and disclosure practices adopted by management and monitoring compliance with applicable accounting standards and other requirements;
- overseeing the preparation and audit of, and verifying and ensuring the integrity of, the Company's financial statements and reports;
- the appointment, compensation, retention and oversight of the Company's external auditor or any other public accounting firm engaged for the purpose of performing audit, review or attestation services for the Company;
- reviewing and evaluating the independence, qualifications and performance of the external auditor and managing the relationship between the Company and its external auditor;
- reviewing reports on the adequacy of the Company's internal financial controls, risk management, and compliance systems and processes;
- overseeing the retention, tasking and resourcing of the Company's internal auditor(s) when appointed, monitoring their progress and evaluating their performance; and
- Reviewing the financial management of the Company generally and undertaking such other tasks as the board or the managing director may request from time to time.

In fulfilling its responsibilities, the committee has rights of access to management and to auditors (external and internal) without management present and may seek explanations and additional information. The committee may, with the approval of the board, engage any independent advisers in relation to any matter pertaining to the powers, duties and responsibilities of the committee.

Auditor Independence

The charter adopted by the audit and risk committee confirms its direct responsibility for the appointment, compensation, retention and oversight of the Company's external auditors. In order to ensure the independence of the external auditor, the audit and risk committee:

- requires that no person may play a significant role in managing the audit for more than five out of any seven successive years;
- must approve all non-audit work which may be undertaken by the external auditor and exclude them from undertaking such work where it may give rise to a conflict of interest;

CREAT RESOURCES HOLDINGS LIMITED AND CONTROLLED ENTITIES

CORPORATE GOVERNANCE STATEMENT

- receive periodic statements, at least annually, from the auditors outlining all work undertaken for the Group, and confirming that the auditor has satisfied all professional regulations relating to auditor independence; and
- Meets with the external auditor independently of management.

Risk Oversight and Management

The board, through the audit and risk committee, is responsible for ensuring that there are adequate policies in place in relation to risk management, compliance and internal control systems. The Company's policies are designed to ensure that strategic, operational, legal, reputation and financial risks are identified, assessed and managed to facilitate achievement of the Company's business objectives.

The audit and risk committee's charter defines the committee's responsibilities in relation to risk management and includes specific and detailed reference to management of the internal audit function, when created.

Management Assurances

The board will at the request of any director, or otherwise at least twice yearly receive a rolling 12-month cash flow forecast, a balance sheet and selected operational and statistical data.

In addition, in accordance with best practice guidelines, the managing director and chief financial officer are required on a quarterly basis to provide formal statements to the board that in all material respects, the Company's financial statements present a true and fair view of the Company's financial condition and the results and are in accordance with relevant accounting standards consistently applied.

Remuneration and Nomination Committee

Members of the remuneration and nomination committee are:

Mr. Tad Ballantyne

Mr. Phillip Simpson

Under its charter the committee is responsible for:

- reviewing remuneration of non-executive directors, the managing director and other senior executives;
- establishing criteria for membership of the board and its committees, and processes for the identification of suitable candidates;
- reviewing membership of the board and its committees;
- nominating members of the board and its committees;
- formulating policies relating to the retirement of non-executive directors;
- reviewing management succession planning, human resources, correct pay relativities within the company, external wage comparisons, and remuneration policies for the Company generally; and
- ensuring the Company's obligations in relation to employee benefits and entitlements, including superannuation, are met.

The managing director or other members of management may also attend meetings of the committee at the invitation of the committee chairman; whenever particular matters arise that require management participation. However, members of management must not participate in the deliberations of the committee involving matters affecting their position or personal interest.

CREAT RESOURCES HOLDINGS LIMITED AND CONTROLLED ENTITIES

CORPORATE GOVERNANCE STATEMENT

Environmental and Community Impact Committee

Members of the committee are:

Mr. Phillip Simpson

Mr. Morris Hansen

This committee will meet as required and monitor environmental, social and community issues and impacts of the Company's operations on Zeehan and environs. Reviews are to be undertaken on the effectiveness of management's policies and practices relating to:

- the interaction between the Company's activities and the local community, and the ways in which these activities contribute to social and economic development;
- policies and practices followed in dealings with the local community in relation to land, people and resources;
- maintaining and improving community health; and
- The impact and associated risks of the Company's activities on the natural marine, atmospheric and terrestrial environment, together with monitoring compliance with the applicable regulatory regime.

The committee's focus will be on the quality, effectiveness and transparency of these management processes. It will also review specific issues of significance from time to time.

Technical and Safety Committee

Members of the committee are:

Vacant. Board to nominate members.

The committee will meet as required and will monitor:

- occupational health and safety standards, policies and issues;
- technical issues associated with the Company's exploration, mining and processing activities, with reference to the standards set by the Company and the standards and norms of the industry more generally;
- potential developments that could impact the business or the industry; and
- the continuing status of major capital projects approved by the board.

Ethical Standards and Code of Conduct

The board and all the Company's employees are expected to maintain the highest level of corporate ethics and personal behaviour and comply with all relevant legislation. A code of conduct has been adopted. It is supported by detailed policies and certain aspects are elevated to form part of employee's contracts of employment.

The values underpinning all Company policies and procedures are:

- commitment to a work environment where the health, safety and well-being of employees, contractors, visitors and other parties affected by the Company's operations are paramount;
- compliance with all laws, regulations and other requirements relating to all aspects of business and personal conduct within Tasmania and the countries with which the Company interacts;
- integrity, transparency and respect in all interactions (whether internal or with groups outside the Company) including with other representative groups in relation to issues important to the community;
- excellence in the management of environmental responsibilities to ensure minimization of any adverse effects on the environment or impact on the local community;

CREAT RESOURCES HOLDINGS LIMITED AND CONTROLLED ENTITIES

CORPORATE GOVERNANCE STATEMENT

- adoption of the highest standards of business administration, accountability and corporate governance, including the ethical use of all Company resources, funds, equipment, information and time;
- fairness, within the framework of commitments to local community groups, to potential and existing employees in all areas of recruitment, training and administration of employee benefits;
- initiative and personal commitment by all employees, contractors and agents working on behalf of the Company, to the highest standards of work performance and the effective achievement of Company objectives; and
- Accountability and willingness to take responsibility.

The code of conduct, associated guidelines and detailed policies and procedures are to be made available to all personnel on joining the Company.

Breaches of the Company's policies or values may be reported using the Company's whistle-blower program. The whistle-blower program is administered by a specialist service provider and, if requested, guarantees confidentiality of identity of persons who make contact.

A report is provided to the audit and risk committee of all contacts made between meetings. Matters of significance are required to be reported to the chairman of the audit and risk committee as soon as they are raised.

Share Trading Policy

In the interest of investor confidence, the Company has formal policies governing the trading of the Company's securities by directors, officers and employees. They are set out below.

Detailed rules are in place for directors, officers and designated employees regulating their ability to deal in the Company's securities. In addition to general prohibitions on trading when in possession of "inside information", trading is limited to certain clearly defined periods.

Trading by directors is restricted to 30-day periods following release of the Company's quarterly and financial results. Trading by directors and designated employees may not take place during the two-month period preceding announcement of the Company's financial results and two month period preceding announcement of its interim results. Trading is also subject to a formal clearance procedure and to prohibitions against engaging in short-term trading in, or dealing in options over, the Company's securities.

Breaches of this policy may lead to disciplinary action being taken, including dismissal in serious cases. The company secretary is to inform all directors and staff appropriately relating to the permitted trading periods.

Shareholder Communication and Continuous Disclosure

The Company seeks to provide relevant and timely information to its shareholders, and the broader investment community as required from time to time in line with current legislation.

Information is communicated to shareholders through the distribution of the Company's interim and annual reports, and where appropriate circulars to shareholders of press announcements and on the company website.

A detailed disclosure policy and practice has been defined nominating those who may authorise and make disclosures and the method by which the market is to be informed of any price sensitive information. Responsibilities are clearly delineated.

CREAT RESOURCES HOLDINGS LIMITED AND CONTROLLED ENTITIES

CORPORATE GOVERNANCE STATEMENT

Annual General Meeting (AGM)

All shareholders are encouraged to attend and participate in the Company's AGM. Shareholders may attend in person or send a proxy as their representative. Shareholders are routinely afforded an opportunity to question, discuss and comment on the Company's results, operations and management.

The Company's external auditor is routinely invited to and attends the AGM in order to answer questions about the conduct of the audit and the preparation and content of the auditor's report.

CREAT RESOURCES HOLDINGS LIMITED AND CONTROLLED ENTITIES

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2018**

		Year Ended 30-Jun-18	Year Ended 30-Jun-17
	<u>Note</u>	\$	\$
Continuing Operations			
Revenue	5	25,407	27,066
Other Gains and Losses	6	(2,535,392)	3,284,586
Depreciation Expense	7	(10,190)	(10,029)
Finance Costs	7	(3,014,108)	(2,978,265)
Impairment of Investment		7,496,384	(5,917,925)
Administration Expenses		(59,220)	(54,449)
Employee Expenses	7	(223,681)	(233,960)
Other Expenses		<u>(3,438)</u>	<u>(9,350)</u>
Profit/(Loss) before Income tax		<u>1,675,762</u>	<u>(5,892,326)</u>
Income Tax Benefit/(Expense)	9	<u>-</u>	<u>-</u>
Total Profit/(Loss) for the year		<u>1,675,762</u>	<u>(5,892,326)</u>
 Other Comprehensive Income			
Other Comprehensive Income for the Period (Net of Tax)		<u>2,370,218</u>	<u>-</u>
Total Comprehensive Income for the Period		<u>4,045,980</u>	<u>(5,892,326)</u>
 Earnings Per Share			
From continuing and discontinued operations			
Basic (cents per share)		0.25	(0.88)
Diluted (cents per share)		0.25	(0.88)
 From continuing operations			
Basic (cents per share)		0.25	(0.88)
Diluted (cents per share)		0.25	(0.88)

The accompanying notes form part of these financial statements.

CREAT RESOURCES HOLDINGS LIMITED AND CONTROLLED ENTITIES

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2018**

	<u>Note</u>	30-Jun-18 \$	30-Jun-17 \$
Assets			
Current Assets			
Cash and Cash Equivalents	20	55,051	187,772
Trade Receivables	10	2,200	2,200
Other Current Assets	11	1,597	784
Total Current Assets		58,848	190,756
Non-Current Assets			
Property, Plant and Equipment	13	202,407	210,280
Prepayments		2,150	2,054
Other Non-Current Assets	12	21,752,958	11,944,106
Total Non-Current Assets		21,957,515	12,156,440
Total Assets		22,016,363	12,347,196
Liabilities			
Current Liabilities			
Trade and Other Payables	14	83,199	87,971
Financial Liabilities	15	59,099,864	53,459,114
Provisions	16	-	12,793
Total Current Liabilities		59,183,063	53,559,878
Total Liabilities		59,183,063	53,559,878
Net Liabilities		(37,166,700)	(41,212,682)
Equity			
Issued Capital	17	69,408,416	69,408,416
Reserves	18	2,740,655	370,437
Accumulated Losses		(109,315,771)	(110,991,535)
Equity attributable to owners of the Company		(37,166,700)	(41,212,682)
Total Deficiency		(37,166,700)	(41,212,682)

The accompanying notes form part of these financial statements.

CREAT RESOURCES HOLDINGS LIMITED AND CONTROLLED ENTITIES

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2018**

	<u>Note</u>	30-Jun-18 \$	30-Jun-17 \$
Cash Flows from Operating Activities			
Receipts from Customers		26,400	25,083
Payments to Suppliers and Employees		<u>(307,211)</u>	<u>(303,052)</u>
Net Cash used in Operating Activities	20	<u><u>(280,811)</u></u>	<u><u>(277,969)</u></u>
 Cash Flows from Investing Activities			
Purchase of Sale of Property, Plant & Equipment		(2,317)	-
Proceeds from Sale of Shares		149,000	246,006
Interest Received		<u>1,407</u>	<u>2,263</u>
Net Cash generated by Investment Activities		<u><u>148,090</u></u>	<u><u>248,269</u></u>
 Cash Flows from Financing Activities			
Proceeds from Borrowings		-	-
Repayment of Borrowings		<u>-</u>	<u>-</u>
Net Cash generated by Financing Activities		<u><u>-</u></u>	<u><u>-</u></u>
Net Decrease in Cash and Cash Equivalents		(132,721)	(29,700)
Cash and Cash Equivalents at Beginning of the Period		<u>187,772</u>	<u>217,472</u>
Cash and Cash Equivalents at the End of the Period	20	<u><u>55,051</u></u>	<u><u>187,772</u></u>

The accompanying notes form part of these financial statements.

CREAT RESOURCES HOLDINGS LIMITED AND CONTROLLED ENTITIES

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

	Issued Capital	Accumulated Losses	Other Reserves	Total
	\$	\$	\$	\$
Balance at 1 July 2016	69,408,416	(105,099,210)	370,437	(35,320,357)
Loss for the period	-	(5,892,326)	-	(5,892,326)
Total comprehensive income for the period	-	(5,892,326)	-	(5,892,326)
Balance at 30 June 2017	69,408,416	(110,991,535)	370,437	(41,212,682)

	Issued Capital	Accumulated Losses	Other Reserves	Total
	\$	\$	\$	\$
Balance at 1 July 2017	69,408,416	(110,991,535)	370,437	(41,212,682)
Profit for the period	-	1,675,762	-	1,675,762
Other Comprehensive Income	-	-	2,370,218	2,370,218
Total comprehensive income for the period	-	1,675,762	2,370,218	4,045,980
Balance at 30 June 2018	69,408,416	(109,315,771)	2,740,655	(37,166,700)

The accompanying notes form part of these financial statements.

CREAT RESOURCES HOLDINGS LIMITED AND CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

Note 1: General Information

Creat Resources Holdings Limited (CRHL) is a company incorporated in Australia. The address of its registered office and principal place of business is disclosed in note 27 to the financial statements. The principal activities of CRHL and its subsidiaries (the 'Consolidated Entity' or the 'Company') during the financial year were investment in companies involved in mining in both Australia and overseas.

Going Concern

The financial report has been prepared on a 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.

During development stages, the Company sustained operating losses. For the 2018 financial year, the Company has profit of \$1,675,762 primarily due to fluctuations in the share price of share investments. The Company will finance its operations primarily through cash and cash equivalents on hand, and future financing from the issuance of debt or equity instruments

The following plan is in place by Management to support the going concern basis of the Company and the consolidated entity.

On 29th February 2016 the Company received an ongoing undertaking from Creat Group in that, for the purposes of assisting the company in achieving its working capital forecast:

- Creat Group will continue to provide further funding to CRHL as required with interest rates to be charged based on market interest rates; and
- Creat Group will not call for or cause repayment of any loans or convertible notes, including the payment of accrued interest on such loans or convertible notes, held by Creat Group at 31 December 2015 or entered into/acquired by Creat Group subsequent to that date, and interest that will be due and payable on such loans or convertible notes..

At the date of this report and having considered the above factors, the directors are confident that the Company and the consolidated entity will be able to continue as going concerns.

Note 2: New Accounting Standards for Application in Future Periods

The AASB has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for the current and future reporting periods, some of which are relevant to the Consolidated Entity. The Consolidated Entity has adopted the following new standards and amendments to standards, including any consequential amendments to other standards.

- AASB 9 'Financial Instruments', and the relevant amending standards
- AASB 2014-4 'Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation'
- AASB 2014-9 'Amendments to Australian Accounting Standards – Equity Method in Separate Financial Statements'
- AASB 2015-1 'Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012-2014
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CREAT RESOURCES HOLDINGS LIMITED AND CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

Note 2: New Accounting Standards for Application in Future Periods (cont).

- AASB 2015-2 'Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101'

The following Australian Accounting Standards are applicable to the Corporation and have recently been issued or amended. As they are not yet effective the Corporation has chosen not to adopt them for the year ended 30 June 2018:

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Planned to be applied in the financial year ending
AASB 15 'Revenue from Contracts with Customers' and AASB 2014-5 'Amendments to Australian Accounting Standards arising from AASB 15'	1 January 2018	30 June 2019

It is anticipated that the reported results and position of the group will not change on adoption of these pronouncements as they do not result in any changes to the group's existing accounting policies. Adoption will, however, result in changes to information currently disclosed in the financial statements. The group does not intend to adopt any of these pronouncements before their effective dates.

CREAT RESOURCES HOLDINGS LIMITED AND CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

Note 3: Significant Accounting Policies

a) Statement of Compliance

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

The financial statements comprise the consolidated financial statements of Creat Resources Holdings Limited and its subsidiaries (the 'Company' or 'Consolidated Entity'). For the purposes of preparing this report, the Company is a for-profit entity.

Accounting Standards include Australian Accounting Standards. Compliance with Australian Accounting Standards ensures that the financial statements and notes of the Company and the Consolidated Entity comply with International Financial Reporting Standards ('IFRS').

The financial statements were authorised for issue by the directors at the date of the signed Directors Declaration.

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial report includes separate financial statements for Creat Resources Holdings Limited as an individual entity (the 'Company' or 'Parent Entity') and the consolidated entity consisting of Creat Resources Holdings Limited and its subsidiaries (the 'Group' or 'Consolidated Entity').

b) Basis of Preparation

The financial report has been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for the assets. All amounts are in Australian dollars, unless otherwise noted.

c) Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

All intercompany balances and transactions between entities in the Consolidated Entity, including any unrealised profits or losses, have been eliminated on consolidation. Where controlled entities have entered or left the Consolidated Entity during the year, their operating results have been included/excluded from the date control was obtained or until control ceased.

d) Revenue

Revenue from the sale of goods is recognised upon the delivery of goods to customers. Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets. Rental revenue is recognised when the right to receive the rent has been established. Revenue from the rendering of a service is recognised upon the delivery of the service to the customers.

CREAT RESOURCES HOLDINGS LIMITED AND CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

Note 3: Significant Accounting Policies (cont).

e) Income Tax

The charge for current income tax expenses is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using tax rates that have been enacted or are substantively enacted by the balance sheet date.

Deferred income tax is provided on all temporary differences at the balance sheet 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 where the deferred income tax liability 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; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised:

- except where 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; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance sheet 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.

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 sheet date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in the income statement.

Tax consolidation

The company and all its wholly-owned Australian resident entities are part of a tax consolidated group under Australian taxation law. Creat Resources Holdings Limited is the head entity in the tax-consolidated group. Tax expense/income, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax-consolidated group are recognised in the separate financial statements of the members of the tax-consolidated group using the 'separate taxpayer within group' approach by reference to the carrying amounts in the separate financial statements of each entity and the tax values applying under tax consolidation. Current tax liabilities and assets and deferred tax assets

CREAT RESOURCES HOLDINGS LIMITED AND CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

Note 3: Significant Accounting Policies (cont).

arising from unused tax losses and relevant tax credits of the members of the tax-consolidated group are recognised by the company (as head entity in the tax-consolidated group). Due to the

existence of a tax funding arrangement between the entities in the tax-consolidated group, amounts are recognised as payable to or receivable by the company and each member of the group in relation to the tax contribution amounts paid or payable between the parent entity and the other members of the tax-consolidated group in accordance with the arrangement. Further information about the tax funding arrangement is detailed in note 9. Where the tax contribution amount recognised by each member of the tax-consolidated group for a particular period is different to the aggregate of the current tax liability or asset and any deferred tax asset arising from unused tax losses and tax credits in respect of that period, the difference is recognised as a contribution from (or distribution to) equity participants.

f) Foreign Currencies Transactions and Balances

The individual financial statements of each group entity are presented in its functional currency being the currency of the primary economic environment in which the entity operates. For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in Australian dollars, which is the functional currency of Creat Resources Holdings Limited and the presentation currency for the consolidated financial statements.

Foreign currency transactions during the year are converted to Australian currency at the rates of exchange applicable at the dates of the transactions. Amounts payable and receivable in foreign currencies at balance date are converted at the rates of exchange ruling at that date. The gains and losses from conversion of short term assets and liabilities, whether realised or unrealised are included in the profit from ordinary activities as they arise.

g) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Tax Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or current liability in the balance sheet. Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

h) Cash and Cash Equivalents

Cash and Cash Equivalents includes cash on hand, deposits held at call with financial institutions (net of bank overdrafts), other short-term highly liquid investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

i) Financial Instruments

Investments are recognised and derecognised on trade date where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, net of transaction costs except for those financial assets classified as at fair value through profit or loss which are initially measured at fair value. Subsequent to initial recognition, investments in subsidiaries are measured at cost in the company financial statements.

Other financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss', 'held-to-maturity investments', 'available-for-sale' financial assets, and 'loans and

CREAT RESOURCES HOLDINGS LIMITED AND CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

Note 3: Significant Accounting Policies (cont).

receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

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'.

Financial assets at fair value through profit or loss

Financial assets are classified as financial assets at fair value through profit or loss (FVTPL) 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 Group 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.

Loans and receivables

Receivables are recorded at fair value based on estimated amounts due less any provision for doubtful debts. Provision for doubtful debts is established when there is evidence that the Consolidated Entity will not be able to collect all amounts due according to the original term of receivables.

Available-for-sale Financial Assets

Available-for-sale (AFS) financial assets include any financial assets not included in the above categories. AFS financial assets are reflected at fair value. Unrealised gains and losses arising from changes in fair value, other than impairment losses, are recognised in other comprehensive income.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 60 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an

CREAT RESOURCES HOLDINGS LIMITED AND CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

Note 3: Significant Accounting Policies (cont).

allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

When an AFS financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period.

With the exception of AFS equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of AFS equity securities, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay.

If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Financial Liabilities

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

Derivative Instruments

Derivative instruments are measured at fair value. Gains and losses arising from changes in fair value are taken to the profit or loss statement unless they are designated as hedges.

Fair Value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

j) Property, Plant and Equipment

Recognition and Measurement

Land and buildings are carried at valuation. Other items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. All property, plant and equipment are initially recorded at their cost of acquisition at the date of acquisition, being the fair value of the consideration provided plus incidental costs directly attributable to the acquisition.

The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use.

CREAT RESOURCES HOLDINGS LIMITED AND CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

Note 3: Significant Accounting Policies (cont).

When parts of an item property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Subsequent Costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that future economic benefits associated within the part will flow to the Consolidated Entity and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Statement of Comprehensive Income during the financial period in which they are incurred.

Depreciation

Depreciation where applicable, has been charged in the accounts so as to write off each asset over the estimated useful life of the asset concerned. Leased assets are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated. The straight-line method of depreciation is used. The depreciation rates used for each class of depreciable assets are:

<u>Class of Fixed Assets</u>	<u>Depreciation Rates</u>	
Buildings	1.5-2.5%	(2017: 1.5-2.5%)
Plant and equipment, leasehold improvements	6-33%	(2017: 6-33%)
Leased plant and equipment	13-20%	(2017: 13-20%)

Depreciation methods, useful lives and residual values are reassessed at the reporting date.

k) 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 the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cashflows estimated to settle the present obligation, its carrying amount is the present value of those cashflows. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received, and the amount of the receivable can be measured reliably.

l) Impairment of Assets (excluding Goodwill)

At each reporting date, the Group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the Income Statement. Recoverable amount 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 which the estimates of future cash flows have not been adjusted.

CREAT RESOURCES HOLDINGS LIMITED AND CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

Note 3: Significant Accounting Policies (cont).

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at revalued amount, in which case the impairment loss is treated as a revaluation decrease. Where an impairment loss subsequently reverses, the carrying amount of the asset (cash generating unit) 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 (cash-generating unit) in prior years. A reversal of an

Impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at fair value, in which case the reversal of the impairment loss is treated as a revaluation increase.

For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

m) Trade and Other Payables

These amounts represent liabilities for goods and services provided to the Consolidated Entity prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

n) Employee Entitlements

Provision is made for employee entitlements arising from services rendered by employees to balance sheet date. Employee entitlements expected to be settled within one year together with entitlements arising from wages and salaries, annual leave and any accumulating sick leave which will be settled after one year, have been measured at amounts expected to be paid when the liability is to be settled plus related on-costs. Other employee entitlements payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those entitlements. Contributions are made by the Consolidated Entity to an employee superannuation fund and are charged as expenses when incurred.

Defined contribution plans

Contributions to defined contribution superannuation plans are expensed when employees have rendered service entitling them to the contributions.

o) Borrowing Costs

Borrowing costs include interest, amortisation of discounts or premiums relating to borrowings and amortisation of ancillary costs incurred in connection with arrangement of borrowings. Ancillary costs incurred in connection with the arrangement of borrowings are capitalised and amortised over the life of the borrowings. Borrowing costs are expensed as incurred unless they relate to qualifying assets. Qualifying assets are assets which take more than 12 months to get ready for their intended use or sale.

In these circumstances, borrowing costs are capitalised to the cost of the assets. Where funds are borrowed specifically for the acquisition, construction or production of a qualifying asset, the amount of borrowing costs capitalised is that incurred in relation to that borrowing, net of any interest earned on those borrowings. Where funds are borrowed generally, borrowing costs are capitalised using a weighted average capitalisation rate.

CREAT RESOURCES HOLDINGS LIMITED AND CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

Note 4: Critical Accounting Judgments and Key Sources of Estimation Uncertainty

In the application of the Group's accounting policies, which are described in note 3, the directors are required to make judgements, estimates and assumptions about the carrying amounts 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 to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

In estimating the fair value of an asset or a liability, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Group engages third party qualified valuers to perform the valuation. Information about the valuation techniques and inputs used in determining the fair value of various assets and liabilities are disclosed in notes 12 and 13.

Other critical accounting judgements relevant to this financial report include depreciation rates utilised (note 3k) and provisions (note 3l).

CREAT RESOURCES HOLDINGS LIMITED AND CONTROLLED ENTITIES

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

Note 5: Revenue

	2018	2017
	\$	\$
Revenue		
Rent	24,000	24,653
Interest Income	1,407	2,263
Sundry Income	-	150
Total Revenue	<u>25,407</u>	<u>27,066</u>

Note 6: Other Gains and Losses

	2018	2017
	\$	\$
Foreign Currency Gain/(loss)	(2,626,642)	3,286,080
Gain/(loss) on sale of Assets	91,250	(1,494)
	<u>(2,535,392)</u>	<u>3,284,586</u>

Note 7: Expenses

	2018	2017
	\$	\$
Profit for the year has been determined after:		
Finance Costs:		
Interest Expense - Related Parties	3,014,108	2,978,265
Interest Expense - Other	-	-
Amortisation of Deferred Finance Costs	-	-
	<u>3,014,108</u>	<u>2,978,265</u>
Employee Expenses:		
Defined contribution plan	12,509	12,922
Depreciation of Non-Current Assets:		
- Property, Plant & Equipment	10,190	10,029

CREAT RESOURCES HOLDINGS LIMITED AND CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

Note 8: Remuneration of Auditors

	2018	2017
	\$	\$
Auditor of the Parent Entity		
Audit or review of the financial report	15,590	15,355
	15,590	15,625

The auditor of Creat Resources Holdings Limited is Synectic Audit & Assurance Pty Ltd.

No other benefits were received by the Auditor(s).

Note 9: Income Taxes

	2018	2017
	\$	\$
(a) <u>Income tax recognised in accounts:</u>		
Tax (benefit)/expense relating to continuing operations	-	-
(b) <u>Numerical reconciliation of income tax expense to prima facie income tax payable</u>		
Accounting profit/(loss) before income tax	1,675,762	(5,892,326)
Income tax expense/(benefit) calculated at 30%	502,729	(1,767,698)
Future income tax benefit brought to account	(502,729)	1,767,698
Income tax (benefit)/expense	-	-
The potential future income tax benefit at year end not brought to account is:	6,798,725	6,713,574

The tax rate used in the above reconciliation is the corporate tax rate of 30% payable by Australian corporate entities on taxable profits under Australian tax law. There has been no change in the corporate tax rate when compared with the previous reporting period.

The Company and its wholly owned Australian resident entities have formed a tax consolidated group with effect from 1 July 2004 and are therefore taxed as a single entity from that date. The head entity within the tax-consolidated group is Creat Resources Holdings Limited. The members of the tax-consolidated group are identified at note 26.

The benefit of tax losses will only be obtained if:

- the Company and its subsidiaries derive future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the losses to be realised;
- the Company and its subsidiaries pass either the Continuity of Ownership or the Same Business test as defined in the Income Tax Assessment Act 1997; and
- no changes in tax legislation adversely affect the Company and its subsidiaries in realising the benefit from the deduction for the losses.

Tax losses available to the Company equalled \$22,662,416 after application of current year taxable loss, which when applied by the corporate tax rate of 30% equates to a potential future income tax benefit of \$6,798,725 at 30 June 2018. Earlier tax losses pre-June 2009 were forgone after the sale of the mining assets in the 2013 financial year. This was as a result of the Company failing both the Continuity of Ownership and Same Business test required to utilise these earlier losses. As a result, the potential future tax benefit disclosed is adjusted to reflect only those losses made post 30 June 2009 and are an accumulation of the available tax losses made in the eight-year period between 30 June 2009 and 30 June 2018.

CREAT RESOURCES HOLDINGS LIMITED AND CONTROLLED ENTITIES

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

Note 10: Trade and Other Receivables

	2018	2017
	\$	\$
Current		
Debtors (i) (ii)	2,200	2,200
Advances to other parties or persons	-	-
	<u>2,200</u>	<u>2,200</u>

	2018	2017
	\$	\$
<u>Ageing of past due but not impaired</u>		
60-90 days	-	-
90+ days	-	-
	<u>-</u>	<u>-</u>

(i) Impaired receivables

The consolidated entity has no impaired receivables at 30 June 2018 (2017: nil).

(ii) Past due but not impaired

Where financial assets are past due but not impaired, the consolidated entity has assessed that the credit quality of these amounts has not changed and the amounts are still considered recoverable.

Note 11: Other Current Assets

	2018	2017
	\$	\$
GST recoverable/(payable)	1,597	784
	<u>1,597</u>	<u>784</u>

Note 12: Other Non-Current Assets

As at 30 June 2018, the Company holds 1.81% (2017: 1.83%) of the ordinary share capital of Galaxy Resources Limited ("Galaxy"), an ASX listed emerging mining and chemical company focusing on lithium and tantalum production. The principal assets are the Mt Cattlin Lithium Project, near Ravensthorpe, Western Australia, the Sal De Vida brine deposit in Argentina and the James Bay deposit in Canada.

As at 30 June 2018, the Company holds 0.03% (2017: NIL) of the ordinary share capital of Lepidico Limited ("Lepidico"). This parcel of shares was acquired 27th October 2017.

	2018	2017
	\$	\$
Available-for-sale investments carried at fair value		
Galaxy Quoted shares (i) (ii) (iii)	21,715,958	11,944,106
Lepidico Quoted shares (i) (ii) (iv)	37,000	-
	<u>21,752,958</u>	<u>11,944,106</u>

- (i) An increase in the Fair Value was recognised on the company's Available-for-sale investments at 30 June 2018, as measured by reference to the companies' listed share price. This increase on investment has been in part recognised on the Statement of Comprehensive Income as a reverse in the prior years' available Impairment Expense, with the remaining increase in fair value being recorded in the Asset Revaluation Reserve as per Note 18.

CREAT RESOURCES HOLDINGS LIMITED AND CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

- (ii) The fair value measurement of available-for-sale investments have been classified as level 1 in the fair value hierarchy, as they are derived from quoted prices (unadjusted) in active markets for identical assets.
- (iii) 50,000 Galaxy shares were disposed in October 2017 to fund operations with a gain on sale of \$91,250 recognised in the accounts from the last reported (30 June 2017) fair value recognised.
- (iv) 1,000,000 shares in Lepidico were purchased 27th October 2017 with a cost base of \$0.025 per share.

CREAT RESOURCES HOLDINGS LIMITED AND CONTROLLED ENTITIES

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

Note 13: Property, Plant and Equipment

	Land & Buildings	Leasehold Improvements	Plant & Equipment	Total
	\$	\$	\$	\$
<u>Consolidated Entity</u>				
Gross carrying amount				
Balance at 1 July 2016	258,000	5,385	60,982	324,367
Revaluation	-	-	-	-
Additions	-	-	-	-
Disposals, write offs and impairment	-	-	-	-
Balance at 30 June 2017	258,000	5,385	60,982	324,367
Revaluation	-	-	-	-
Additions	-	-	2,317	2,317
Disposals, write offs and impairment	-	-	-	-
Balance at 30 June 2018	258,000	5,385	63,299	326,684
Accumulated depreciation/ amortisation and impairment				
Balance at 30 June 2016	(49,198)	(4,735)	(50,125)	(104,058)
Depreciation expense	(4,596)	(538)	(4,892)	(10,026)
Disposals and write offs	-	-	-	-
Balance at 30 June 2017	(53,794)	(5,273)	(55,017)	(114,084)
Depreciation expense	(4,596)	(112)	(5,482)	(10,190)
Disposals and write offs	-	-	-	-
Balance at 30 June 2018	(58,390)	(5,385)	(60,499)	(124,274)
Net book value				
As at 30 June 2017	204,206	112	5,965	210,280
As at 30 June 2018	199,610	-	2,800	202,407

CREAT RESOURCES HOLDINGS LIMITED AND CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

Note 13: Property, Plant & Equipment (cont).

The Group's freehold land and buildings are stated at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. The fair value measurements of the Group's freehold land and buildings were performed by appropriately qualified independent valuers.

The fair value of the freehold land and buildings was determined based on the market comparable approach that reflects recent transaction prices for similar properties. There has been no change to the valuation technique during the year.

The fair value measurements of freehold land and buildings have been classified as level 3, as they are based on unobservable inputs for the assets. There were no transfers between different levels of the fair value hierarchy during the 2018 financial year.

As per note 3(j) land and buildings are carried at valuation. Current valuation recognised is \$258,000 based on Valuer General Valuation advised. Had land and buildings been measured using cost less accumulated depreciation and impairment losses, the net book value of land and buildings at 30 June 2018 would have been \$67,109 (2017: \$67,109).

Note 14: Trade and Other Payables

	2018	2017
	\$	\$
Current		
Trade payables (i)	-	4,772
Sundry accruals	83,199	83,199
	83,199	87,971

(i) The average credit period on purchases is 30 days. No interest is charged on the trade payables for the first 60 days from the date of the invoice. The Company has financial risk management policies in place to ensure that all payables are paid within the credit timeframe.

Note 15: Financial Liabilities

	2018	2017
	\$	\$
Current		
Loans from related party: secured and unsecured (i)	59,099,864	53,459,114
Withholding tax payable	-	-
	59,099,864	53,459,114

(i) Summary of borrowing arrangements

Amount repayable to related party of the Company. Repayment of these loans has been deferred through the continuing financial support of Creat Group Company Limited ("Creat Group").

CREAT RESOURCES HOLDINGS LIMITED AND CONTROLLED ENTITIES

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

Note 16: Provisions

	2018	2017
	\$	\$
Current		
Employee benefits (i)	-	12,793
	<u>-</u>	<u>12,793</u>

- (i) The current provision for employee benefits relates to accrued annual leave. There are no vested long service leave entitlements accrued but not taken.

Movement in provisions

	Employee Benefits	Total
	\$	\$
Balance as at 1 July 2017	12,793	21,306
Provision Accrued	4,135	4,963
Entitlements Taken/Cashed out	<u>(16,928)</u>	<u>(13,206)</u>
Balance as at 30 June 2018	<u>-</u>	<u>12,793</u>

Note 17: Contributed Equity

	2018	2017
	\$	\$
(a) Issued and Paid-up Capital		
667,276,674 Ordinary Shares Fully Paid (2017: 667,276,674)	<u>69,408,416</u>	<u>69,408,416</u>

Changes to the then Corporations Law abolished the authorised capital and par value concept in relation to share capital from 1 July 1998. Therefore, the company does not have a limited amount of authorised capital and issued shares do not have a par value.

(b) Terms and Conditions of Contributed Equity

Ordinary shares participate in dividends and the proceeds on winding up of the Parent Entity in proportion to the number of shares held.

At shareholders meeting each Ordinary share is entitled to 1 vote when a poll is called, otherwise each shareholder has 1 vote on a show of hands.

(c) Movements in Fully Paid Ordinary Share Capital

	2018	2018	2017	2017
	Number of Ordinary Shares	\$	Number of Ordinary Shares	\$
Balance at beginning of financial year	<u>667,276,674</u>	<u>69,408,416</u>	<u>667,276,674</u>	<u>69,408,416</u>
Balance at end of financial year	<u>667,276,674</u>	<u>69,408,416</u>	<u>667,276,674</u>	<u>69,408,416</u>

CREAT RESOURCES HOLDINGS LIMITED AND CONTROLLED ENTITIES

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

Note 18: Reserves

	2018	2017
	\$	\$
Asset revaluation reserve (i)	137,906	137,906
Share-based payments reserve (ii)	232,531	232,531
Fair Value Revaluation Reserve (iii)	2,370,218	-
	<u>2,740,655</u>	<u>370,437</u>

- (i) Asset revaluation reserve
The Asset Revaluation Reserve records revaluations of non-current assets. Under certain circumstances dividends can be declared from the Reserve. There were no revaluations in the 2018 financial year.
- (ii) Share-based payments reserve
The share-based payments reserve is used to recognise the fair value of options issued but not exercised. Further information about Share Based Payments is provided in Note 24.
- (iii) Fair Value Revaluation reserve
The Fair Value Revaluation reserve is used to record upward revaluations of the Available for sale investments as per Note 12. This reserve is for amounts in excess of previous period impairment losses recognised in the statement of comprehensive income.

Note 19: Commitments for Expenditure

(a) Exploration expenditure commitments

As a result of the sale of all mining assets, licences, and associated plant and equipment during the 2013 financial year, there are no outstanding exploration expenditure commitments at 30 June 2018 (2017: Nil).

(b) Lease commitments

There are no finance lease liabilities and non-cancellable operating lease commitments as at 30 June 2018 (2017: nil).

(c) Capital expenditure commitments

There are no capital expenditure commitments as at 30 June 2018 (2017: nil).

CREAT RESOURCES HOLDINGS LIMITED AND CONTROLLED ENTITIES

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

Note 20: Notes to the Consolidated Statement of Cash Flows

For the purposes of the statement of cash flows, cash and cash equivalents include cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts. Cash and cash equivalents at the end of the reporting period as shown in the statement of cash flows can be reconciled to the related items in the statement of financial position as follows:

	2018	2017
	\$	\$
Cash and bank balances	55,052	187,773
Short term bank deposits	-	-
	<u>55,052</u>	<u>187,773</u>
Reconciliation of cash flows from operations with operating result		
Total Profit/(Loss) for the Year	1,675,762	(5,892,326)
Income Tax (Benefit)/Expense Recognised		-
Non-Cash Flows in Loss After Tax		
Foreign Exchange on Loans	2,626,642	(3,286,080)
Depreciation	10,190	10,029
Interest Expense	3,014,108	2,978,265
Amortisation of Deferred Finance Costs	-	-
(Gain)/Loss on Disposal of Assets	(91,250)	1,494
Net Impairment Loss on Investment	(7,496,384)	5,917,925
Interest Received Investing Activity	(1,407)	(2,263)
Reversal of Impairment	-	-
(Increase)/Decrease in Assets		
Receivables	-	(2,200)
Prepayments	(96)	(2,054)
Other Current Assets	(813)	4,655
Increase/(Decrease) in Liabilities		
Payables	(4,772)	2,828
Provisions for Employees	(12,793)	(8,243)
Financial Liabilities	-	-
Net Cash used in Operating Activities	<u>(280,813)</u>	<u>(277,969)</u>

CREAT RESOURCES HOLDINGS LIMITED AND CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

Note 21: Earnings Per Share

Basic and diluted earnings per share amounts are calculated by dividing the loss attributable to the ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the financial year.

The following reflects the information used in the basic and diluted earnings per share computations:

	2018	2017
(a) Basic earnings per share		
(Loss) attributable to the ordinary equity holders of the Company (cents per share)	0.25	(0.88)
(b) Diluted earnings per share		
(Loss) attributable to the ordinary equity holders of the Company (cents per share)	0.25	(0.88)
(c) Earnings used in calculating earnings per share		
<i>Basic and Diluted earnings per share</i>		
Profit/(Loss) attributable to the ordinary equity holders of the Company (\$)	1,675,762	(5,892,326)
(d) Weighted average number of shares used as the denominator		
Weighted average number of ordinary shares used as the denominator in calculating basic and diluted earnings per share	667,276,674	667,276,674

Note 22: Related Party Transactions

The parent entity within the Consolidated Entity is Creat Resources Holdings Limited (ABN 43 089 093 943). The ultimate parent and controlling entity is Creat Group Company Limited, a company established under the laws of the People's Republic of China.

Control is exercised directly through Creat Group Company Limited ("Creat Group" or "Creat Group (HK) Ltd") with two senior executive directors on the Creat Resources Holdings Limited Board and indirectly through its nominees Marvel Link Group Limited and Kingwealth Finance Limited.

Creat Group and its controlled bodies corporate ("Subsidiaries" or "Nominees") are:

<u>Name</u>	<u>Address</u>
Creat Group Co., Limited	B21 Floor, Lead International, Jia No 2 Wangjing Zhong Huan South Road Chaoyang District Beijing PRC
Marvel Link Group Limited	Rm 2805, 28/F, The Center, 99 Queen's Road, Central, Hong Kong
Kingwealth Finance Limited	Rm 2805, 28/F, The Center, 99 Queen's Road, Central, Hong Kong
Create Group (HK) Limited	Rm 2805, 28/F, The Center, 99 Queen's Road, Central, Hong Kong

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Company and other related parties are disclosed below.

CREAT RESOURCES HOLDINGS LIMITED AND CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

Note 22: Related Party Transactions (cont.)

Controlled entities made payments and received funds on behalf of Creat Resources Holdings Limited by way of inter-company loan accounts. Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

On 29th February 2017, the Company received an ongoing undertaking from Creat Group in that Creat Group will not call on their loans when they become due for repayment.

(a) Loans with Related parties

	2018	2017
	\$	\$
Creat Group Bridge Loan (Unsecured GBP 500K, 10%, original term 1/3/10 extended approx. 30 months, interest free from 17/4/13)	316,085	301,171
Creat Group Bridge Loan January 2011 (unsecured GBP 1.2 million, 0%, original term 1/5/11 extended over 18 months)	2,129,925	2,029,427
Creat Group Bridge Loan April & May 2011 (unsecured A\$ 2 million, 10%, term one year, interest free from 17/4/13)	390,119	390,119
Creat Group Bridge Loan July & August 2011 (unsecured A\$ 2 million, 12%, term one year, interest free from 17/4/13)	397,472	397,472
Creat Group Bridge Loan December 2011, February, March, May, June & July 2012, March 2013 (secured A\$ 0.85 million, 10%, term one year)	1,170,349	1,104,339
Creat Group Unsecured Loan (unsecured GBP 10%, resulting from expiry of convertible notes in 2012)	46,791,253	42,131,222
Creat Group Unsecured Loan (unsecured GBP 6%, resulting from expiry of convertible notes in 2013)	7,904,662	7,105,365
	59,099,865	53,459,114

(b) Key management personnel equity holdings

	Number of shares 2018	Number of shares 2017
Directors		
Mr Tad Ballantyne	-	-
Mr Morris Hansen	-	-
Mr Phillip Simpson ⁽¹⁾	6,000,000	6,000,000
Mr Yu Sun	-	-
Mr Tan Yang	-	-
	6,000,000	6,000,000

(1) Beneficial interest in shares held directly or indirectly through Terralinna Pty Ltd and Kingdom Securities Pty Ltd (6,000,000 shares).

(c) Transactions with related parties

During the 2018 and 2017 financial periods there were no debt reduction payments on loans owing to Creat Group. This is in accordance with agreements between Creat Resources Holdings Limited and Creat Group.

CREAT RESOURCES HOLDINGS LIMITED AND CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

Note 23: 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 returns to stakeholders through the optimisation of the debt and equity balance. The Group's overall strategy remained unchanged from 2017.

The capital structure of the Group consists of debt, which includes financial liabilities as disclosed in note 15, cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reserves and accumulated losses as disclosed in notes 17 and 18, and the Statement of Changes in Equity.

Operating cash flows are used to maintain the Group's day to day operations in its monitoring of current investments and its assessment of potential future investment opportunities.

Gearing ratio

The Board of Directors review the capital structure on an ongoing basis.

	2018	2017
	\$	\$
Debt (i)	59,099,865	53,459,114
Cash and cash equivalents	(55,052)	(187,772)
Net debt	59,044,813	53,271,342
Equity (ii)	(37,166,700)	(41,212,682)
Net debt to equity ratio	(159%)	(129%)

(i) Debt is defined as financial liabilities as per note 15.

(ii) Equity includes all capital and reserves.

Categories of financial instruments

Financial Assets

	2018	2017
	\$	\$
Cash and Cash Equivalents	55,052	187,772
Loans and Receivables	2,200	2,200
AFS Investment	21,752,958	11,944,106
	<u>21,1810,210</u>	<u>12,134,078</u>

Financial Liabilities

Related Party Loans	59,099,865	53,459,115
Trade Payables	-	4,772
	<u>59,099,865</u>	<u>53,463,887</u>

Financial risk management objectives

The main risks the Group is exposed to through its financial instruments are liquidity risk, credit risk and foreign currency risk.

CREAT RESOURCES HOLDINGS LIMITED AND CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

Note 23: Financial Instruments (cont.)

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the Consolidated Statement of Financial Position and notes to the financial statements.

Foreign Currency Risk

The Group has historically undertaken transactions denominated in foreign currencies. The Group has managed exposures to fluctuations in foreign currencies as they arise.

The carrying amount of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date is as follows:

	2018	2017	2018	2017
	Liabilities	Liabilities	Assets	Assets
	\$	\$	\$	\$
GBP	57,141,925	51,567,185	-	-

Foreign Currency Sensitivity Analysis

The Group has been exposed to GBP as the convertible notes held were denominated in GBP. The following table details the Group's sensitivity to a 10% increase and decrease in the Australian Dollar against the GBP impacting the profit of the company. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates.

	2018	2017	2018	2017
	Liabilities	Liabilities	Assets	Assets
	\$	\$	\$	\$
GBP	5,194,720	4,687,926	-	-

Liquidity Risk

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the Group's short-, medium- and long-term funding and liquidity management requirements. The Group manages exposures to fluctuations in foreign currencies as they arise. Current exposure is reviewed regularly. The Group manages liquidity risk by monitoring forecast cash flows and ensuring that adequate unutilised borrowing facilities are maintained. The following table details the company's and the Group's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

	Weighted average effective interest rate	Less than 1 month	1 - 3 months	3 months to 1 year	1 - 5 years	5+ years
	%	\$	\$	\$	\$	\$
2018						
Loan from related party: unsecured	0%	3,233,601	-	-	-	-
Loan from related party: unsecured	6%	7,904,662	-	-	-	-
Loan from related party: unsecured	9%	1,170,349	-	-	-	-
Loan from related party: unsecured	10%	46,791,253	-	-	-	-
Trade Payables	0%	-	-	-	-	-
		59,099,864	-	-	-	-

CREAT RESOURCES HOLDINGS LIMITED AND CONTROLLED ENTITIES

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

Note 23: Financial Instruments (cont.)

	Weighted average effective interest rate	Less than 1 month	1 - 3 months	3 months to 1 year	1 - 5 years	5+ years
	%	\$	\$	\$	\$	\$
2017						
Loan from related party: unsecured	0%	3,118,188	-	-	-	-
Loan from related party: unsecured	6%	7,105,365	-	-	-	-
Loan from related party: unsecured	9%	1,104,339	-	-	-	-
Loan from related party: unsecured	10%	42,131,222	-	-	-	-
Trade Payables	0%	4,772	-	-	-	-
		<u>53,463,887</u>	-	-	-	-

Fair Value of Financial Instruments

Valuation techniques and assumptions applied for the purposes of measuring fair value

The fair values of financial assets and financial liabilities are determined as follows.

The fair values of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices (includes listed redeemable notes, bills of exchange, debentures and perpetual notes).

The fair values of other financial assets and financial liabilities (excluding derivative instruments) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments.

The fair values of derivative instruments are calculated using quoted prices. Where such prices are not available, a discounted cash flow analysis is performed using option pricing models for optional derivatives.

Fair value measurements recognised in the statement of financial position

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
2018				
<u>Financial assets at fair value</u>				
Available for sale financial assets	21,752,958	-	-	-
2017				
<u>Financial assets at fair value</u>				
Available for sale financial assets	11,944,107	-	-	-

CREAT RESOURCES HOLDINGS LIMITED AND CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

Note 24: Share Based Payments

The Company established a Share Option Plan in 2006 which enables directors and employees of the Company to be granted options to acquire ordinary shares in the share capital of the Company. The Share Option Plan provides the directors with a means to attract, retain and reward directors and employees. The key provisions of the Share Option Plan are as follows:

Options are granted under the Share Option Plan for no consideration, and are granted at the discretion of the Board. The options cannot be transferred and can be exercised at any time between the date the option is granted and the expiry date, subject to the imposition of any specified vesting date which is at the discretion of the Board. Each option is convertible into one ordinary share.

During the financial year there were no options granted under the Company's Share Option Plan (2017: nil).

Note 25: Parent Entity Disclosures

Summarised financial information in respect of the Parent entity is set out below:

(a) Financial Position

	2018	2017
	\$	\$
Assets		
Current assets	60,989	192,811
Non-current assets	21,954,362	12,149,520
Total assets	<u>22,015,350</u>	<u>12,342,331</u>
Liabilities		
Current Liabilities	59,729,716	54,106,530
Total Liabilities	<u>59,729,716</u>	<u>54,106,530</u>
Equity		
Issued capital	69,408,417	69,408,417
Accumulated losses	(109,172,842)	(10,543,052)
<u>Reserves</u>		
Asset Revaluation - Buildings	137,906	137,906
Reserves – Share Options	232,531	232,531
Reserves – Fair Value Revaluation	2,370,218	-
Total Deficiency	<u>(37,023,770)</u>	<u>(41,764,199)</u>

(b) Financial performance

	Year Ended 30 June 2018	Year Ended 30 June 2017
	\$	\$
Profit/(Loss) for the year	1,679,631	(5,881,766)
Other comprehensive income	2,370,128	-
Total comprehensive income	<u>4,049,849</u>	<u>(5,881,766)</u>

CREAT RESOURCES HOLDINGS LIMITED AND CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

Note 26: Controlled Entities

	Country of Incorporation	% owned	
		2018	2017
Parent Entity			
Creat Resources Holdings Limited	Australia	-	-
Controlled Entities of Creat Resources Holdings Limited:			
Oceania Tasmania Pty Limited	Australia	100	100
ZZ Exploration Pty Limited	Australia	100	100
Zeehan Zinc Administration Pty Limited	Australia	100	100
Zeehan Zinc Properties Pty Limited	Australia	100	100

Note 27: Company Details

The registered office of the Company is:

Creat Resources Holdings Limited
262 Main Street Zeehan
Zeehan 7469
Tasmania
Australia

The principal place of business is:

Creat Resources Holdings Limited
262 Main Street Zeehan
Zeehan 7469
Tasmania
Australia

Note 28: Subsequent Events

Fair Value of Investment in Galaxy

Since the end of the financial year, there has been a decrease in the fair value of the company's available for sale investment. With reference to the ASX quoted share price for Galaxy, the fair value of the company's investment has decreased by approximately \$3,583,492 since 30 June 2018. In accordance with the requirements of AASB 110 Events after the Reporting Period, this decrease in fair value has not been recognised within this financial report.

Fair Value of Investment in Lepidico

Since the end of the financial year, there has been a decrease in the fair value of the company's available for sale investment. With reference to the ASX quoted share price for Lepidico, the fair value of the company's investment has decreased by approximately \$18,000 since 30 June 2018. In accordance with the requirements of AASB 110 Events after the Reporting Period, this decrease in fair value has not been recognised within this financial report.

There has not been any other matter or circumstance occurring subsequent to the end of the financial year that has significantly affected or may significantly affect the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years.

CREAT RESOURCES HOLDINGS LIMITED AND CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

Note 29: Directors and Key Management Personnel Remuneration

The aggregate compensation made to directors and other members of key management and personnel of the company and the Group is set out below:

	2018	2017
	\$	\$
Short-term employee benefits	223,178	227,519
Other long-term benefits	12,509	12,922
	<u>235,687</u>	<u>240,440</u>

CREAT RESOURCES HOLDINGS LIMITED AND CONTROLLED ENTITIES

FOR THE YEAR ENDED 30 JUNE 2018

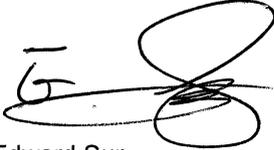
DIRECTORS' DECLARATION

The directors declare that:

- (a) in the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable;
- (b) the attached financial statements are in compliance with International Financial Reporting Standards, as stated in note 3 to the financial statements;
- (c) in the directors' opinion, the attached financial statements and notes thereto are in accordance with the *Corporations Act 2001*, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the consolidated entity; and
- (d) the directors have been given the declarations required by s.295A of the *Corporations Act 2001*.

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

On behalf of the Directors



Edward Sun

**Executive Chairman
and Chief Executive Officer**

Dated this 21 day of SEP 2018

Independent Auditor's Report

To the Members of Creat Resources Holdings Limited

Report on the Audit of the Financial Report

We have audited the financial report of Creat Resources Holdings Limited (the Company), which comprises the consolidated statement of financial position as at 30 June 2018, the consolidated statement of comprehensive income, consolidated statement of changes in equity and 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.

Opinion

In our opinion the accompanying financial report of Creat Resources Holdings Limited is in accordance with the Corporations Act 2001, including:

- (a) giving a true and fair view of the company's consolidated financial position as at 30 June 2018 and of its consolidated performance for the year ended on that date; 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 Company 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.

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 Company's annual report for the year ended 30 June 2018, 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 Company's ability 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 to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

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

As part of an audit in accordance with 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 company'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 management's 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 company'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 company 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.


Synectic Audit & Assurance Pty Ltd


Benjamin Coull
Director

Date: 21 September 2018

Auditor's Independence Declaration

To the directors of Creat Resources Holdings Limited

I declare that, to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001; and
- (b) no contraventions of any applicable code of professional conduct

in relation to our audit for the year ended 30 June 2018.


Synectic Audit & Assurance Pty Ltd


Benjamin Coull
Director

Date: 21 September 2018