

LOCALITY PLANNING ENERGY HOLDINGS LIMITED

ABN 90 147 867 301

Appendix 4E Preliminary Final Report under ASX Listing Rule 4.3A

Year ended 30 June 2016

Current year 1 July 2015 to 30 June 2016
Previous corresponding year 1 July 2014 to 30 June 2015

Results for announcement to the market

	30 June 2016	30 June 2015	%
	\$	\$	change
Revenue from ordinary activities	1,761,243	59,899	2,840.4%
Profit/(loss) from ordinary activities after tax attributable to members	(8,613,937)	(513,361)	1,577.9%
Net profit/(loss) from ordinary activities after tax attributable to members	(8,613,937)	(513,361)	1,577.9%
Final & interim dividend	Nil	Nil	-

Brief explanation of revenue and results

In December 2015 the Company successfully transitioned to a publicly listed business, raising approximately \$7 million in the process. This provided the Company with a platform to develop and grow the business. This is reflected in the sharp revenue growth. The net loss of \$8.6 million includes a non-cash component of \$6.5m in share based payments expense, being the value placed on options and performance shares issued during the year.

Statement of Comprehensive Income and accompanying notes

Refer to the Financial Statements

Statement of Financial Position and accompanying notes

Refer to the Financial Statements

Statement of Cash Flows and accompanying notes

Refer to the Financial Statements

Statement of Changes in Equity

Refer to the Financial Statements

Dividend payments	Nil
Dividend reinvestment plan	Nil

	2016	2015	% change
	\$	\$	
Net tangible asset per security	0.0022	(198.69)	n/a

Entities over which the group gained control over the year

On 1st July 2015 the Group entered into an option agreement to purchase 100% of the issued capital of Locality Planning Energy Pty Ltd (LPE Pty Ltd).

In accordance with AASB 3 'Business Combinations' the transaction has been accounted for as a reverse acquisition of LPE Holdings Ltd (LPEH - formerly Stratum Metals Ltd) by LPE Pty Ltd, who was deemed to be the 'acquirer' for accounting purposes. The factors considered included the relative voting rights after the business combinations, Board and management composition of the consolidated group and other factors, such as operational objectives.

LPEH Ltd has been consolidated into the group from the date of control which was 11 December 2015.

In addition, on 15 December 2015 LPEH Ltd lost control over Menzies Goldfields Limited and Riqo Pty Ltd.

Details of interests in associates and joint ventures

Nil

Any other significant information

N/A

Commentary on results

The 2016 results saw a sharp rise in both revenue and costs as the group successfully completed the reverse takeover of Stratum Metals Ltd and established the group structure to carry it forward.

Returns to shareholders

There have been no buybacks or distributions to shareholders.

Significant features of operating performance

Refer above

Results of Segments

All of the Group's operations are within the energy retail sector in Australia

Trends in performance

The Company is well poised to build on its 2016 results with its rapidly growing contracted pipeline and the resultant growth in Gwh under management. Refer recent ASX announcements for fuller details.

Any other factors affecting performance

Refer above

The accounts are in the process of being audited

LOCALITY PLANNING ENERGY HOLDINGS LIMITED
ABN 90 147 867 301

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2016

	Note	2016	2015
		\$	\$
Revenue			
Electricity sales	6	1,761,243	59,899
Less cost of goods sold			
Retail usage		(562,022)	(22,771)
Network charges		(689,791)	(45,535)
Other COGS		(176,749)	(5,980)
Total cost of goods sold		<u>(1,428,562)</u>	<u>(74,286)</u>
Gain/(loss) from trading		332,681	(14,387)
Other income			
Interest received		33,216	-
Other receipts		105,482	-
Proceeds on sale of subsidiaries		110,109	-
Gain/(loss) on disposal of other assets		(734)	(10,000)
Subsidiary loans write off		(117,700)	-
Other expenses			
Employee costs		(1,447,188)	(165,001)
Professional costs		(651,579)	(205,028)
Share-based payments	14	(6,535,990)	-
Depreciation and amortisation		(127,732)	(15,992)
Borrowing costs		(79,495)	(22,848)
Other expenses		(350,175)	(80,105)
Loss from continued operation		<u>(8,729,105)</u>	<u>(513,361)</u>
Loss before income taxes		<u>(8,729,105)</u>	<u>(513,361)</u>
Income tax benefit/(expense)	7	115,168	-
Net loss for the period		<u>(8,613,937)</u>	<u>(513,361)</u>
Other comprehensive income		-	-
Other comprehensive income net of tax		-	-
Total comprehensive loss for the year		<u>(8,613,937)</u>	<u>(513,361)</u>
Basic/diluted earnings/(loss) per share (dollars per share)	16	(0.0102)	(3.0587)

The Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the notes to the financial statements

LOCALITY PLANNING ENERGY HOLDINGS LIMITED
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CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2016

	Note	2016 \$	2015 \$
Current assets			
Cash and cash equivalents	21	2,631,507	16,844
Trade and other receivables	8	994,141	42,323
Other current assets	9	27,646	15,221
Total current assets		3,653,294	74,388
Non-current assets			
Plant and equipment	10	414,896	50,445
Intangibles	11	1,280,690	110,834
Total non-current assets		1,695,586	161,279
TOTAL ASSETS		5,348,880	235,667
Current liabilities			
Trade and other payables		707,820	149,186
Employee entitlements – annual leave		85,200	25,994
Borrowings	12	55,948	212,861
Total current liabilities		848,968	388,041
Non-current liabilities			
Borrowings	12	222,213	293,134
Total non-current liabilities		222,213	293,134
TOTAL LIABILITIES		1,071,181	681,175
Net assets		4,277,699	(445,508)
Equity			
Issued capital	13	14,584,862	301,643
Reserves	15	6,535,990	-
Accumulated losses		(16,843,153)	(747,151)
Total equity		4,277,699	(445,508)

The Consolidated Statement of Financial Position should be read in conjunction with the Notes to the Financial Statements

LOCALITY PLANNING ENERGY HOLDINGS LIMITED
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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2016

	Issued capital \$	Options reserve \$	Accumulated losses \$	Totals \$
Balance at 1 July 2014	1,200	-	(233,790)	(232,590)
Profit /(Loss) after income tax	-	-	(513,361)	(513,361)
Other comprehensive income	-	-	-	-
Shares issued during the year	300,443	-	-	300,443
Balance at 30 June 2015	301,643	-	(747,151)	(445,508)
Balance at 1 July 2015	301,643	-	(747,151)	(445,508)
Reverse acquisition of SXT	5,527,685	-	(7,482,065)	(1,954,380)
Profit /(Loss) after income tax	-	-	(8,613,937)	(8,613,937)
Share based payments	-	6,535,990	-	6,535,990
Other comprehensive income	-	-	-	-
Shares issued during the year	8,755,534	-	-	8,755,534
Balance at 30 June 2016	14,584,862	6,535,990	(16,843,153)	4,277,699

The Consolidated Statement of Changes in Equity should be read in conjunction with the Notes to the Financial Statements

LOCALITY PLANNING ENERGY HOLDINGS LIMITED
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CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2016

	Note	2016 \$	2015 \$
Cash flows from operating activities			
Receipts from customers		1,277,912	65,889
Payments to suppliers and employees		(3,521,937)	(409,358)
Interest received		33,216	-
Interest paid		(65,495)	(22,847)
Net cash provided by/ (used in) operating activities	21	(2,276,304)	(366,316)
Cash flows from investing activities			
Payment for plant and equipment		(419,702)	(55,055)
Payment for intangibles		(1,239,542)	(120,767)
Cash acquired in a business combination		(843,055)	-
Proceeds from sale of business		110,109	-
Net cash provided by/ (used in) investing activities		(2,392,190)	(175,822)
Cash flows from financing activities			
Proceeds from issues of shares		7,510,991	300,443
Proceeds from loans		128,590	249,029
Repayment of loans		(356,424)	-
Net cash provided by/ (used in) financing activities		7,283,157	549,472
Net increase/(decrease) in cash and cash equivalents		2,614,663	7,334
Cash and cash equivalents opening balance		16,844	9,510
Cash and cash equivalents closing balance	21	2,631,507	16,844

The Consolidated Statement of Cash Flows should be read in conjunction with the notes to the financial statements

LOCALITY PLANNING ENERGY HOLDINGS LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

1 REPORTING ENTITY

The financial statements of Locality Planning Energy Holdings Limited (“the Company”) for the year ended 30 June 2016 covers the Consolidated Entity consisting of Locality Planning Energy Holdings Limited and the entities it controlled from time to time throughout the year (“the Group” or “Consolidated Entity”) as required by the Corporations Act 2001. Locality Planning Energy Holdings Limited is a for-profit entity for the purpose of preparing these financial statements.

The financial statements are presented in Australian dollars, which is the functional currency.

The address of the Group’s registered office and principal place of business is Suite 18, 13 Norval Court, Maroochydore, QLD, 4558.

2 BASIS OF PREPARATION

A. Statement of compliance

The Preliminary Final Report has been prepared in accordance with the recognition and measurement requirements of Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001. The Preliminary Final Report does not include all the notes of the type normally included in an Annual Financial Report.

Accordingly, this report is to be read in conjunction any other public announcements made by the Group during the year in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The accounting policies adopted are consistent with those of the previous financial year, unless stated otherwise.

B. Basis of measurement

The financial statements have been prepared on the historical cost basis, modified by the revaluation of selected non-current assets, and financial assets and financial liabilities for which the fair value basis of accounting has been applied.

C. Use of estimates and judgements

The preparation of financial statements in conformity with AASB’s requires management to make judgements, estimates and assumptions that effect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. Information about critical estimates and judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are outlined below:

Impairment

The Group assesses impairment at the end of each reporting period by evaluating conditions specific to the Group that may lead to impairment of other assets and financial assets. This assessment includes the recoverable amount of the intangible assets, which comprise the cost of securing a contract to supply electricity to a strata title property, plus the cost of establishing the metering infrastructure at that site. These costs are amortised over the life of the contract, which is generally 5 or 10 years. The security provided by these contracts and the fact that many more customers have been locked in since balance date greatly reduces the level of uncertainty to future cash flows. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations are performed or market based information is obtained in assessing recoverable amounts that incorporate a number of key estimates.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

2 BASIS OF PREPARATION (Cont'd)

D. Going concern

The financial statements have been prepared on a going concern basis which contemplates the continuity of normal business activities and the realisation of assets and discharge of liabilities in the ordinary course of business. The Group has incurred a net loss after tax for the year ended 30 June 2016 of \$8,613,937 and a net cash outflow from operations of \$2,276,304. At 30 June 2016, the Group's current assets exceeded its current liabilities by \$2,804,326.

The Company has prepared budgets based on its current growth plans and is examining funding opportunities to fund this growth. These include debtor financing and long term funding.

The ability of the consolidated entity to maintain continuity of normal business activities and to pay its debts as and when they fall due is dependent on its ability to source sufficient funding from borrowings and the exercise of options and to achieve its growth targets. Should the consolidated entity not be able to raise capital when required, there exists a material uncertainty that may cast significant doubt on the consolidated entity's ability to continue as a going concern.

3 SIGNIFICANT ACCOUNTING POLICIES

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

A. Basis of consolidation

The consolidated financial statements comprise the financial statements of Locality Planning Energy Holdings Limited and its subsidiaries for the year ended 30 June 2016 ("the group"). Subsidiaries are entities (including structured entities) over which the group has control. The group has control over an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity, and has the ability to use its power to affect those returns. Subsidiaries are consolidated from the date on which control is transferred to the group and are deconsolidated from the date that control ceases.

All intercompany balances and transactions, including unrealised profits arising from intragroup transactions have been eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred.

B. Income tax

The charge for current income tax expense is based on the profit/loss 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 date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

3 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Current and deferred tax is recognised in the profit or loss, except where it relates to items recognised in the other comprehensive income or directly in equity. In this case the tax is recognised in the other comprehensive income or directly in equity respectively.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences or tax losses can be utilised. To the extent that any rebates are received from Government taxation authorities, they are recognised in profit or loss as an income tax benefit.

C. Plant and Equipment

Plant and equipment are measured on the cost basis less depreciation and impairment losses.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item 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 profit or loss during the financial period in which they are incurred.

All assets are depreciated on a straight line basis over their useful lives to the consolidated entity commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate & Method
Plant and equipment	15-33% per annum, straight line or diminishing value
Motor Vehicles	25% per annum, diminishing value

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the profit or loss.

D. Intangible assets

Intangible assets include the cost of securing a contract to supply electricity to a strata title property, plus the cost of establishing the metering infrastructure at that site. These costs are then amortised over the life of the contract, which is generally 5 or 10 years.

E. Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Group prior to the year end and which are unpaid. These amounts are unsecured and have 30-60 day payment terms. They are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

3 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

F. Impairment of Financial Assets

At each reporting date, the Consolidated Entity assesses whether there is objective evidence that a financial instrument has been impaired. In the case of loans and receivables, the Consolidated entity first assesses whether objective evidence of impairment exists for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If the Consolidated entity determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a Consolidated entity of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment. In the case of available for sale financial instruments, a significant or prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Losses are recognised in the profit or loss.

G. Impairment of Non-Financial Assets

At each reporting date, the Consolidated Entity 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 in the profit or loss.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

H. Share-based payments

The Consolidated Entity may make share-based payments to directors and employees. The fair value of the equity to which employees become entitled is measured at grant date and recognised as an expense over the vesting period, with a corresponding increase to an equity account. The fair value of shares is ascertained as the market bid price. The fair value of options is ascertained using a valuation which incorporates all market vesting conditions. The number of shares and options expected to vest is reviewed and adjusted at each reporting date such that the amount recognised for services received as consideration for the equity instruments granted shall be based on the number of equity instrument that eventually vest.

I. Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

J. Revenue

Revenue is measured at the fair value of the consideration received or receivable, less any trade or volume discounts. Interest revenue is recognised using the effective interest rates applicable to the financial assets. Revenue from the sale of goods is recognised at the point of delivery as this corresponds to the transfer of significant risks and rewards of ownership of the goods and the cessation of all involvement in those goods. Revenue from rendering of services is measured by reference to the stage of completion of the service provided.

All revenue is stated net of the amount of goods and services tax (GST).

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

3 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

K. Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of expense. Receivables and payables in the Statement of Financial Position are shown inclusive of GST. Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

L. Issued Capital

Ordinary shares are classified as equity. Costs directly attributable to the issue of new shares or options are shown as a deduction from equity.

M. Earnings per share

The Consolidated Entity presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for the effects of all dilutive potential ordinary shares.

3 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

N. Leases

Leases of property, plant and equipment, where substantially all the risks and benefits incidental to the ownership of the asset, but not legal ownership, are transferred to the consolidated entity are classified as finance leases.

Finance leases are capitalised recording an asset and a liability equal to the present value of the minimum lease payments, including any guaranteed residual value. Leased assets are depreciated over the shorter of the asset's useful life and the lease term. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Lease payments under operating leases, where substantially all the risks and benefits remain with the lessor, are charged to the profit or loss on a straight line basis over the period of the lease.

O. New Accounting Standards issued but not yet applicable

No new or revised Australian Accounting Standards that have been issued but not yet applicable have been applied in the preparation of these financial statements. The Board has not yet conducted a detailed formal analysis of these new accounting standards. Preliminary analysis of the most significant new standards is as follows:

AASB 16 Leases

This standard removes the distinction between operating and finance leases, effectively requiring all leases to be recognised on the Statement of Financial Position. The entity has minimal operating leases that will have to be brought to account as assets under the new standard.

AASB 15 Revenue from Contracts with Customers

This standard substantially changes the recognition criteria for revenue. Whereas previous revenue was recognised based on the transfer of legal title or the percentage completion of services, it will now be recognised upon completion of certain identified "performance obligations." At this stage, the Board believes that performance obligations in its contracts with customers will not substantially differ from the percentage completion method currently used.

AASB 9 Financial Instruments

The standard makes numerous changes to naming conventions and classification of financial instrument. There are also changes to rules in respect of hedge accounting. As the entity only has simple financial instruments such as cash, receivables and payables, and does not engage in hedging activities, the impact of this standard is expected to be minimal.

4 SEGMENT REPORTING

The Group has identified its operating segments as being the energy retail sector in Australia. Management currently identifies the energy retail sector as being the Group's sole operating segment,

There have been no changes in the operating segments during the year. Accordingly, all significant operating decisions are based upon analysis of the Group as one segment. The financial results from the segment are equivalent to the financial statements of the Group as a whole.

5 BUSINESS COMBINATION

Locality Planning Energy Pty Ltd

On 1st July 2015 the Group entered into an option agreement to purchase 100% of the issued capital of Locality Planning Energy Pty Ltd (LPE Pty Ltd).

In accordance with AASB 3 'Business Combinations' the transaction has been accounted for as a reverse acquisition of LPE Holdings Ltd (LPEH - formerly Stratum Metals Ltd) by LPE Pty Ltd, who was deemed to be the 'acquirer' for accounting purposes. The factors considered included the relative voting rights after the business combinations, Board and management composition of the consolidated group and other factors, such as operational objectives.

LPE Ltd has been consolidated into the group from the date of control which was 11 December 2015.

	Accounting acquiree's carrying amount \$	Fair value \$
Fair value consideration transferred		
Market capital		5,527,685
Less:		
Cash	356,828	356,828
Receivables	163,085	163,085
Other assets	12,593	12,593
Plant and equipment	1,354	1,354
Bank overdraft	(1,200,000)	(1,200,000)
Payables	(63,239)	(63,239)
Borrowings	(1,225,000)	(1,225,000)
Identifiable assets and liabilities assumed	<u>(1,954,379)</u>	<u>(1,954,379)</u>
<i>Purchase consideration of LPEH</i>		
251,258,414 shares at 2.2 cents each		<u>5,527,685</u>
Excess consideration paid over net assets		<u>7,482,064</u>

Since acquisition date the acquiree (LPEH) has contributed revenue of \$143,003 and a loss of \$6,575,392 to the consolidated group. Had the acquisition occurred at the beginning of the financial year, the contribution of revenue and net loss would have been \$818,003 and \$6,723,823 respectively.

	Consolidated Entity 2016 \$	Consolidated Entity 2015 \$
6 REVENUE AND OTHER INCOME		
Electricity sales	1,761,243	59,899
Proceeds on sale of subsidiaries	110,109	-
Other receipts	105,482	-
Interest revenue	33,216	-
Total revenue and other income	<u>2,010,050</u>	<u>59,899</u>

	Consolidated Entity 2016 \$	Consolidated Entity 2015 \$
7 INCOME TAX		
Components of tax expense/(benefit) comprise:		
Current tax	-	-
Prior year tax	(115,168)	-
Deferred tax	-	-
Income Tax Expense/(Benefit)	<u>(115,168)</u>	<u>-</u>
<i>Numerical reconciliation of income tax benefit to prima facie tax payable</i>		
Loss from operations before tax for the year	(8,729,105)	(513,361)
The prima facie income tax benefit on loss before income tax at a tax rate of 30% (2015: 30%)	(2,618,732)	(154,008)
Tax effect amounts which are not (deductible)/taxable in calculating taxable income:		
R & D tax offset	1,964,023	1,262
Deferred tax asset not recognised on current year loss	(115,168)	-
Total income tax benefit	<u>654,709</u>	<u>152,746</u>
	<u>115,168</u>	<u>-</u>
<i>Net unrecognised deferred tax assets</i>		
Net Deductible temporary differences	50,440	12,471
Unused tax losses	453,270	207,719
Net unrecognised deferred tax asset	<u>503,710</u>	<u>220,190</u>

The above potential tax benefit for tax losses has not been recognised in the statement of financial position. These tax losses can only be utilised in the future if the continuity of ownership test is passed, or failing that, the same business test is passed.

The above potential tax benefit, which excludes tax losses, for deductible temporary differences has not been recognised in the statement of financial position as the recovery of this benefit is uncertain.
The consolidated entity has no franking credits.

	Consolidated Entity 2016 \$	Consolidated Entity 2015 \$
8 TRADE & OTHER RECEIVABLES		
Trade receivables	730,081	23,969
R & D rebate receivable	115,168	-
Other receivables	59,292	-
GST receivable	89,600	18,354
	<u>994,141</u>	<u>42,323</u>

No receivables are past due or impaired (2015: nil) no collateral is held (2015:nil)

9 OTHER CURRENT ASSETS

Bond paid	3,896	3,046
Prepaid expenses	-	2,175
Prepayments	23,750	10,000
	<u>27,646</u>	<u>15,221</u>

10 PLANT & EQUIPMENT

Plant & equipment at cost	147,000	58,679
Accumulated depreciation	(34,175)	(8,234)
	<u>112,825</u>	<u>50,445</u>

Motor vehicles at cost	330,091	-
Accumulated depreciation	(28,020)	-
	<u>302,071</u>	<u>-</u>
	<u>414,896</u>	<u>50,445</u>

Reconciliation

Reconciliations of the carrying amount of each class of plant and equipment between the beginning and the end of the financial year

Plant of equipment

Balance at the beginning of the year	50,445	3,629
Additions	89,615	55,050
Depreciation	(26,951)	(8,234)
Write off plant and equipment	(284)	-
Balance at the end of the year	<u>112,825</u>	<u>50,445</u>

Motor Vehicles

Balance at the beginning of the year	-	-
Additions	330,091	-
Depreciation	(28,020)	-
Balance at the end of the year	<u>302,071</u>	<u>-</u>

	Consolidated Entity 2016 \$	Consolidated Entity 2015 \$
11 INTANGIBLES		
Intangibles at cost – site conversion costs	1,358,059	120,767
Accumulated amortisation	(77,369)	(9,933)
	<u>1,280,690</u>	<u>110,834</u>
Reconciliation		
Balance at the beginning of the year	110,834	-
Additions	1,243,071	120,767
Amortisation	(72,761)	(9,933)
Write off intangibles	(454)	
Balance at the end of the year	<u>1,280,690</u>	<u>110,834</u>
12 BORROWINGS		
<i>Current</i>		
Site conversion loans	37,753	212,861
Owing to related parties	18,195	-
	<u>55,948</u>	<u>212,861</u>
<i>Non-current</i>		
Site conversion loans	154,506	225,000
Owing to related parties	67,707	68,134
	<u>222,213</u>	<u>293,134</u>

13 ISSUED CAPITAL

On 11 December 2015 the Company acquired all of the issued shares of LPE Pty Ltd resulting in LPE Pty Ltd becoming a wholly-owned subsidiary of the Company. Pursuant to AASB3: *Business Combinations* and as described in Note 5, this transaction represents a reverse acquisition, ie, LPE Pty Ltd is identified as the acquirer for accounting purposes. The consolidated financial statements represent a continuance of LPE Pty Ltd, but the number of shares on issue reflect those of the Company.

(a) Issued and paid up capital

	2016 Number	2015 Number
Ordinary shares fully paid no par value	<u>1,357,135,611</u>	<u>2,800</u>

(b) Movement in ordinary shares on issue

	Number	\$
Balance at 1 July 2014	1,200	1,200
Issued for repayment of loans and cash	1,600	300,443
Balance at 30 June 2015	2,800	301,643
Reverse acquisition of Stratum Metals Ltd	892,056,195	5,527,685
Issued subsequent to reverse acquisition	465,076,616	8,755,534
Balance at 30 June 2016	<u>1,357,135,611</u>	<u>14,584,862</u>

13 ISSUED CAPITAL (Cont'd)

Ordinary shares

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

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

Share buy-back

There is no current on-market share buy-back.

(c) Share options

At the end of the period, the following options over unissued shares were outstanding:

Number	Exercise price \$	Expiry
500,000	0.25	15/4/2018
600,000	0.25	23/1/2017
75,000,000	0.025	30/6/2017
30,000,000	0.025	30/6/2017

Capital risk management

The consolidated entity's objectives when managing capital are to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

In common with many other newly listed companies, the parent raises finance for the consolidated entity's working capital and asset development activities. The consolidated entity's overall strategy remains unchanged from 2015.

The consolidated entity is not subject to externally imposed capital requirements.

14 SHARE-BASED PAYMENTS

During the year ended 30 June 2016, as part of the reverse acquisition and merger, the Company issued options to key personnel and convertible note holders. Details of the terms and conditions of the issue of options can be found in the Notice of Meeting announcement on 29 September 2015.

Grant date	Number of Instruments	Exercise Price \$	Expiry date	Fair value expensed during the period \$
1/9/2015	2,200,000	0.020	29/2/2016	- *
2/11/2015	75,000,000	0.025	30/6/2017	667,500
2/11/2015	30,000,000	0.025	30/6/2017	267,000
11/12/2015	21,093,750	0.02	29/2/16	78,047
11/12/2015	26,000,968	0.02	29/2/16	96,204
11/12/2015	854,400,776	n/a	n/a	5,427,239
				<u>6,535,990</u>

* Excludes \$12,320 from expense as it was incurred by Stratum Metals Ltd before the acquisition.

The fair value of services received in return for share options granted are measured by reference to the fair value of share options granted. The estimate of the fair value of the services received is measured based on the binomial pricing model. The contractual life of the option is used as an input into this model.

	Convertible note options issued on 1/9/2015	Consultant and director options issued on 11/12/2015	Loan conversion options issued on 11/12/2015
Fair value at measurement date	\$0.0056	\$0.00089	\$0.0037
Share price on grant date	\$0.02	\$0.02	\$0.02
Exercise price	\$0.02	\$0.025	\$0.02
Expected volatility <i>(expressed as weighted average volatility used in the modelling under the binomial option- pricing model)</i>	100%	100%	100%
Option life <i>(expressed as weighted average life used in the modelling under the binomial option-pricing model)</i>	6 months	1.5 years	3 months
Expected dividends	-	-	-
Risk-free interest rate <i>(based on national government bonds)</i>	2.75%	6.25%	2.75%

15 RESERVES

	Consolidated Entity 2016 \$	Consolidated Entity 2015 \$
Options reserve		
Opening balance	-	-
Options issued	6,535,990	-
Closing balance	<u>6,535,990</u>	<u>-</u>

The option reserve account is to account for share based payments

16 EARNINGS PER SHARE

	2016 (Number)	2015 (Number)
Weighted average number of shares used as the denominator in calculating basic and diluted earnings per share	845,775,323	167,836
	\$	\$
Net loss after tax used in calculating basic earnings per share	<u>(8,613,937)</u>	<u>(513,361)</u>
Net loss after tax used in calculating diluted earnings per share	<u>(8,613,937)</u>	<u>(513,361)</u>

17 CONTROLLED ENTITIES

Investments in controlled entities

	Country of incorporation	% ownership 2016	% ownership 2015	Class of shares
Locality Planning Energy Pty Limited	Australia	100%	0%	Ord
Menzies Goldfield Limited *	Australia	0%	100%	Ord
Riqo Pty Ltd *	Australia	0%	80%	Ord

*Sold 15 December 2015

18 FINANCE LEASE COMMITMENTS

	Consolidated Entity 2016 \$	Consolidated Entity 2015 \$
<i>Total lease payments</i>		
Within 1 year	58,933	21,889
1 to 5 years	186,300	85,731
Total	<u>245,233</u>	<u>107,620</u>
Less: Future interest charges	(52,974)	(26,625)
Total	<u><u>192,259</u></u>	<u><u>80,995</u></u>
 <i>Reconciliation to lease liabilities</i>		
Current - Note 12	37,942	12,861
Non-current – Note 12	154,317	68,134
Total	<u><u>192,259</u></u>	<u><u>80,995</u></u>

19 CONTINGENT LIABILITIES AND ASSETS

The Directors are not aware of any contingent liabilities or contingent assets that are likely to have a material effect on the results of the Group as disclosed in these financial statements.

	Consolidated entity 2016 \$	Consolidated entity 2015 \$
20 RELATED PARTIES		
Key management personnel compensation		
Short term employee benefits	410,934	
Post-employment benefits	33,810	
Share based payments	5,694,240	
	<u>6,138,984</u>	
 Short term advances		
Ben Chester	-	125,000
Damien Glanville	-	100,000
	<u>-</u>	<u>225,000</u>

21 CASH FLOW INFORMATION

	Consolidated Entity 2016 \$	Consolidated Entity 2015 \$
<i>Reconciliation of cash flow from operations with profit / (loss) after tax</i>		
Profit / (loss) after tax	(8,613,937)	(513,361)
Non-cash flows:		
Depreciation and amortisation	127,732	15,992
Loss on sale	734	-
Loss on sale of subsidiaries	7,591	-
Share-based payments	6,535,990	-
Interest expense settled in shares	19,543	-
	<u>(1,922,347)</u>	<u>(497,369)</u>
Changes in operating assets and liabilities		
Increase in receivables	(959,372)	(34,175)
Decrease/(increase) in other assets	(12,425)	-
(Decrease)/increase in creditors and payables	558,634	146,056
Increase in employee entitlements	59,206	19,172
	<u>59,206</u>	<u>19,172</u>
Net cash used in operating activities	<u>(2,276,304)</u>	<u>(366,316)</u>
<i>Cash and Cash equivalents in the Statement of Cash Flows include:</i>		
Cash on hand	1,517	1,200
Cash at Bank	174,990	15,644
Cash on Deposit	2,455,000	-
	<u>2,631,507</u>	<u>16,844</u>

22 FINANCIAL INSTRUMENTS

Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expense are recognised, in respect of each class of financial asset, financial liability, and equity instrument are disclosed in Note 3 to the financial statements.

Financial risk management objectives

The financial risks of the consolidated entity include price risk, credit risk and liquidity risk. The consolidated entity does not hedge these risk exposures. The Consolidated entity does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

Market risk

Price risk is the risk of changes to market prices in the supply of electricity. This risk applies to both the price at which the Company sells electricity to its customers and the price it pays for that electricity. The Company manages this risk by signing up customers to long-term contracts where possible.

The Consolidated Entity's activities are also exposed to the financial risks of changes in interest rates on its borrowings and cash and cash equivalents. It is the policy of the Consolidated Entity to manage their risks by continuously monitoring interest rates.

(i) Interest risk management

Interest rate risks are caused by fluctuations in interest rates which, in turn, are due to market factors.

Interest rate sensitivity

The Consolidated Entity's main interest rate risk arises from cash and cash equivalents. The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the consolidated entity's profit/loss before taxes through the impact on cash and cash equivalents and held to maturity investments with a decrease or an increase of 0.25% in interest rates.

	Consolidated Entity 2016 \$	Consolidated Entity 2015 \$
Sensitivity		
Cash and cash equivalents and other financial assets	2,631,507	16,844
Borrowings	(278,161)	(505,995)
	<u>2,353,346</u>	<u>(489,151)</u>
Effect on profit or loss before taxes		
Increase 0.25%	5,883	(1,222)
Decrease 0.25%	(5,883)	1,222

22 FINANCIAL INSTRUMENTS (Cont'd)

Liquidity risk management

Liquidity risks are caused by the inability to raise the money needed to meet payment of liabilities as and when they fall due. The Consolidated Entity manages liquidity risk by maintaining of reserves and by continually monitoring forecast and actual cash flows and cash balances. The Company is actively pursuing financing possibilities to fund its future growth plans.

At 30 June 2016 current assets exceeded current liabilities by \$2,804,326 (2015: current liabilities exceeded current assets by \$313,653). Financial liabilities comprised trade payables, accruals and loans. All trade payables and accruals have a contractual maturity of 6 months or less.

Credit risk management

In relation to financial assets, credit risk arises from the potential failure of counterparties to meet their obligations under a contract or arrangements. Credit risk for the Consolidated Entity arises from cash and cash equivalents and outstanding receivables. The Consolidated Entity partially reduces credit risk by the use of direct debit facilities with its customers. In addition, the Company has the right to withhold the supply of electricity to secure payment. All cash & cash equivalents are held with Australian regulated banks. The maximum exposure to credit risk is the carrying amount of the financial assets recognised in the statement of financial position.

Fair values

The carrying amounts of all financial assets and liabilities primarily comprising cash and cash equivalents, trade and other receivables, trade and other payables and loans are stated at their fair value.

	Consolidated Entity 2016 \$	Consolidated Entity 2015 \$
23 AUDITORS REMUNERATION		
Amounts paid/payable for audit or review of the financial statements	45,000	14,716
Amounts paid/payable for tax services	-	-
	45,000	14,716

24 SUBSEQUENT EVENTS

There have been no other matters or circumstances that have arisen since the end of the year which significantly affected or could 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.

25 PARENT ENTITY DISCLOSURES

The following information has been extracted from the books and records of the legal parent entity LPE Holdings Limited. Accordingly, the information below does not relate to the "Parent Entity" as defined in Note 5.

Result of parent entity

	2016 \$	2015 \$
Profit/loss for the year	(6,866,765)	(9,816,894)
Other comprehensive income/(loss) for the year	-	-
Total comprehensive income before tax	(6,866,765)	(9,816,894)
Income tax benefit	115,168	-
Total comprehensive income before tax	(6,751,597)	(9,816,894)

Financial position of parent entity at year end

Current Assets	6,624,421	50,505
Total assets	6,624,421	51,859
Current Liabilities	38,874	2,020,923
Total liabilities	38,874	2,020,923

Net Assets

Total equity of the parent entity comprising :

Issued capital	14,584,862	11,640,708
Reserves	6,535,990	961,862
Convertible note	-	168,400
Accumulated losses	(14,535,305)	(14,740,034)
Total equity	6,585,547	(1,969,064)