WEEBIT NANO LTD
ACN: 146 455 576

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(Formerly Radar Iron Limited)

ACN 146 455 576

ANNUAL REPORT

for the year ended 30 June 2017

WEEBIT NANO LTD
ACN: 146 455 576

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This Annual Report covers Weebit Nano Ltd (formerly Radar Iron Ltd) ("WBT" or the "Company") as a Group consisting of Weebit Nano Ltd and its subsidiaries, collectively referred to as the "Group". The financial report is presented in Australian currency.

WBT is a company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Weebit Nano Ltd
C/- Mertons Corporate Services Pty Ltd
Level 7
330 Collins Street
Melbourne VIC 3000

WEEBIT NANO LTD
ACN: 146 455 576

CORPORATE INFORMATION

Directors:

David Perlmutter
Executive Chairman

Yossi Keret
Managing Director & CEO

Ananda Kathiravelu
Non-Executive Director

Ashley Krongold
Non-Executive Director

Kobi Ben-Shabat
Non-Executive Director

Company Secretaries:

Mark Licciardo
Christopher Lobb

Auditors:

Nexia Perth Audit Services Pty Ltd
Level 3
88, William Street
PERTH WA 6000

Bankers:

Westpac Banking Corporation
108 Stirling Highway
NEDLANDS WA 6009

Solicitors - Perth:

Arnold Bloch Leibler
Level 21
333 Collins Street
Melbourne VIC 3000

Registered & Principal Office:

C/- Mertons Corporate Services Pty Ltd
Level 7
330 Collins Street
Melbourne VIC 3000
+61 3 8689 9997

Postal Address:

C/- Mertons Corporate Services Pty Ltd
Level 7
330 Collins Street
Melbourne VIC 3000

Home Stock Exchange:

Australian Securities Exchange Limited
Level 40
152-158 St Georges Terrace
PERTH WA 6000

ASX Code:

WBT

Share Registry:

Security Transfers Registrars Pty Ltd
770 Canning Highway
APPLECROSS WA 6153

Website:

www.weebit-nano.com

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DIRECTORS' REPORT

Your Directors have pleasure in submitting their report on the Company and its subsidiaries for the year ended 30 June 2017.

DIRECTORS

David 'Dadi' Perlmutter - Executive Chairman (Appointed 01/08/2016)

EXPERIENCE AND EXPERTISE

Mr David (Dadi) Perlmutter is a managing general partner in Eucalyptus Growth Capital, focusing on investment in growing technology companies in Israel. Mr Perlmutter also serves as a member of the Board of Directors of Mellanox Technologies, chairs various non-profit organizations, is a member of the Board of Governors of the Technion – Israel Institute of Technology, and sits on the board of directors of various startups.

Mr Perlmutter served until early 2014 as Executive Vice President and General Manager of the Intel Architecture Group (IAG) and chief product officer of Intel Corporation. He was responsible for the business and development of Intel's platform solutions for all computing and communication segments including datacenters, desktops, laptops, handhelds, embedded devices, and computer electronics. In his tenure he grew the business from $35 billion in 2008 to more than $50 billion in 2013, managed 35,000 people worldwide and made investments and acquisitions exceeding $2.5 billion.

Mr Perlmutter, was an Non-Executive Independent Chairman up until 30 June 2017 when he agreed to act as an Executive Chairman on an interim basis pending the finalisation of an appointment of a new CEO.

NO OTHER CURRENT DIRECTORSHIPS OF LISTED COMPANIES

Yossi Keret- Managing Director & CEO (Appointed 01/08/2016)

EXPERIENCE AND EXPERTISE

Mr Yossi Keret has extensive managerial and financial experience and has led a variety of international companies in different fields including industrial, financing, biotech and high-tech startups both in Europe and the USA. Mr Keret has a vast experience in public and private companies and took a major part in M&A negotiations and implementation as well as in complex international tax planning. Mr Keret has played a major part in initial public offerings in NASDAQ and has led successful private equity raising for public companies. Mr Keret announced his resignation for personal reason on 30 June 2017, effective 30 September 2017.

NO OTHER CURRENT DIRECTORSHIPS OF LISTED COMPANIES

Kobi Ben-Shabat – Non-Executive Director (Appointed 01/08/2016)

EXPERIENCE AND EXPERTISE

Mr. Ben-Shabat has vast experience in sales, senior management and building new companies from the ground up as a Board member in various companies. Mr. Ben-Shabat was the founder and Managing Director of Open Platform Systems, which was founded in 2007 and grew to employ 30 people across Australia and New Zealand with annual sales of $14 million, and which was acquired by Hills PTY LTD (ASX listed) in April 2014. Mr Ben-Shabat is currently Managing Director of Ultracharge Limited.

OTHER CURRENT DIRECTORSHIPS OF LISTED COMPANIES

Ultracharge Limited

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DIRECTORS' REPORT (continued)

Ananda Kathiravelu – Non-Executive Director (Appointed 15/02/2011)

EXPERIENCE AND EXPERTISE
Ananda Kathiravelu has been in the financial services funds management and stock broking industries for over 20 years. He holds a Bachelor of Business and a Graduate Diploma of Applied Finance and Investment. Mr Kathiravelu is the Managing Director of Armada Capital Ltd, a corporate advisory company that has been involved in providing strategic corporate advice and services to listed and unlisted public companies including CuDeco Ltd, Thred Ltd, Buddy Platform Ltd, Race Oncology Ltd and Locality Planning Energy Holdings Ltd. His areas of expertise include corporate advice, capital raising, mergers and acquisitions.

OTHER CURRENT DIRECTORSHIPS OF LISTED COMPANIES
Buddy Platform Ltd – Non-Executive Chairman

Ashley Krongold – Non-Executive Director (Appointed 29/09/2016)

Ashley is the CEO of The Krongold Group, a third-generation, family-run group of companies based in Melbourne, Australia with businesses spanning various industries. Prior to Krongold Group, Ashley spent 15 years in the Investment Banking and Accounting industries. He was a founding member of Investec Bank Australia, worked at William Buck Chartered Accountants, ANZ Corporate Finance (London) and ANZ Private Bank (Australia).

OTHER CURRENT DIRECTORSHIPS OF LISTED COMPANIES
Dotz Nano Limited – Non-Executive Director

FORMER DIRECTORS

Rami Hadar – Non-Executive Director (Appointed 01/08/2016 – Resigned 30/06/2017)

EXPERIENCE AND EXPERTISE
Rami Hadar served as a board director and CEO and President of Allot Communications Ltd. from 2006 to 2014. Under his leadership Allot transitioned from a private company into a Nasdaq-listed public company, its sales more than quadrupled with over $100 million of sales and it became highly profitable. In 2011 Hadar was recognized as one of the top five CEOs in Israel by Calcalist magazine. Since his departure from the IDF as Captain in an elite technology unit in the Intelligence force, Mr Hadar has established and led telecommunications companies and developed global businesses for more than 24 years.

NO OTHER CURRENT DIRECTORSHIPS OF LISTED COMPANIES

Alan Tough - Non Executive Chairman (Appointed 15/02/2011 – Resigned 01/08/2016)

EXPERIENCE AND EXPERTISE
With a distinguished career in business spanning over 40 years including more than 25 years managing publicly listed companies. Alan has significant experience and understanding of strategic business planning.

NO OTHER CURRENT DIRECTORSHIPS OF LISTED COMPANIES

Jonathan Lea - Non-Executive Director (Appointed 15/02/2011 – Resigned 01/08/2016)

EXPERIENCE AND EXPERTISE
A qualified geologist from the University of Tasmania and a Member of the AusIMM, with post graduate qualifications in Mineral Economics and Applied Finance and Investment. Currently Chairman of the Yilgarn Iron Producers Association (YIPA).

DIRECTORS' REPORT (continued)

NO OTHER CURRENT DIRECTORSHIPS OF LISTED COMPANIES

David Sourbutts – Non-Executive Director (Appointed 15/02/2011 – Resigned 01/08/2016)

EXPERIENCE AND EXPERTISE
With over 14 years' experience in project management and engineering in the mining, rail, materials handling and infrastructure industries and has a Bachelor of Engineering (Civil) (Hons) and a Bachelor of Commerce

NO OTHER CURRENT DIRECTORSHIPS OF LISTED COMPANIES

COMPANY SECRETARIES

Mark Licciardo (Appointed 01/02/2017)

Mark Licciardo is Managing Director of Mertons Corporate Services Pty Ltd (Mertons) which provides company secretarial and corporate governance consulting services to ASX listed and unlisted public and private companies.
Prior to establishing Mertons, Mark Licciardo was Company Secretary of the Transurban Group and Australian Foundation Investment Company Limited. Mark has also had an extensive commercial banking career with the Commonwealth Bank and State Bank Victoria. Mark Licciardo is a former Chairman of the Governance Institute Australia (GIA) in Victoria and the Melbourne Fringe Festival, a fellow of GIA, the Institute of Chartered Secretaries (CIS) and the Australian Institute of Company Directors (AICD) and a Director of ASX listed Frontier Digital Ventures Limited, iCar Asia Limited and Mobilicom Limited as well as several other public and private companies.

Christopher Lobb (Appointed 01/02/2017)

Chris Lobb has been a Chartered Secretary for over 20 years having first held the role with the Gandel Group of Companies, an entity with interests in property (listed and un-listed), investment and funds management. After this initial role he continued as a dedicated Company Secretary with Colonial First State, MSF Sugar Limited and GSG Limited in both listed and non-listed environments. In addition to these appointments, Chris was a member of the National Board of Chartered Secretaries Australia (now Governance Institute of Australia) including serving as Chairman of the Victorian Division. Chris was also a Non-Executive Director of Box Hill Institute of TAFE from 2005 to 2010 and holds a degree in accounting.

Damon Sweeny (Appointed 21/01/2014 – Resigned 23/03/2017)

Damon Sweeny is a Chartered Secretary and holds an MBA from Curtin University Australia. With over 25 years' experience in the mining, accounting and governance fields, Damon has held directorships or company secretarial positions in a number of private and ASX-listed entities for over 10 years. He is also company secretary of ASX listed Thred Ltd.

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DIRECTORS' REPORT (continued)

PRINCIPAL ACTIVITIES

Weebit Nano Ltd's ("WBT" or the "Company") principal activity was formerly the exploration for and development of iron ore, and has changed to technology development as described below.

During the period the Company settled the acquisition of Israel-based Weebit Nano Ltd (Weebit) under the Prospectus dated 3 May 2016 (Prospectus). Following shareholder approval on 1 August 2016, the Company's strategic objective changed significantly, shifting from a mining focus to technology development. The Company's new strategy is to develop the next generation of Non-Volatile Memory made of Silicon Oxide (SiOx).

RESULTS

The net loss attributable to members of the Company for the year ended 30 June 2017 amounted to $21,931,716 (2016- $4,304,941). The net loss relates mainly ($17,122,984) to a share based payment for the cost of listing (2016 - impairment of capitalised exploration assets, share based payments and administration costs).

DIVIDENDS

No dividends were paid or declared during the year or in the period from the year end to the date of this report.

OPERATING AND FINANCIAL REVIEW

Overview

As described above, The Company's new strategy is to develop the next generation of Non-Volatile Memory made of Silicon Oxide (SiOx).

Key transaction details of purchase of 100% of Weebit:

- Changing the Company name to Weebit Nano Ltd from Radar Iron Ltd
- A change in the board of directors as detailed above
- The issue of 98,348,000 fully paid ordinary Shares (Shares) under the Public Offer
- The issue of 2,500,000 fully paid ordinary Shares under the SPP Offer (together raising $5,042,400), and by way of consideration
- The issue of 732,695,455 fully paid ordinary Shares to the shareholders of Weebit
- The issue of 17,304,545 performance rights to persons entitled to be issued options to acquire Weebit Shares
- The issue of 50,000,000 transaction options to advisers of the Company
- The Company was reinstated to the ASX on 3 August 2016 having complied with Listing Rule 11.1.3 and Chapters 1 and 2 of the ASX Listing Rules.

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DIRECTORS' REPORT (continued)

The company signed a collaboration agreement in the beginning of September 2016 with CEA-Leti (Leti), a leading French microelectronics research institute, on the development and prototyping of advanced ReRAM based on switching SiOx materials. This was a critical development for the Company as it allows a team of highly-skilled scientists based in a world-class facility to further develop the technology.
The first phase of development started in mid-September 2016, which was the development and engineering of the SiOx nano porous silicon layer which was reported by Leti to be reproducible. This result allowed the SiOx ReRAM memory technology to be transferred from Rice University facilities in Houston, Texas USA, to the Leti pre-industrialisation facilities in Grenoble, France.

On 5 December 2016, the Company announced the issue of 7,500,000 Shares following the exercise of options expiring 30 June 2017 at $0.01. In the period the group disposed of its remaining tenements for $100,000.

Financial Position

The financial report has been prepared on the going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the normal course of business.

The Group has incurred an operating loss after tax for the year ended 30 June 2017 of $21,971,804, out of which $17,122,984 representing a share based payments for the cost of listing (2016- Loss of $4,304,941), had a net working capital of $1,304,471 (2016- $391,873 deficiency) and experienced net cash outflows from operating activities of $3,068,289 (2016- $978,250) As at 30 June 2017 the Group had cash on hand of $1,695,088 (2016: $3,598,569).The loss, excluding the listing cost, reflects the research and development activities of the group as well as administration costs.

On 21 September 2017, the Group successfully completed a capital raising of $2,500,000. Based on a cash flow forecast and the successful capital raising the Company has sufficient money to fund its mandatory obligations for the period ending twelve months from the date of this report. Based on the matters described above the Directors consider the going concern basis of preparation to be appropriate.

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DIRECTORS' REPORT (continued)

Financial review
As the group is in the development stage thus does not produce revenues yet.The operating loss for the twelve months ended June 30, 2017 summed to $21,971,804 (2016 - $4,304,941). The comprehensive loss for 2017 was incurred mainly of:

Listing expenses (See note 4)	$17,122,984	
General and Administrative	$ 3,611,644	Out of which $2,114,857 for share based compensation
Research and development	$ 1,033,329	Mainly for the development process of Non-Volatile Memory made of Silicon Oxide and patent costs

The comprehensive loss for 2016 was incurred mainly of write off of exploration expenditure $2,126,137 and General and Administrative costs of $2,396,691 (out of which $1,246,196 refer to share based compensation).

As of June 30, 2017 total current assets of the group were $1,774,262, out of which $1,695,088 was cash and cash equivalents. Total assets were $1,821,358.
As of June 30, 2016 total current assets of the group summed to $3,645,525, out of which $3,598,569 cash and cash equivalents (this balance includes $3,617,000 received on June 30, 2016 as part of the fund raising and reverse acquisition and held in trust). Total assets were $3,745,525.

Total liabilities as of June 30, 2017 were $469,791 (trade and other payables).
Total liabilities as of June 30, 2016 were $4,037,398, mainly due to the $3,617,400 cash held in trust as described above.

Total Equity as of June 30 2017 was $1,351,567 ($291,873 in June 30, 2016). The increase in Equity is mainly due to the reverse acquisition and shares issued, offset with the comprehensive lost described above.

Net cash used in operating activities for 2017 was $3,068,289 (2016 $978,250), mainly in respect of payments to suppliers, consultants and employees. Net cash flows from financing activities for 2017 were $860,117 from share issuance and conversion of options (2016 - $4,292,935 mainly due to the $3,617,400 cash received held in trust as described above).

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

Weebit Nano expects to continue with the development of its next generation Silicon Oxide ReRAM memory technology at Leti's pre-industrialisation facilities in Grenoble. The Company is currently undertaking the miniaturisation process of its technology with the aim of achieving 40nm working cells by the end of the calendar year 2017. There is also expected to be additional development of the Company's technology with the aim of achieving commercially acceptable levels of speed, energy efficiency, and capacity results.

SIGNIFICANT EVENTS AFTER THE BALANCE DATE

On 21 September 2017, the Group successfully completed a 2,500,000 share placement. The Group issued 166,666,667 shares at $0.015 to raise $2,500,000 before costs. The proceeds raised will be used to fund the Group's continued development of its technology. The Company has made progress regarding its search for a candidate to replace Mr Keret. Negotiations with a prospective candidate are at an advanced stage. A further announcement once the terms of the appointment are agreed.

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DIRECTORS' REPORT (continued)

ENVIRONMENTAL REGULATION

The Group's operations are no longer subject to the various environmental regulations under the Federal and State Laws of Australia.

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

During the financial year, the Company has paid a premium of $62,015 (2016- $12,000) excluding GST to insure the Directors and officers of the Company.

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of the Company, and any other payments arising from liabilities incurred by the officers in connection with such proceedings. This does not include such liabilities that arise from conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else or to cause detriment to the Company.

DIRECTORS' INTERESTS IN THE SHARES AND OPTIONS OF THE COMPANY

Details of relevant interests of current Directors in Weebit Nano's shares as at the date of this report were as follows:

	Shares		**Options**	
Director	*Held Directly*	*Held Indirectly*	*Held Directly*	*Held Indirectly*
Ananda Kathiravelu	130,000	0	2,000,000	18,385,000
Kobi Ben Shabbat	0	4,104,104	0	0
David Perlmutter	0	28,837,488	0	0
Yossi Keret	0	28,837,489	0	0
Ashley Krongold	0	28,728,729	0	0
TOTAL	**130,000**	**90,507,810**	**2,000,000**	**18,385,000**

MEETINGS OF DIRECTORS

Set out below are details of the number of Board meetings held by Weebit Nano during the 2017 financial year with each director's attendance details.

	Board Meetings	
	Held	**Attended**
Alan Tough*	1	0
Jonothan Lea*	1	1
Ananda Kathiravelu	12	10
David Sourbutts*	1	0
Kobi Ben-Shabat	11	11
David Perlmutter	11	11
Rami Hadar**	11	9
Yossi Keret	11	11
Ashley Krongold	9	8

* resigned at settlement of Weebit acquisition on 1 August 2016
** resigned 30 June 2017

Under Weebit Nanos's Constitution documents containing written resolutions assented to by Directors are to be taken as a minute of a meeting of Directors. There were six written resolutions assented to by the Board this financial year.

DIRECTORS' REPORT (continued)

REMUNERATION REPORT (AUDITED)

This report outlines the remuneration arrangements in place for Directors and key management personnel of the Company for the year ended 30 June 2017. The information contained in this report has been audited as required by section 308(3C) of the *Corporations Act 2001*.

This remuneration report details the remuneration arrangements for key management a controlling the major activities of the Company and the Group, directly or indirectly, including any director (whether executive or otherwise) of the parent company, and includes those executives in the Parent and the Group receiving the highest remuneration.

Key Management Personnel
Directors:

- Mr David Perlmutter (Chairman)
- Mr Yossi Keret (CEO)
- Mr Ananda Kathiravelu (Non-Executive)
- Mr Ashley Krongold (Non-Executive)
- Mr Kobi Ben Shabat (Non-Executive)
- Mr Rami Hadar (Non-Executive) (resigned 30 June 2017)

Remuneration Policy
The Company's performance relies heavily on the quality of its Key Management Personnel which currently consists of directors only. The Company has therefore designed a remuneration policy to align director and executive reward with business objectives and shareholder value.

The Board believes the remuneration policy to be appropriate and effective in its ability to attract and retain high calibre management personnel and directors to run and manage the Group.

Remuneration Structure
In accordance with best practice corporate governance, the structure of non-executive director and any executive remuneration is separate and distinct.

Non-Executive Director Remuneration
The Board policy is to remunerate non-executive Directors at market rates for comparable companies for time, commitment and responsibilities. The Board determines payments to the non-executive Directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required.

The maximum aggregate amount of annual fees that can be paid to non-executive Directors is subject to approval by shareholders at the Annual General Meeting (currently $300,000).

Fees for non-executive Directors are not linked to the performance of the Group. However, to align Directors' interests with shareholder interests, the Directors are encouraged to hold shares in the Company and are able to participate in employee incentive option plans that may exist from time to time.

Executive Remuneration
Executive Remuneration currently consists of fixed remuneration only, and the board is considering variable remuneration (comprising short-term and long-term incentive schemes). There were no executives during the period.

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DIRECTORS' REPORT (continued)

REMUNERATION REPORT (AUDITED) (CONTINUED)

Fixed Remuneration

The Company's performance relies heavily on the quality of its Key Management Personnel. The Company has therefore designed a remuneration policy to align director and executive reward with business objectives and shareholder value.

The fixed remuneration of the Company's Key Management Personnel is detailed in page 9.

Variable Remuneration

The remuneration policy has been tailored to increase goal congruence between shareholders and directors and key management personnel. Currently, this is facilitated through the issue of options to key management personnel to encourage the alignment of personal and shareholder interests. The Company believes this policy will be effective in increasing shareholder wealth.

Directors and executives may be issued options to encourage the alignment of personal and shareholder interests. Options issued to Directors may be subject to market based price hurdles and vesting conditions and the exercise price of options is set at a level that encourages the Directors to focus on share price appreciation. The Company believes this policy will be effective in increasing shareholder wealth. Key Management Personnel are also entitled to participate in the employee share and option arrangements.

The Board may exercise discretion in relation to approving incentives such as options. The policy is designed to reward key management personnel for performance that results in long-term growth in shareholder value.

Remuneration of Directors and Executives

Details of the remuneration of the Directors and the key management personnel (as defined in AASB 124 *Related Party Disclosures)* of Weebit Nano Ltd are set out in the following tables.

Key management personnel of Weebit Nano Limited

2017	**Short Term Benefits**		**Post Employment Benefits**	**Share Based Payments**		
Key Management Personnel	**Salary and Fees $**	**Non-Monetary $**	**Super-annuation $**	**Options $**	**Total* $**	**% of remuneration consisting of options**
David Perlmutter	81,597	-	-	-	81,597	-
Yossi Keret	272,666	-	-	-	272,666	-
Ananda Kathiravelu	55,246	-	5,248	-	60,494	-
Ashley Krongold	33,750	-	-	-	33,750	-
Kobi Ben Shabat	41,250	-	-	-	41,250	-
Rami Hadar	40,786	-	-	-	40,786	-
	525,295	**-**	**5,248**	**-**	**530,543**	**-**

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DIRECTORS' REPORT (continued)

REMUNERATION REPORT (AUDITED) (CONTINUED)

2016	Short Term Benefits		Post Employment Benefits	Share Based Payments		
Key Management Personnel	Salary and Fees $	Non-Monetary $	Super-annuation $	Options $	Total* $	% of remuneration consisting of options
Non-Executive Directors						
A. Tough	36,000	-	-	43,603	79,603	55%
A. Kathiravelu	36,000	-	3,420	43,603	83,023	53%
D. Sourbutts	36,000	-	-	43,603	79,603	55%
J. Lea	36,000	-	3,420	43,603	83,023	53%
Total	**144,000**	-	**6,840**	**174,412**	**325,252**	54%

*Of the Total remuneration, the amounts outstanding at balance date were:
A. Tough $34,524
A. Kathiravelu $19,710
D. Sourbutts $34,776
J. Lea $39,764 (of this $3,764 relates to FY 15)

a) Share holdings of key management personnel

The number of ordinary shares of Weebit Nano Ltd held, directly, indirectly or beneficially, by each Director, including their personally-related entities as at balance date:

2017:

Directors	Held at 1 July 2016	Movement during year	Held prior to resignation	Held at 30 June 2017
D. Perlmutter	-	28,837,488	N/A	28,837,488
Yossi Keret	-	28,837,489	N/A	28,837,489
K. Ben Shabat	-	4,104,104	N/A	4,104,104
A Krongold	-	28,728,729	N/A	28,728,729
Rami Hadar**	-	22,829,900	22,829,900	-
A. Tough*	2,461,771	-	2,461,771	-
J. Lea*	3,751,308	-	3,751,308	-
A. Kathiravelu	130,000	-		130,000
D.Sourbutts*	2,000,000	-	2,000,000	-
Total	**8,343,079**	**113,337,710**	**31,042,979**	**90,637,810**

*Resigned on 1 August 2016.
** Resigned on 30 June 2017.

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DIRECTORS' REPORT (continued)

REMUNERATION REPORT (AUDITED) (CONTINUED)

2016:

Directors	Held at 1 July 2015	Movement during year	Options Exercised	Held at 30 June 2016
A. Tough	761,771	1,700,000	-	2,461,771
J. Lea	1,251,308	2,500,000	-	3,751,308
A. Kathiravelu	130,000	-	-	130,000
D.Sourbutts	-	2,000,000	-	2,000,000
Total	**2,143,079**	**6,200,000**	**-**	**8,343,079**

b) Options holdings of key management personnel

The number of options over ordinary shares in Weebit Nano Ltd held, directly, indirectly or beneficially, by each specified Director and specified executive, including their personally-related entities as at balance date, is as follows:

2017: Directors	Held at 1 July 2016	Movement during year	Held prior to resignation	Held at 30 June 2017	Vested and exercisable at 30 June 2017
A. Tough*	2,000,000	-	2,000,000	-	-
J. Lea*	2,000,000	-	2,000,000	-	-
A. Kathiravelu	12,500,000	7,885,000	N/A	20,385,000	20,385,000
D.Sourbutts*	2,000,000	-	2,000,000	-	-
Total	**18,500,000**	**7,885,000**	**6,000,000**	**20,385,000**	**20,385,000**

*Resigned on 1 August 2016.

2016: Directors	Held at 1 July 2015	Movement during year	Expired	Held at 30 June 2016	Vested and exercisable at 30 June 2016
A. Tough	-	2,000,000	-	2,000,000	2,000,000
J. Lea	-	2,000,000	-	2,000,000	2,000,000
A. Kathiravelu	-	12,500,000	-	12,500,000	12,500,000
D.Sourbutts	-	2,000,000	-	2,000,000	2,000,000
Total	**-**	**18,500,000**	**-**	**18,500,000**	**18,500,000**

Other Related Party Transitions – As disclosed in Note 16 Capital Raising and administrative fees paid to Armada Capital and Ampere (Companies related to director A. Kathiravelu) totalling $457,878. Further payments made to Lea Consulting amounted to $4,950 (Company related to director J.Lea). A. Kathiravelu and J.Lea were directors and had an interest in the companies during the year Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated. 18,385,000 options were issued to Armada Capital as part of the 50,000,000 issued to Corporate Advisors. The options had a fair value of $0.025. Refer to note 17 for terms and conditions and valuation assumptions.

***********END OF REMUNERATION REPORT***********

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DIRECTORS' REPORT (continued)

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied to the Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings. The Company was not a party to any such proceedings during the year.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

Other than as disclosed elsewhere in the report, no other likely developments, future prospects and business strategies of the operations of the Company have been included in this report as the Directors believe that the inclusion of such information would be likely to result in unreasonable prejudice to the Company.

SHARE OPTIONS/PERFORMANCE RIGHTS

Shares under Option
At the date of this report there are 80,304,545 unissued shares under option outstanding as summarised below:

Date Granted	Expiry Date	Exercise Price	Number of shares under option
29 October 2013	2 September 2018	$0.05	5,000,000
1 August 2016	1 August 2019	$0.0625	50,000,000
1 August 2016	1 August 2021	Nil	17,304,545
28 October 2015	31 October 2017	$0.05	8,000,000
			80,304,545

These options do not entitle the holders to participate in any share issue of the Company or any other body corporate.

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration as required under section 307C of the *Corporations Act 2001* for the year ended 30 June 2017 has been received and can be found on page 21.

AUDITOR

Nexia Perth Audit Services Pty Ltd continues in office in accordance with section 327 of the Corporations Act 2001.

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DIRECTORS' REPORT (continued)

AUDIT SERVICES

During the year the following fees were paid or payable for services provided by the auditor.

	Consolidated 2017 $	Consolidated 2016 $
Amounts received or due and receivable by Nexia Perth Audit Services Pty Ltd		
An audit and review of the financial report of the parent and any other entity in the Group	42,173	34,150
Other services in relation to the parent and any other entity in the Group	8,000	5,830
Amounts received or due and receivable by BDO Israel		
*BDO Israel – Audit and review of the subsidiary Weebit Nano Ltd (Israel)	45,000	
	95,173	**39,980**

*The fee for BDO Israel includes the audit of statutory financial statements for Weebit Nano Ltd (Israel) and audit of tax return for Weebit Nano Ltd (Israel)

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DIRECTORS' REPORT (continued)

Signed in accordance with a resolution of the Directors made pursuant to Section 298(2) of the *Corporations Act 2001*.



David Perlmutter
Chairman

Melbourne
27 September 2017

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CORPORATE GOVERNANCE STATEMENT

The Board is responsible for establishing the Company's corporate governance framework. In establishing its corporate governance framework, the Board has referred to the 3rd edition of the ASX Corporate Governance Councils' Corporate Governance Principles and Recommendations.

The Corporate Governance Statement discloses the extent to which the Company follows the recommendations. The Company will follow each recommendation where the Board has considered the recommendation to be an appropriate benchmark for its corporate governance practices. Where the Company's corporate governance practices will follow a recommendation, the Board has made appropriate statements reporting on the adoption of the recommendation. In compliance with the "if not, why not" reporting regime, where, after due consideration, the Company's corporate governance practices will not follow a recommendation, the Board has explained its reasons for not following the recommendation and disclosed what, if any, alternative practices the Company will adopt instead of those in the recommendation.

The Company's governance-related documents can be found on its website at www.weebit-nano.com under the section marked "Governance".

Principle 1 – Lay solid foundations for management and oversight

Recommendation 1.1 – Recommendation followed

The Company has established the respective roles and responsibilities of its Board and management, and those matters expressly reserved to the Board and those delegated to management, and has documented this in its Board Charter.

The responsibilities of the Board include but are not limited to:

a) setting and reviewing strategic direction and planning;

b) reviewing financial and operational performance;

c) identifying principal risks and reviewing risk management strategies; and

d) considering and reviewing significant capital investments and material transactions.

In exercising its responsibilities, the Board recognises that there are many stakeholders in the operations of the Company, including employees, shareholders, co-ventures, the government and the community.

Recommendation 1.2 – Recommendations followed

The Board carefully considers the character, experience, education and skillset, as well as interests and associations of potential candidates for appointment to the Board and conducts appropriate checks to verify the suitability of the candidate, prior to their election. The Company has appropriate procedures in place to ensure that material information relevant to a decision to elect or re-elect a director, is disclosed in the notice of meeting provided to shareholders.

Recommendation 1.3 – Recommendations followed

The Company has a written agreement with each of the Directors. The material terms of any employment, service or consultancy agreement the Company, or any of its child entities, has entered into with its Chief Executive Officer, any of its directors, and any other person or entity who is a related party of the Chief Executive Officer or any of its directors will be disclosed in accordance with ASX Listing Rule 3.16.4 (taking into consideration the exclusions from disclosure outlined in that rule).

Contract details of senior executives who are KMP are summarised in the Remuneration Report in the Company's Annual Report.

Recommendation 1.4 – Recommendations followed

The Company Secretary is accountable to the Board for facilitating the Company's corporate governance processes and the proper functioning of the Board. Each Director is entitled to access the advice and services of the Company Secretary.

In accordance with the Company's Constitution, the appointment or removal of the Company Secretary is a matter for the Board as a whole. Details of the Company Secretary's experience and qualifications are set out in the Annual Report.

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Recommendation 1.5 – Recommendation not followed

The Company is committed to creating a diverse working environment and promoting a culture which embraces diversity.

Given the size of the Company and scale of its operations, however, the Board is of the view that a written diversity policy with measurable objectives for achieving gender diversity is not required at this time. Further as the Company has not established measureable objectives for achieving gender diversity, the Company has not reported on progress towards achieving them.

Recommendations 1.6 and 1.7 – Recommendations not followed

Whilst the Company has a written policy, the Board recognises that as a result of the Company's size and the stage of the entity's life as a public listed junior technology company, the assessment of the directors' and executives' overall performance and its own succession plan is conducted on an informal basis. Whilst this is at variance with the ASX Recommendations, for the financial year ended June 2017, the Directors consider an appropriate and adequate process for the evaluation of Directors is in place, given the majority of directors were appointed within this financial year.

Principle 2 – Structure the board to add value

Recommendation 2.1 – Recommendation followed

As a result of the Company's size and the stage of the entity's life as a publicly listed junior technology company and given the size of the Board at present a Nomination Committee has not been established. The Board meets as a whole to consider. The Board from time to time reviews the skill mix required for the Board and, where gaps are identified, embarks on a process to fill those gaps.

Recommendation 2.2 – Recommendation followed

The details of the skill set of the current Board members are set out in the description of each Director in the Annual Report. The Board is currently undertaking a review of its current skill mix given the pending appointment of a new CEO.

Recommendation 2.3 – Recommendation followed

The board has consists of five directors, three of whom are non-executive and three of whom are Independent Directors. The Chairman has agreed to act as an Executive Chairman on an interim basis until a new CEO is appointed.

Recommendation 2.4 – Recommendation followed

As noted under Recommendation 2.3, the Board comprises five Directors of whom three are considered to be Independent Directors.

Recommendation 2.5 – Recommendation followed

The Chairman, Mr Perlmutter, was an Non-Executive Independent Chairman up until 30 June 2017 when he agreed to act as an Executive Chairman on an interim basis pending the finalisation of an appointment of a new CEO. His role as Chairman of the Board is separate from that of the Managing Director (who is responsible for the day to day management of the Company) and is in compliance with the ASX Recommendation that these roles not be exercised by the same individual.

Recommendation 2.6 – Recommendation not followed

The Board recognises that as a result of the Company's size and the stage of the entity's life as a publicly listed junior technology company, the Board has not put in place a formal program for inducting new directors. However, it does provide a package of background information on commencement and provides ready interaction with the Company's personnel to gain a stronger understanding of the business. Similarly the Company does not at this stage provide professional development opportunities for Directors. More formal processes for both of these areas will be considered in the future as the Company develops.

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Principle 3 – Act ethically and responsibly

Recommendation 3.1 – Recommendation followed

The Company is committed to promoting good corporate conduct grounded by strong ethics and responsibility. The Company has established a Code of Conduct (Code), which addresses matters relevant to the Company's legal and ethical obligations to its stakeholders. It may be amended from time to time by the Board. The Code applies to all Directors, employees, contractors and officers of the Company.

Principle 4 – Safeguard integrity in financial reporting

Recommendation 4.1 – Recommendation followed

WBT was not a Company required by ASX Listing Rule 12.7 to have an Audit Committee although it is included in the ASX Recommendations. The Board has not established an audit committee at this point in the Company's development. It is considered that the size of the Board along with the level of activity of the Company renders this impractical and the full Board considers in detail all of the matters for which the directors are responsible.

Recommendation 4.2 – Recommendation followed

In accordance with ASX Recommendation 4.2 the Chief Executive Officer (or their equivalent) and Chief Financial Officer (or their equivalent) are required to provide assurances that the written declarations under s295A of the Corporations Act (and for the purposes of ASX Recommendation 4.2) are founded on a sound framework of risk management and internal control and that the framework is operating effectively in all material respects in relation to financial reporting risks. Both the Chief Executive Officer and Chief Financial Officer provide such assurances at the time the s295A declarations are provided to the Board.

Recommendation 4.3 – Recommendation followed

The Company's external audit function is performed by Nexia Perth Audit Services Pty Ltd (Nexia). Representatives of Nexia attend the Annual General Meeting and are available to answer shareholder questions regarding the audit.

Principle 5 – Make timely and balanced disclosure

Recommendation 5.1 – Recommendations followed

The Company operates under the continuous disclosure requirements of the ASX Listing Rules and has adopted a policy. The Continuous Disclosure Policy sets out policies and procedures for the Company's compliance with its continuous disclosure obligations under the ASX Listing Rules, and addresses financial markets communication, media contact and continuous disclosure issues. It forms part of the Company's corporate policies and procedures and is available to all staff.

Principle 6 – Respect the rights of security holders

Recommendation 6.1 – Recommendations followed

The Company keeps investors informed of its corporate governance, financial performance and prospects via its website – www.weebit-nano.com. Investors can access copies of all announcements to the ASX, notices of meetings, annual reports and financial statement, and Investor presentations via the 'Investor Information' tab and can access general information regarding the Company and the structure of its business under the 'Company' and 'Projects' tabs.

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Recommendation 6.2 – Recommendations followed

The Board aims to ensure that shareholders are informed of all major developments affecting the Company's state of affairs. In accordance with the ASX Recommendations, information is communicated to shareholders as follows:

- the annual financial report which includes relevant information about the operations of the Company during the year, changes in the state of affairs of the entity and details of future developments, in addition to the other disclosures required by the Corporations Act 2001;
- the half yearly financial report lodged with the Australian Securities Exchange and Australian Securities and Investments Commission and sent to all shareholders who request it;
- notifications relating to any proposed major changes in the Company which may impact on share ownership rights that are submitted to a vote of shareholders;
- notices of all meetings of shareholders;
- publicly released documents including full text of notices of meetings and explanatory material made available on the Company's website at www.weebit-nano.com; and
- disclosure of the Company's Corporate Governance practices and communications strategy on the entity's website.

While the Company aims to provide sufficient information to Shareholders about the Company and its activities, it understands that Shareholders may have specific questions and require additional information. To ensure that Shareholders can obtain all relevant information to assist them in exercising their rights as Shareholders, the Company has made available a telephone number and relevant contact for Shareholders to make their enquiries.

Recommendation 6.3 – Recommendation followed

The Board encourages full participation of shareholders at the Annual General Meeting to ensure a high level of accountability and identification with the Company's strategy and goals. Important issues are presented to the shareholders as single resolutions. The external auditor of the Company is also invited to the Annual General Meeting of shareholders and is available to answer any questions concerning the conduct, preparation and content of the auditor's report. Pursuant to section 249K of the Corporations Act 2001 the external auditor is provided with a copy of the notice of meeting and related communications received by shareholders.

Recommendation 6.4 – Recommendation followed

The Company provides its investors the option to receive communications from and send communications to, the Company and the share registry electronically.

Principle 7 – Recognise and manage risks

Recommendation 7.1 – Recommendations followed

Due to the size of the Board, the Company does not have a separate Risk Committee. The Board is responsible for the oversight of the Company's risk management and control framework. The Board has adopted a Risk Management Policy.

Recommendation 7.2 – Recommendations not followed

The Board recognises that there are inherent risks associated with the Company's operations including technological, legal and other operational risks. The Board endeavours to mitigate such risks by continually reviewing the activities of the Company in order to identify key business and operational risks and ensuring that they are appropriately assessed and managed. No formal report in relation to the Company's management of its material business risks is presented to the Board. The Board reviews the risk profile of the Company and monitors risk informally throughout the year.

Recommendation 7.3 – Recommendation not followed

The Company does not have an internal audit function. This is due to the size of the Company and the stage of life of the entity. To evaluate and continually improve the effectiveness of the Company's risk management and internal control processes, the Board relies on ongoing reporting and discussion of the management of material business risks as outlined in the Company's Risk Management Policy.

Recommendation 7.4 – Recommendation followed

As already outlined above in relation to various ASX Recommendations, the Company constantly monitors and reviews the key risks that affect the Company and the management of those risks. They include economic, environment and sustainability risks.

Principle 8 – Remunerate fairly and responsibly

Recommendation 8.1 – Recommendation followed

Due to the size of the Board, the Company does not have a separate remuneration committee. The roles and responsibilities of a remuneration committee are currently undertaken by the Board. The duties of the full board in its capacity as a remuneration committee are set out in the Company's Remuneration Committee Charter. Items that are usually required to be discussed by a Remuneration Committee are marked as separate agenda items at Board meetings when required.

Recommendation 8.2 – Recommendations followed

Details of the Company's policies on remuneration are set out in the Company's "Remuneration Report" in each Annual Report published by the Company.

Recommendation 8.3 - Recommendation followed

The Company's Security Trading Policy includes a statement prohibiting directors, officers and employees entering into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of their security holding in the Company or of participating in unvested entitlements under any equity based remuneration schemes.

Security Trading Policy

In accordance with ASX Listing Rule 12.9, the Company has adopted a trading policy which sets out the following information:

a) closed periods in which directors, employees and contractors of the Company must not deal in the Company's securities;
b) trading in the Company's securities which is not subject to the Company's trading policy; and
c) the procedures for obtaining written clearance for trading in exceptional circumstances.

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AUDITOR'S INDEPENDENCE DECLARATION

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Nexia Australia

Auditor's independence declaration under section 307C of the Corporations Act 2001

To the directors of Weebit Nano Limited

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2017 there have been:

(i) no contraventions of the auditor's independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

(ii) no contraventions of any applicable code of professional conduct in relation to the audit.

NPAS

Nexia Perth Audit Services Pty Ltd

Amar Nathwani

Amar Nathwani
Director

Perth
27 September 2017

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WEEBIT NANO LTD
ACN: 146 455 576

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2017

	Note	Consolidated 2017 $	Consolidated 2016 $
Revenue & Other Income	5	104,936	241,959
Cost of tenements sold		(104,740)	-
Total income (2016 – other income)		196	241,959
Research and Development expenses		(1,033,329)	-
Sales and Marketing expenses		(158,845)	-
General and Administrative expenses	12	(3,611,644)	(2,396,691)
Listing expenses	4	(17,122,984)	-
Finance costs		(45,198)	(24,072)
Write off of exploration expenditure		-	(2,126,137)
Loss for the year before tax		**(21,971,804)**	**(4,304,941)**
Income tax		-	-
Loss after income tax		**(21,971,804)**	**(4,304,941)**
Other Comprehensive Income			
Foreign currency translation differences for foreign operations		40,088	
Total Comprehensive Loss for the year		**(21,931,716)**	**(4,304,941)**
Total Comprehensive Loss attributable to:			
Owners of the parent entity		**(21,931,716)**	**(4,304,941)**
Basic and Diluted Loss per share –	6	(0.02)	(1.62)

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

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WEEBIT NANO LTD
ACN: 146 455 576

STATEMENT OF FINANCIAL POSITION

As at 30 June 2017

	Note	Consolidated 30 June 2017 $	Consolidated 30 June 2016 $
ASSETS			
Current assets			
Cash and cash equivalents	8	1,695,088	3,598,569
Trade and other receivables	9	79,174	46,956
Total current assets		**1,774,262**	**3,645,525**
Non-current assets			
Exploration and evaluation expenditure	10	-	100,000
Plant and equipment		37,873	-
Long term deposit		9,223	-
Total non-current assets		**47,096**	**100,000**
TOTAL ASSETS		**1,821,358**	**3,745,525**
LIABILITIES			
Current liabilities-			
Trade and other payables	11	469,791	4,037,398
Total current liabilities		**469,791**	**4,037,398**
TOTAL LIABILITIES		**469,791**	**4,037,398**
NET ASSETS/(Liabilities)		**1,351,567**	**(291,873)**
EQUITY			
Share capital	13	23,795,057	15,604,203
Reserves		2,093,827	1,323,290
Accumulated losses		(24,537,317)	(17,219,366)
TOTAL EQUITY		**1,351,567**	**(291,873)**

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

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WEEBIT NANO LTD
ACN: 146 455 576

STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2017

CONSOLIDATED 2017	Note	Issued Capital $	Foreign currency translation differences for foreign operations $	Option Reserve $	Accumulated Losses $	Total Equity $
Total equity at 1 July 2016		**15,604,203**		**1,323,290**	**(17,219,366)**	**(291,873)**
Net loss for the period		-	-	-	(21,971,804)	(21,971,804)
Other comprehensive income			40,088			40,088
Total comprehensive loss for the period		-	-	-	-	**(21,931,716)**
Transactions with equity holders:						
Reverse Acquisition:						
Reversal of pre-acquisition net assets of Radar Iron Limited	4	(15,604,203)	-	(1,323,290)	17,323,838	396,345
Effective consideration	4	16,726,638				16,726,638
Retained earnings and share capital of Weebit Nano Israel	13	2,591,302	(61,118)	-	(2,669,985)	(139,801)
Shares issued during the year: Contributions of capital (net of capital raising costs)	13	4,477,117	-	-	-	4,477,117
Share-based payments	17	-	-	2,114,857	-	2,114,857
Total equity at 30 June 2017		**23,795,057**	**(21,030)**	**2,114,857**	**(24,537,317)**	**1,351,567**

Consolidated 2016	Note	Share Capital $	Option Reserve $	Accum. Losses $	Total Equity $
Total equity at the beginning of the year		**14,213,409**	**77,094**	**(12,914,425)**	**1,376,078**
Total comprehensive loss for the year		-	-	(4,304,941)	(4,304,941)
Transactions with equity holders:					
Shares issued during the year: Shares issued (net of capital raising costs)	13	1,390,794	-	-	1,390,794
Share-based payments Unlisted Options issued with shareholder approval		-	1,246,196	-	1,246,196
Total equity at 30 June 2016		**15,604,203**	**1,323,290**	**(17,219,366)**	**(291,873)**

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

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WEEBIT NANO LTD
ACN: 146 455 576

STATEMENT OF CASH FLOWS

For the year ended 30 June 2017

	Note	Consolidated 2017 $	Consolidated 2016 $
Cash flows from operating activities			
Research & development tax offset		-	152,585
Interest received		-	4,857
Interest paid		(4,531)	-
Payments to suppliers and employees		(3,063,758)	(1,135,692)
Net cash used in operating activities	14	**(3,068,289)**	**(978,250)**
Cash flows from investing activities			
Payments for fixed assets		(8,589)	-
Decrease in deposits and restricted cash		2,205	-
Payments for capitalised exploration expenditure		-	(40,312)
Proceeds from sale of prospects& exploration rights		100,000	84,518
Net cash provided by investing activities		**93,616**	**44,206**
Cash flows from financing activities			
Share application funds received		-	3,617,000
Proceeds from issues of shares	13	1,425,400	330,578
Proceeds from conversion of options	13	75,000	220,000
Capital Raising Costs	13	(640,283)	(39,954)
Proceeds from convertible notes		-	165,311
Net cash flows provided by financing activities		**860,117**	**4,292,935**
Cash acquired as part of the reverse acquisition		211,075	
Net increase/(decrease) in cash and cash equivalents		(2,114,556)	3,358,891
Cash and cash equivalents at the beginning of the period		3,598,569	239,678
Cash and cash equivalents at the end of the year	8	**1,695,088**	**3,598,569**

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2017

NOTE 1: REPORTING ENTITY

Weebit Nano Ltd (the "Company") is a company domiciled in Australia. The consolidated financial statements of the Company as at and for the year ended 30 June 2017 comprise the Company and its subsidiaries (collectively referred to as the "Group").

A description of the nature of the Group's operations and its principal activities is included in the review of operations and activities in the Directors' Report on page 2, which does not form part of this financial report.

NOTE 2: BASIS OF PREPARATION

This General Purpose Financial Report has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board (including Australian Interpretations) and the *Corporations Act 2001*.

The Consolidated Financial Statements and Notes of the Group comply with International Financial Reporting Standards (IFRS) and interpretations adopted by the International Accounting Standards Board.

Weebit Nano Ltd is a company limited by shares. The financial report is presented in Australian Dollars.

This Consolidated Financial Report was approved by the Board of Directors on 27 September 2017.

Reverse Acquisition

On 1 August 2016 Radar Iron Limited (now Weebit Nano Limited), the legal parent entity acquired 100% of the issued shares of Weebit Nano Ltd (Israel), an Israel registered entity. Weebit Nano Ltd (Israel), was founded in Israel in 2014 to develop a memory and semiconductor technology invented by Professor James Tour of Rice University in Houston, Texas. Weebit expects to commercialize this technology, Resistive Random Access Memory ("ReRAM") is an emerging technology that combines the advantages of both RAM and Flash.

Under the terms of the transaction Radar Iron issued 732,695,455 shares to the shareholders of Weebit Nano Ltd (Israel), resulting in Weebit Nano Ltd (Israel)'s existing shareholders acquiring 68% of the legal parent entity's issued capital. The transaction has some features of a reverse acquisition under AASB 3 because the former shareholders of the legal subsidiary obtain control of the legal parent. However, as Radar Iron did not meet the definition of a business as defined in AASB 3, the transaction is not a business combination and is therefore not within the scope of AASB 3.

In accordance with AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors the Group applied, by analogy, the guidance in AASB 3 on reverse acquisitions, resulting in Weebit Nano Ltd (Israel), (the non-listed operating entity) being identified as the accounting acquirer and Radar Iron Limited (now Weebit Nano Limited) (the listed non-operating entity) being identified as the accounting acquiree. As the transaction is not within the scope of AASB 3, the transaction was treated as a share-based payment transaction accounted for in accordance with AASB 2 Share-based payment. On this basis, any difference in the fair value of the shares deemed to have been issued by the accounting acquirer and the fair value of the accounting acquiree's identifiable net assets represents a service received by the accounting acquirer.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

The Group consequently recognised a share-based payment of $17,122,984 in its statement of comprehensive income, representing the cost of the listing. The cost is calculated as the difference in the fair value of the shares deemed to have been issued by Weebit Nano Ltd (Israel) (the non-listed entity) and the fair value of the accounting acquiree's identifiable net liabilities. Refer to note 4 for further disclosure.

The impact of the reverse acquisition on the primary statements is as follows:

Statement of Financial Position:

The 30 June 2017 statement of financial position represents the consolidated position of Weebit Nano Limited (formerly Radar Iron Limited) and Weebit Nano Ltd (Israel).

Statement of Profit or Loss and Other Comprehensive Income

The 30 June 2017 statement of profit or loss and other comprehensive income comprises the results of Weebit Nano Limited (formerly Radar Iron Limited) from 1 July 2016 to 31 July 2016 and then the consolidated results of Weebit Nano Limited (formerly Radar Iron Limited) and Weebit Nano (Israel) Ltd from 1 August 2016 to 30 June 2017.

Statement of Changes in Equity

The 30 June 2017 statement of changes in equity comprises Weebit Nano Limited (formerly Radar Iron Limited) equity balances on 1 July 2016, its loss for the period and transactions with equity holders to 31 July 2016.

It then incorporates the consolidated equity balances, losses and transactions with equity holders for the period 1 August 2016 to 30 June 2017 of Weebit Nano Limited (formerly Radar Iron Limited) and Weebit Nano Israel.

Statement of Cash Flows

The 30 June 2017 statement of cash flows comprises the cash transactions of Weebit Nano Limited (formerly Radar Iron Limited) from 1 July 2016 to 31 July 2016 and then the consolidated cash transactions of Weebit Nano Limited (formerly Radar Iron Limited) and Weebit Nano Israel from 1 August 2016 to 30 June 2017.

Financial Position

The financial report has been prepared on the going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the normal course of business.

The Group has incurred an operating loss after tax for the year ended 30 June 2017 of $21,971,804, out of which $17,122,984 represents a share based payment for the cost of listing (2016- Loss of $4,304,941), had a net working capital of $1,304,471 (2016- $391,873 deficiency) and experienced net cash outflows from operating activities of $3,068,289 (2016- $978,250) As at 30 June 2017 the Group had cash on hand of $1,695,088 (2016: $3,598,569).The loss, excluding the listing cost, reflects the research and development activities of the group as well as administration costs.

On 21 September 2017, the Group successfully completed a capital raising of $2,500,000. Based on a cash flow forecast and the successful capital raising the Group will have sufficient working capital to fund its mandatory obligations for the period ending twelve months from the date of this report. Based on the matters described above the Directors consider the going concern basis of preparation to be appropriate.

Historical cost convention

These financial statements have been prepared under the historical cost convention.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 3: SIGNIFICANT ACCOUNTING POLICIES

The preparation of the financial reports requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates.

The significant policies which have been adopted in the preparation of this financial report are:

(a) Principles of Consolidation

Subsidiaries

The consolidated financial statements comprise the assets and liabilities of Weebit Nano Ltd and its subsidiaries at 30 June 2017 and the results of the subsidiaries for the year ended. A subsidiary is any entity controlled by Weebit Nano Ltd.

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases. The financial statements of subsidiaries are prepared from the same reporting period as the Parent Company, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies that may exist.

All inter-company balances and transactions, including unrealised profits arising from intra-entity transactions, have been eliminated in full. Unrealised losses are eliminated unless costs cannot be recovered. Investments in subsidiaries are accounted for at cost in the individual financial statements of Weebit Nano Ltd. Subsidiaries are consolidated from the date on which control is obtained by the Group and cease to be consolidated from the date on which control is transferred out of the Group. Where there is a loss of control of a subsidiary, the consolidated financial statements include the results for the part of the reporting period which Weebit Nano Ltd has control.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. The acquisition method of accounting involves recognising at acquisition date, separately from goodwill, the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree. The identifiable assets acquired and the liabilities assumed are measured at their acquisition date fair values (see note 3(h)).

Common Control transactions are accounted for at the net asset value of the identifiable assets and liabilities of the acquired entity. This method of accounting involves recognising at acquisition date, the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree. The consideration paid is valued at the net asset value of the identifiable assets and liabilities of the acquired entity, in accordance with these principles to ensure no profit or loss is accounted for in either the acquirer or the seller. The identifiable assets acquired and the liabilities assumed are measured at their acquisition date fair values (see note 3(h)).

A change in the ownership interest of a subsidiary that does not result in a loss of control is accounted for as an equity transaction.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 3: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Principles of Consolidation (continued)

Non-controlling interests are allocated their share of net profit after tax in the Statement of Profit or Loss and Other Comprehensive Income and are presented within equity in the consolidated statement of financial position, separately from the equity of the owners of the Company.

Losses are attributed to the non-controlling interest even if that results in a deficit balance.

If the Group loses control over a subsidiary, it:

- Derecognises the assets (including any goodwill) and liabilities of the subsidiary.
- Derecognises the carrying amount of any non-controlling interest.
- Derecognises the cumulative translation differences, recorded in equity.
- Recognises the fair value of the consideration received.
- Recognises the fair value of any investment retained.
- Recognises any surplus or deficit in profit or loss.
- Reclassifies the parent's share of components previously recognised in other comprehensive income to profit or loss.

(b) Segment Reporting

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity), whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available. This includes start up operations which are yet to earn revenues. Management will also consider other factors in determining operating segments such as the existence of a line manager and the level of segment information presented to the board of directors.

Operating segments have been identified based on the information provided to the chief operating decision maker – being the board of directors.

The group aggregates two or more operating segments when they have similar economic characteristics, and the segments are similar in the nature of the minerals targeted.

Operating segments that meet the quantitative criteria as prescribed by AASB 8 are reported separately. However, an operating segment that does not meet the quantitative criteria is still reported separately where information about the segment would be useful to users of the financial statements.

Information about other business activities and operating segments that are below the quantitative criteria are combined and disclosed in a separate category for "all other segments".

(c) Income Tax

The income tax expense or benefit for the year is the tax payable on the current year's taxable income based on the national income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 3: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Income Tax (continued)

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

(d) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax ("GST"), except where the GST incurred on a purchase of goods and services is not recoverable from the taxation authorities, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense item as applicable and receivables and payables in the balance sheet are shown inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position. Cash flows are included the Cash Flow Statement on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(e) Trade and Other Receivables

Trade and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to another party with no intention of selling the receivables. They are included in current assets, except for those with maturities greater than 12 months after the balance date which are classified as non-current assets.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 3: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Trade and Other Receivables (Continued)

Trade and other receivables are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method, less any impairment losses.

(f) Property, Plant and Equipment

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the items. Repairs and maintenance are charged to the Statement of Profit or Loss and Other Comprehensive Income during the reporting period in which they are incurred.

Depreciation is calculated using the straight-line method to allocate asset costs over their estimated useful lives, as follows:

- Computer equipment 3 years
- Software 3 years
- Plant & equipment 5 years

Each asset's residual value and useful life is reviewed, and adjusted if appropriate, at each balance sheet date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are included in the Statement of Profit or Loss and Other Comprehensive Income.

(g) Business Combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given, securities issued or liabilities incurred or assumed at the date of exchange plus costs directly attributable to the acquisition.

Where equity instruments are issued in an acquisition, the fair value of the instruments is their published market price as at the date of exchange unless, in rare circumstances, it can be demonstrated that the published price at the date of exchange is an unreliable indicator of fair value and that other evidence and valuation methods provide a more reliable measure of fair value. Transaction costs, other than those associated with the issue of equity instruments, that the Group incurs in connection to a Business Combination are expensed as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the Group's share of the fair value of the identifiable net assets of the subsidiary acquired, the difference is recognised directly in the Statement of Profit or Loss and Other Comprehensive Income, but only after a reassessment of the identification and measurement of the net assets acquired.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 3: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Impairment of Non-Financial Assets

Where an indicator of impairment exists, the Group makes a formal estimate of the recoverable amount. Where the carrying amount of an asset or cash generating unit exceeds its recoverable amount the asset or cash generating unit is considered impaired and is written down to its recoverable amount.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. 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 the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets or groups of assets that generate cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit" or "CGU"). Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGU's to which goodwill has been allocated are aggregated so that the level at which impairment is tested reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGU's that are expected to benefit from the synergies of combination.

(i) Share-Based Payments

The Group has provided payment to service providers and related parties in the form of share-based compensation whereby services are rendered in exchange for shares or rights over shares ('equity-settled transactions'). The cost of these equity-settled transactions is measured by reference to the fair value at the date at which they are granted. The fair value is determined using an appropriate option valuation model for services provided by employees or where the fair value of the shares received cannot be reliably estimated.

For goods and services received where the fair value can be determined reliably the goods and services and the corresponding increase in equity are measured at that fair value. The fair value of the options granted is adjusted to reflect market vesting conditions, but excludes the impact of any non-market vesting conditions. Non market vesting conditions are included in assumptions about the number of options that are expected to become exercisable.

At each balance date, the entity revises its estimates of the number of options that are expected to become exercisable.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant parties become fully entitled to the award ('vesting date').

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the number of awards that, in the opinion of the Directors of the Group, will ultimately vest. This opinion is formed based on the best available information at balance date. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any increase in the value of the transaction as a result of the modification, as measured at the date of modification.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 3: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Cash and Cash Equivalents

Cash and cash equivalents in the statement of financial position comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less.

For the purposes of the statement of cash flows cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

(k) Finance income and expense

Finance income comprises interest income on funds invested, gains on disposal of financial assets and changes in fair value of financial assets held at fair value through profit or loss. Finance expenses comprise changes in the fair value of financial assets held at fair value through profit or loss and impairment losses on financial assets.

Interest income is recognised as it accrues in profit or loss, using the effective interest rate method.

(l) Issued Capital

Ordinary shares are classified as equity. Issued and paid up capital is recognised at the fair value of the consideration received by the Company. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

(m) Earnings per Share

i) Basic earnings per share
Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year.

ii) Diluted earnings per share
Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

(n) Trade and other Payables

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

Trade and other payables are stated at amortised cost, using the effective interest method.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 3: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(o) Foreign Currency Translation

i) Functional and presentation currency
The functional currency of Weebit Nano Ltd (Israel) (Weebit Israel) is US dollars, the functional currency of Weebit Nano Ltd is Australian Dollars. The presentation currency of the Group is Australian Dollars.

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

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

(p) Significant Accounting Estimates and Assumptions

Critical accounting estimates

The preparation of financial statements in conformity with Australian Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The Directors evaluate estimates and judgements incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group.

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period is *Share-based payment transactions.*
The Group measures the cost of equity-settled transactions with management and other parties by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by the Board of Directors using either the Binomial or the Black-Scholes valuation methods, taking into account the terms and conditions upon which the equity instruments were granted. The assumptions in relation to the valuation of the equity instruments are detailed in Note 18. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact expenses and equity.

(q) Comparative Information

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

(r) Revenue Recognition

Revenue is recognised and measured at the fair value of the consideration received or receivable to the extent it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 3: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(r) Revenue Recognition (continued)

Interest revenue

Revenue is recognised as interest is earned.

Research and Development

Research and Development grants that are receivable as compensation for expenses already incurred are recognised in profit or loss in the period in which they become receivable.

(s) Adoption of New and Revised Accounting Standards

The Group did not early adopt any of the new and revised accounting standards. The expected impact of the new and revised accounting standards is disclosed below.

AASB 15 *Revenue from Contracts with Customers (Effective annual reporting periods commencing on or after 1 January 2018)*

AASB 15 replaces AASB 118 Revenue, AASB 111 Construction Contracts and four Interpretations issued by the AASB and amends the principles for recognising revenue from contracts with customers. The Standard requires an entity to recognise revenue on a basis that depicts the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. At 30 June 2017, the Group did not yet earn revenue from contracts with customers. Therefore, this Standard will not have any impact until such time that the Group commences earning revenue from contracts with customers.

AASB 9 *Financial Instruments (Effective annual reporting periods commencing on or after 1 January 2018)*

AASB 9 includes requirements for the classification and measurement of financial assets and incorporates amendments to the accounting for financial liabilities and hedge accounting rules to remove the quantitative hedge effectiveness tests and have been replaced with a business model test .AASB 9 improves and simplifies the approach for classification and measurement of financial assets compared with the requirements of AASB 139.AASB 2012-6 also modifies the relief from restating prior periods by amending AASB 7 to require additional disclosures on transition to AASB 9 in some circumstances. The Group's financial instruments primarily comprise cash and cash equivalents and trade payables. The Standard is unlikely to have a significant impact on these types of financial instruments.

AASB 16 *Leases (Effective annual reporting periods commencing on or after 1 January 2019)*

AASB 16 replaces AASB 117 Leases and sets out the principles for the recognition, measurement, presentation and disclosure of leases. AASB 16 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligations to make lease payments. A lessee measures right-of-use assets similarly to other non-financial assets (such as property, plant and equipment) and lease liabilities similarly to other financial liabilities. As a consequence, a lessee recognises depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows applying AASB 107

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 3: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(s) Adoption of New and Revised Accounting Standards (CONTINUED)

Statement of Cash Flows. AASB 16 substantially carries forward the lessor accounting requirements in AASB 117 *Leases*. Accordingly, a lessor continues to classify its leases as operating leases or finance leases. Early application is permitted provided the entity also applies AASB 15 *Revenue from Contracts with Customers* at or before the same date. Based on current operating leases for the year ended 30 June 2017, the application of this Standard is not expected to be significant.

NOTE 4: REVERSE AQUISITION

As described in Note 2, the transaction between Weebit Nano Limited (formerly Radar Iron Limited) and Weebit Nano Ltd (Israel) has been treated as a reverse acquisition. The consideration in a reverse acquisition is deemed to have been incurred by the legal subsidiary (Weebit Nano Ltd (Israel)) in the form of equity instruments issued to the shareholders of the legal parent entity Weebit Nano Limited (formerly Radar Iron Limited).

In accordance with AASB 3 the consideration transferred by the accounting acquirer for its interest in the accounting acquiree is based on the number of the equity instruments the legal subsidiary would have to issue to the owners of the legal parent to give the same percentage equity interest in the combined entity that results from the reverse acquisition

AASB 3 states that the consideration transferred in a business combination shall be measured at the fair value. AASB 3 states that the fair value transferred should be based on the most reliable measure. The fair value of the consideration transferred was determined by reference to the ASX listed quoted price of the shares of Weebit Nano Limited (formerly Radar Iron Limited).

The Group consequently recognised a share-based payment of $17,122,984 in its statement of comprehensive income, effectively representing the cost of the listing. That cost is calculated as the difference in the fair value of the shares deemed to have been issued by Weebit Nano Israel. (the non-listed entity) and the fair value of the accounting acquiree's (Radar Iron Limited) identifiable net liabilities.

Assets acquired and liabilities assumed on the date of acquisition:

Details of the acquisition are as follows:

	Fair Value $
Cash and cash equivalents	5,036,930
Trade and other receivables	118,953
Share application funds	(5,042,400)
Trade and other payables	(509,829)
Fair value of net liabilities on date of acquisition	**(396,346)**
Share-based payment for listing services	**17,122,984**
Acquisition date fair value of the total consideration transferred (Note 13)	**16,726,638**

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 5: INCOME

	Consolidated 2017 $	Consolidated 2016 $
Finance income		
Interest income	**-**	**4,857**
Other income		
Sale of exploration prospect and rights	100,000	84,517
Research & development tax offset	-	152,585
Other	4,936	
Total other income	**104,936**	**237,102**
Total Income	**104,936**	**241,959**

NOTE 6: LOSS PER SHARE

Basic and diluted loss per share -	(0.02)	(1.62)
Loss used in the calculation of basic and diluted loss per share	(21,971,804)	(4,304,941)
Weighted average number of ordinary shares outstanding during the year used in calculation of basic loss per share	1,101,476,360	265,016,773
Weighted average number of ordinary shares outstanding during the year used in calculation of diluted loss per share	**1,101,476,360**	**265,016,773**

Options outstanding during the year have not been taken into account in the calculation of the weighted average number of ordinary shares as they are considered anti-dilutive.

NOTE 7: INCOME TAX

	Consolidated 2017 $	Consolidated 2016 $
Numerical reconciliation between aggregate tax expense recognised in the Statement of Profit or Loss and Other Comprehensive Income and tax expense calculated per the statutory income tax rate		
A reconciliation between tax expense and the product of accounting profit before income tax multiplied by the Group's applicable income tax rate is as follows:		
Accounting loss before income tax	(21,971,804)	(4,304,941)
Income tax (benefit) using the domestic corporation tax rate of 27.5**%** (2016: 30%)	(6,042,246)	(1,291,482)
Effect of tax rates in foreign jurisdictions	51,335	
Opening balance of Weebit Israel Tax Losses	411,714	
Change in tax rate	(7,900)	
Non-deductible expenses	4,787,177	774,886
Non-assessable income	-	(45,776)
Share based payments	581,586	373,859
Capital raising costs deductible	(50,776)	(44,159)
Unrecognised temporary differences	(2,341)	(3,781)
Unrecognised tax losses	271,451	236,453
Income tax (expense)/benefit	-	-

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 7: INCOME TAX (COTINUED)

Weebit Nano Ltd has unrecognised tax losses arising in Australia & Israel which are available indefinitely to offset against future profits of the Group on the condition that the tests for deductibility against future profits are met.

(a) Unrecognised deferred tax assets

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

In AUD	2017	2016
Deductible temporary differences	215,646	44,415
Tax losses	1,086,894	5,488,554
	1,302,540	5,532,969

NOTE 8: CASH AND CASH EQUIVALENTS

Cash at bank and on hand	**1,695,088**	**3,598,569**

NOTE 9: TRADE AND OTHER RECEIVABLES

	Consolidated 2017 $	Consolidated 2016 $
Current		
GST Recoverable	-	28,354
Deposits and restricted cash	47,121	-
Other receivables	32,053	18,602
Total	**79,174**	**46,956**

The above amounts do not bear interest and their carrying amount is equivalent to their fair value. Other receivables include mainly VAT refund.

NOTE 10: EXPLORATION AND EVALUATION EXPENDITURE

Costs carried forward in respect of:		
Exploration and evaluation expenditure, at cost	-	100,000
Reconciliation:		
A reconciliation of the carrying amounts of exploration and evaluation expenditure is set out below:		
Carrying amount at beginning of year	100,000	2,169,843
Additions	-	72,797
Disposal of tenements	(100,000)	-
Project evaluation expense	-	(16,503)
Write-off of exploration and evaluation expenditure	-	(2,126,137)
Carrying amount at end of year	-	**100,000**

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 11: TRADE AND OTHER PAYABLES

	Consolidated 2017 $	Consolidated 2016 $
Trade payables (a)	122,648	257,784
Accruals & accrued employee entitlements	347,143	149,776
Funds held on trust in respect of share subscriptions (c)	-	3,617,400
Other payables (b)	-	12,438
	469,791	**4,037,398**

(a) Trade payables are non-interest bearing and are normally settled on 30-day terms.
(b) Other payables are non-trade payables, are non-interest bearing and have an average term of 3 months.
(c) Reclassified to share capital on 1 August 2016

NOTE 12: GENERAL AND ADMINISTRATIVE

	Consolidated 2017 $	Consolidated 2016 $
Financial administration, insurance and compliance costs	313,505	476,297
Consultants and contractors*	2,662,504	1,273,810
Depreciation	9,259	984
Employee benefits expenses	485,309	325,252
Other expenses	141,067	320,348
	3,611,644	**2,396,691**

* Includes $2,114,857 (2016 - $1,246,196) in respect of share based expenses to directors and consultants.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 13: ISSUED CAPITAL & RESERVES

CONSOLIDATED AND PARENT ENTITY

	June 2017 No	June 2017 $	June 2016 No	June 2016 $
(a) Issued and Paid Up Capital				
Fully paid ordinary shares	1,175,576,215	23,795,057	334,532,760	15,604,203
(b) Movements in fully paid shares on issue				
Balance at the start of the period	334,532,760	15,604,203	132,248,630	14,213,409
Reverse acquisition transactions				
Less: pre-acquisition share capital of Radar Iron Ltd		(15,604,203)	-	-
Add: effective consideration transferred (Note 4)	732,695,455	16,726,638	-	-
Weebit Nano Israel Share Capital on 1 August 2016	-	2,591,302	-	-
Post reverse acquisition share capital	**1,067,228,215**	**19,317,940**	-	-
Shares issued in the period post acquisition:				
Shares issued to directors			6,200,000	62,000
Ordinary Shares issued to settle convertible notes			141,021,976	818,686
Capital Raising *	100,848,000	5,042,400*	33,062,154	330,062
Options Converted to shares	7,500,000	75,000	22,000,000	220,000
Capital Raisings Costs		(640,283)	-	(39,954)
Balance at end of period	**1,175,576,215**	**23,795,057**	**334,532,760**	**15,604,203**

*****$5,042,400 was raised in share capital in the current period. Of this amount $3,617,000 was received at 30 June 2016 representing funds in trust. The entire balance was transferred to share capital on completion of the capital raising on 1 August 2016. Hence the gross cash received for the period to 30 June 2017 from the capital raise was $1,425,400.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 14: OPERATING CASH FLOW INFORMATION

	Consolidated 2017	Consolidated 2016
	$	$
Reconciliation of cash flow from operations with loss after income tax		
Loss for the year	(21,971,804)	(4,304,941)
Adjusted for - Noncash items:		
Depreciation	9,259	984
Exploration expenditure written off	-	2,126,137
Share-based payments	2,114,857	1,246,196
Project evaluation	-	(16,503)
Listing expenses (see note 4)	17,122,984	-
Changes in assets and liabilities		
(Decrease) in trade creditors and accruals	(566,604)	(43,490)
Decrease in other debtors	223,019	13,367
Cash flows used in operations	**(3,068,289)**	**(978,250)**

NOTE 15: INTEREST IN CONTROLLED ENTITIES

The consolidated financial statements include the financial statements of Weebit Nano Ltd and the subsidiaries listed in the following table.

Name	Country of Incorporation	% Equity Interest 2017	$ Investment 2017	% Equity Interest 2016	$ Investment 2016
Weebit Nano Ltd (Israel)	Israel	100%	100%	-	-

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 16: RELATED PARTY TRANSACTIONS

a) Parent and ultimate controlling party
The parent entity and ultimate controlling party is Weebit Nano Ltd.

b) Related party compensation and Equity Interests of Key Management Personnel
Information on remuneration of Directors and Key Management Personnel including details of shares and option holdings is contained in the Remuneration Report within the Directors' Report on pages 9 to 12.

c) Loans to and from related parties

Terms and Conditions of loans

On August 8, 2016 Weebit Nano Ltd signed a loan agreement with its 100% subsidiary Weebit Nano Israel, for up to AUD $4,000,000. Repayment terms were not defined. The loan bears no interest. As of June 30, 2017 the loan balance was $3,555,695.

d) Other related party transactions
Related party transactions that occurred during the year were in the form of short term employee benefits, payments to directors and officers and share based payments. Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

Capital Raising and corporate advisory fees were paid to Armada Capital totalling $395,971. A total of $61,907 was paid to Ampere Pty Ltd for the provision of secretarial, office and accounting services. Ananda Kathiravelu was a Director and had an interest in each company during the year. Therefore a total of $457,878 was paid to Companies related to Ananda Kathiravelu.

The Company also paid $4,950 to Lea Consulting (Company related to director Jon Lea) for consulting services provided during the year

In addition, 18,385,000 options (out of total of 50,000,000 options, see note 17 below), were granted to a corporate advisor.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 17: SHARE BASED PAYMENTS

Share-based payment transactions

The Company completed the following share-based payment transactions during the year:

	Options 2017 $	Shares 2016 $	Options 2016 $
50,000,000 options issued to consultants who act as the Company's corporate advisor (a)	1,249,630		-
17,304,545 performance rights issued to consultants of the Company (b)	865,227		
8,000,000 Unlisted Options issued to directors consideration for employment services	-	-	174,413
32,500,000 shares issued to related party who acts as the Company's corporate advisor			1,071,783
6,200,000 shares issued to directors in lieu of accrued fees	-	62,000	-
	2,114,857	**62,000**	**1,246,196**

The options detailed above were issued on the following terms and conditions:

(a) The 50,000,000 Options issued to the corporate advisors of the Company were valued at $0.02490 per option using the Black & Scholes option model based on the following inputs:

Underlying share price	$0.05 per share
Option exercise price	$0.0625 per share
Grant Date	1 August 2016
Option expiry date	1 August 2019
Share price volatility	86%
Risk free interest rate	1.5%

The options were expensed immediately in the statement of profit and loss.

(b) The 17,304,545 performance rights issued to the consultants of the Company were valued at $0.05 per performance right as follows:

Underlying share price	$0.05 per share
Option exercise price	Nil
Grant Date	1 August 2016
Option expiry date	1 August 2021

Vesting Conditions: In accordance with AASB 2 Share Based Payments for the fair value of that consultant's rights have been expensed immediately.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 17: SHARE BASED PAYMENTS (CONTINUED)

A summary of the movements of all Company options issued as share-based payments is as follows:

	2017	Weighted Average Price $	2016	Weighted Average Price $
Outstanding at the beginning of the year	**23,500,000**	**0.03**	**5,000,000**	0.05
Granted	67,304,545	0.05	40,500,000	0.02
Exercised	(7,500,000)	0.01	(22,000,000)	0.01
Expired	(3,000,000)	0.01		
Outstanding at year-end	**80,304,845**	**0.05**	**23,500,000**	**0.03**

The outstanding options & performance rights have a weighted average contractual life of 2.29 years (2016: 1.53 years)

NOTE 18: AUDITORS' REMUNERATION

	Consolidated 2017 $	Consolidated 2016 $
Amounts received or due and receivable by Nexia Perth Audit Services Pty Ltd:		
An audit or review of the financial report of the parent and any other entity in the Group	42,173	34,150
Other services in relation to the parent and any other entity in the Group	8,000	5,830
Amounts received or due and receivable by BDO Israel		
*Audit and review of the subsidiary Weebit Nano Ltd (Israel)	45,000	
	95,173	**39,980**

*The fee for BDO Israel includes the audit of statutory financial statements for Weebit Nano Ltd (Israel) and audit of tax return for Weebit Nano Ltd (Israel)

NOTE 19: FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks that include liquidity risk and. The Group's overall risk management program focuses on the having sufficient liquidity to fund its operations.

Risk management is carried out by the CEO

Market Risk
Foreign Currency Risk

As a result of significant operations in the Israel and France, the Group's statement of financial position can be affected significantly by movements in the NIS/USD$, EURO$/AUD$ USD$/AUD$ exchange rates. As at the end of the reporting period the Group's exposure to foreign currency risk is considered immaterial by the Company and therefore no sensitivity analysis has been disclosed.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 19: FINANCIAL RISK MANAGEMENT (CONTINUED)

The Group also has transactional currency exposures. Such exposure arises from sales or purchases by an operating entity in currencies other than the functional currency.

Price risk
The Company is not directly exposed to any price risk.

Interest rate risk
The Group's cash balances are subject to changes in interest rates.

a) Credit Risk
The Group has no significant concentrations of credit risk except cash at bank with various banks.

b) Liquidity Risk
The Group manages liquidity risk by monitoring forecast cash flows and ensuring that adequate working capital is maintained for the coming months. Upcoming capital needs and the timing of raisings are assessed by the Board at each Meeting of Directors.

d) Cash flow and Interest Rate Risk
The Group's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result in changes in market interest rates and the effective weighted average interest rates on classes of financial assets and financial liabilities is disclosed in Note 8, only cash is affected by interest rate risk as cash is the Group's only financial asset exposed to fluctuating interest rates.

In accordance with AASB 7 the following sensitivity analysis has been performed for the Group's Interest Rate risk:

Consolidated Risk Variable	Sensitivity	Effect On: Profit 2017 $	Effect On: Equity 2017 $	Effect On: Profit 2016 $	Effect On: Equity 2016 $
Interest Rate	1%	16,150	16,150	35,985	35,985
	-1%	(16,150)	(16,150)	(35,985)	(35,985)

* It is considered that 100 basis points a 'reasonably possible' estimate of the sensitivity in the interest rate.

The fair values of all financial assets and liabilities of the Group approximate their carrying values.

Capital management
The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Group's capital includes ordinary share capital and share options, supported by financial assets.

There were no changes in the Group's approach to capital management during the year ended 30 June 17. Neither the Company nor the Group are subject to externally imposed capital requirements.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 20: SUBSEQUENT EVENTS

On 21 September 2017, the Group successfully completed a 2,500,000 share placement. The Group issued 166,666,667 shares at $0.015 to raise $2,500,000 before costs. The proceeds raised will be used to fund the Group's continued development of its technology. The Company has made progress regarding its search for a candidate to replace Mr Keret. Negotiations with a prospective candidate are at an advanced stage. A further announcement once the terms of the appointment are agreed

NOTE 21: COMMITMENTS

As of 30 June 2017, the Group had the following commitments:

	Within 1 year $
Contracted future payments to Leti	967,850

NOTE 22: SEGMENT REPORTING

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity), whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available. This includes start-up operations which are yet to earn revenues. Management will also consider other factors in determining operating segments such as the existence of a line manager and the level of segment information presented to the board of directors. During the year the Company incurred only operated in one segment and that was the development of the next generation of Non-Volatile Memory made of Silicon Oxide (SiOx).

NOTE 23: PARENT COMPANY DISCLOSURES

	2017 $	2016 $
Results of the parent entity		
Loss for the year	(22,071,357)	(4,394,902)
Financial position of the parent entity at year end		
Current assets	61,782	3,645,179
Non-Current Assets	3,555,429	
Provision for non-recovery of loan	(2,153,074)	
Total assets	**1,464,137**	**3,745,179**
Current liabilities	112,570	4,037,398
Total liabilities	**112,570**	**4,037,398**
Total equity of the parent entity comprising:		
Share capital	21,203,755	15,604,203
Reserves	2,114,857	1,323,290
Accumulated losses	(21,967,045)	(17,219,712)
Total equity	**1,351,567**	**(292,219)**

Parent Entity Contingencies

The Directors are not aware of any contingent liabilities that may arise from the Company's operations as at 30 June 2017 apart from as disclosed elsewhere in this report.

DIRECTORS' DECLARATION

In the Directors' opinion:

a) the financial statements and notes set out on pages 22 to 46 and the Remuneration Report in the Directors' Report are in accordance with the *Corporations Act 2001,* including:

   i. giving a true and fair view of the Group's financial position as at 30 June 2017 and of its performance, as represented by the results of their operations, changes in equity and their cash flows, for the year ended on that date; and

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

b) there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

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

This declaration is made after receiving the declarations required to be made to the Directors in accordance with section 295A of the Corporations Act 2001 for the year ended 30 June 2017.

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

On behalf of the Board



David Perlmutter
Chairman

27 September 2017
Melbourne

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INDEPENDENT AUDIT REPORT

Nexia Australia

Independent Audit Report to the Members of Weebit Nano Limited

Report on the financial report

Opinion

We have audited the financial report of Weebit Nano Limited ("the Company"), including its subsidiaries ("the Group") which comprises the consolidated statement of financial position as at 30 June 2017, 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 consolidated financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

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

(ii) 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 entity in accordance with 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 confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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INDEPENDENT AUDIT REPORT (CONTINUED)

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Key audit matter	How our audit addressed the key audit matter
Reverse Acquisition (Refer Notes 2 & 4) On 1 August 2016, Radar Iron Limited acquired 100% of the issued shares of Weebit Nano Ltd (Israel) (an Israeli unlisted entity). Radar Iron Limited then changed its name to Weebit Nano Limited on that date. Under the terms of the transaction, Radar Iron Limited issued 732,695,455 ordinary fully paid shares as consideration to the shareholders of Weebit Nano Ltd (Israel), resulting in the shareholders of Weebit Nano Ltd (Israel) holding 68% of the Radar Iron Limited's issued share capital. As the transaction is not addressed specifically by an Australian Accounting Standard, management was required to use its judgement to develop an accounting policy that resulted in information that is both relevant and reliable. Management applied, by analogy, the guidance in AASB 3 *Business Combinations* on reverse acquisitions, resulting in Weebit Nano Ltd (Israel), (the legal acquiree) being treated as the accounting acquirer and Radar Iron Limited (the legal acquiror) being treated as the accounting acquiree. The issue of shares was treated as a listing cost in profit and loss. The reverse acquisition was identified as a key audit matter due to the significance of the transaction and because management was required to develop an accounting policy for the transaction that resulted in information that was reliable and relevant.	Our audit procedures included, amongst others: • We read the documents detailing the terms and conditions of the transaction to understand the transaction. • We assessed management's position that Radar Iron Limited did not meet the definition of a business as defined by AASB 3 *Business Combinations*. We assessed whether, apart from Radar Iron Limited not meeting the definition of a business, the transaction otherwise met the definition of a reverse acquisition. • We assessed whether the issue of shares to the shareholders of Weebit Nano Ltd (Israel) met the definition of a share-based payment under Australian Accounting Standards; • We assessed management's view that the most reliable measure of the share-based payment was the share price of Radar Iron Limited. • We assessed the basis of the fair value ascribed to Radar Iron Limited's identifiable net assets at the date of acquisition; • We assessed whether the date of acquisition determined by management met the requirements of AASB 3 *Business Combinations*. • We tested the mathematical accuracy of the calculation of the share based payment.

INDEPENDENT AUDIT REPORT (CONTINUED)

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Key audit matter	How our audit addressed the key audit matter
Future Funding **(refer Notes 2 and 20)** The Group's primary activity are research and development activities which are funded through equity raisings as the Group does not yet have revenue generating activities. As disclosed in Note 2, the Group is reporting an operating loss after tax for the year ended 30 June 2017 of $21,971,804, of which $17,122,984 represented a share based payment for the listing and Group reported net cash outflows from operating activities of $3,068,289. On 21 September 2017, the Group completed a capital raising of $2,500,000 before expenses. The adequacy of funding and liquidity as well as the relevant impact on the going concern assessment is a key audit matter due to the significance of management's judgments and estimates to this assessment.	Our audit procedures included, amongst others: • Checking the mathematical accuracy of the forecast prepared by management; • Evaluating the reliability and completeness of management's assumptions by comparing them to our understanding of the Group's future plans and operating conditions; • Obtaining board meeting minutes and ASX announcements subsequent to year end to assess the impact of any additional facts or information on management's assumptions. • We confirmed the amount to be raised from the capital raising to the Company's public announcements and to a direct confirmation from the lead manager to the placement.

INDEPENDENT AUDIT REPORT (CONTINUED)

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Other information

The directors are responsible for the other information. The other information comprises the information in the Weebit Nano Limited annual report for the year ended 30 June 2017, but does not include the consolidated financial report and the auditor's report thereon.

Our opinion on the consolidated financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated 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 the other information we are required to report that fact. We have nothing to report in this regard.

Directors' responsibility for the financial report

The directors of the Company are responsible for the preparation of the consolidated 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 consolidated financial report, the directors are responsible for assessing the Group'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 entity or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibility 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 include sour 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.

A further description of our responsibilities for the audit of the financial report is located at The Australian Auditing and Assurance Standards Board website at: www.auasb.gov.au/auditors_responsibilities/ar1.pdf. This description forms part of our auditor's report.

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.

INDEPENDENT AUDIT REPORT (CONTINUED)

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Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 9 to 12 of the Directors' Report for the year ended 30 June 2017. In our opinion, the Remuneration Report of Weebit Nano Limited for the year ended 30 June 2017, complies with Section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

NPAS

Nexia Perth Audit Services Pty Ltd

Amar Nathwani

Amar Nathwani
Director

Perth
27 September 2017

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ASX ADDITIONAL INFORMATION

Additional information required by the ASX Limited Listing Rules not disclosed elsewhere in this Annual Report is set out below.

CAPITAL

a) Ordinary Share Capital

1,175,576,215 ordinary fully paid shares. All ordinary shares carry one vote per share.

b) Unlisted Options over Unissued Shares

5,000,000	Exercise price $0.05 expiry 16 Sept 2018
8,000,000	Exercise price $0.05 expiry 31 Oct 2017
50,000,000	Exercise price $0.0625 expiry 1 August 2019

c) Performance Rights

17,304,545 Performance Rights vesting on an annual basis in 4 equal instalments (following which the holder may elect to convert each Performance Rights into one ordinary share).

The voting rights attached to each class of equity security are as follows:

- Ordinary shares: Each ordinary share is entitled to one vote when a poll is called, otherwise each member present at a meeting or by proxy has one vote on a show of hands.
- Unlisted Options and Performance Rights: Options and performance rights do not entitle the holders to vote in respect of that equity instrument, nor participate in dividends, when declared, until such time as the options are exercised or performance rights convert and subsequently registered as ordinary shares.

TOP 20 SHAREHOLDERS AS AT 22 AUGUST 2017

			No. of Shares Held	% Held
1	102 CAP MGNT	CTW CHANGING THE W	141,591,594	12.04%
2	102 CAP MGNT	BORENSTEIN LTD A/C	141,591,593	12.04%
3	102 CAP MGNT	MOTI GROSS A/C	53,863,905	4.58%
4	102 CAP MGNT	JAMES TOUR A/C	45,145,147	3.84%
5	102 CAP MGNT	GABRIEL HEWITT A/C	32,003,763	2.72%
6	102 CAP MGNT	YOSSI KERET A/C	28,837,489	2.45%
7	102 CAP MGNT	DAVID PERLMUTTER A	28,837,488	2.45%
8	SILVER HORIZON PL		28,728,729	2.44%
9	102 CAP MGNT	HAGAI ARBEL A/C	28,218,179	2.40%
10	VICTORY MINING PL		26,100,000	2.22%
11	102 CAP MGNT	RAMI HADAR A/C	22,829,900	1.94%
12	POTASH MINERALS LTD		22,690,612	1.93%
13	102 CAP MGNT	LIMOR LEVY KINDLER	18,386,387	1.56%
14	102 CAP MGNT	AMIR REGEV A/C	16,945,846	1.44%
15	102 CAP MGNT	ORAN DOREL A/C	14,000,390	1.19%
16	CELTIC CAP PL	CELTIC CAP A/C	12,922,527	1.10%
17	102 CAP MGNT	TZIPORA SILVER	10,260,260	0.87%
18	KLOSS STEVE		10,260,260	0.87%
19	SHINEWARM RES HK GRP LTD		10,000,000	0.85%
20	CITICORP NOM PL		8,736,934	0.74%
			701,951,003	59.67%

Shares Range	No. of Holders	No. of Shares
1 – 1,000	27	4,023
1,001 – 5,000	85	276,469
5,001 – 10,000	73	622,836
10,001 – 100,000	703	34,690,545
100,001 and over	692	1,139,982,342
	1,580	1,175,576,215

Number of shareholders holding less than a marketable parcel at $0.02 per share 381

There is no current on-market buy-back.

SUBSTANTIAL SHAREHOLDERS AS AT 22 August 2017

The following information is extracted from substantial notices received by the Company.

		No. of Shares Held	% Held
1	Dr. Amiram Burnstein	141,591,594	12.1%
2	Ariel Malik	141,591,594	12.1%

RESTRICTED SECURITIES

The Company has the following securities subject to restriction;

Class	Number	Restriction Period
Ordinary Fully Paid Shares to Related Parties, Founders and Promoters	576,355,785	24 months from date of quotation
Options Exercisable at $0.0625 expiring 1 August 2019	50,000,000	24 months from date of quotation
Performance Rights	17,304,545	24 months from date of quotation

PRINCIPAL REGISTERED OFFICE

As disclosed in the Corporate directory on page 1 of this Annual Report.

REGISTERS OF SECURITIES

As disclosed in the Corporate directory on page 1 of this Annual Report.

STOCK EXCHANGE LISTING

Quotation has been granted for all the ordinary shares of the Company on all Member Exchanges of the Australian Securities Exchange Limited, as disclosed in the Corporate directory on page 1 of this Annual Report.

USE OF FUNDS

The Company has used its funds in accordance with its initial business objectives.

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