Mintails Limited

ABN: 45 008 740 672

Annual Report

For the Year Ended 30 June 2016

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CORPORATE DIRECTORY

Directors

Mr. Stephen Brockhurst

Mr. Steve Formica

Mr. Daryl Henthorn

Company Secretary

Mr. David Palumbo

Registered and Principal Office

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Auditor

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Quoted Securities

Ordinary Shares – ASX Code: MLI

Directors' Report

Your directors present their report, together with the financial statements of Mintails Limited ("Company") and controlled entities ("Group") for the financial year ended 30 June 2016.

The following persons were directors of the Mintails Limited during the whole of the year and up to the date of this report:

Stephen Brockhurst	Director (appointed 19 June 2017)
Steve Formica	Director (appointed 19 June 2017)
Daryl Henthorn	Director (appointed 19 June 2017)
Mark Brune	Executive Chairman (resigned 19 June 2017)
Murray Rose	Non-Executive Director (resigned 19 June 2017)
Laurence Blumberg	Non-Executive Director (resigned 19 June 2017)
Howard Carr	Non-Executive Director (resigned 19 June 2017)

Incomplete Records

The Company's South African subsidiaries were placed into business rescue in October 2015, with the business rescue practitioners assuming operational and management control of the South African subsidiaries from their date of appointment.

On 7 January 2016 the Board of Directors resolved to place the Company into voluntary administration and appointed James Thackray as voluntary administrator of the Company. Following appointment of the administrators, the powers of the Company's officers (including Directors) were suspended and the administrators assumed control of the Company's business, property and affairs.

This financial report has been prepared by Company management who were not in office for the periods presented in this report, nor were they parties involved with the Company and did not have oversight or control over the Group's financial reporting systems including but not limited to being able to obtain access to complete accounting records of the Company.

The preparers of this report have not been able to source all books and records of the South African subsidiaries and have determined to deconsolidate the South African entities from 1 July 2014 (rather than 16 October 2015, the date control was lost). Reasonable effort has been made by the Directors to ascertain the true position of the Company as at the reporting date, and the decision to deconsolidate the South African subsidiaries at 1 July 2014 has been made for the following reasons:

- Access to opening balance workpapers has been limited;
- To the knowledge of the preparers of this report, there has been no audit or review work performed on the South African subsidiaries since 30 June 2014 and therefore the accuracy, completeness and reliability of the limited South African management accounts that have been made available cannot be assured; and
- Full access to the financial information of the South African subsidiaries has not been possible. Without full access to the South African subsidiaries' financial information the preparation of consolidated financial statements at 30 June 2016 and the preparation of the note disclosures required for a general purpose set of accounts in accordance with the relevant accounting standards is not considered to be possible as there is not sufficient information available to enable this level of disclosure to be made.

To prepare the financial report the Directors have reconstructed the financial records of the Group using management account information provided by the administrator and data extracted from the Group's accounting system. There may be information that the current management have not been able to obtain, the impact of which may or may not be material on the accounts.

These financial statements do not contain all the required information or disclosures in relation to transactions undertaken by the Company as this information is unascertainable due to the business rescue and administration processes and/or the change in directorships and key management personnel.

Consequently, although the Directors have prepared this financial report to the best of their knowledge based on the information made available to them, they are of the opinion that it is not possible to state that this financial report has been prepared in accordance with Australian Accounting Standards including Australian interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*, nor is it possible to state this financial report gives a true and fair view of the Group's financial position as at the reporting period.

Events Subsequent to Period End

On 9 December 2016, the Company announced that at a meeting of creditors held on 6 December 2016, the creditors resolved that the Company execute a deed of company arrangement ("DOCA") and that Mr James Thackray be appointed as administrator of the deed of company arrangement ("Deed Administrator"). The DOCA embodied a proposal by CPS Capital Group Pty Ltd ("CPS") for the recapitalisation of the Company ("Recapitalisation Proposal").

A recapitalisation proposal typically involves an injection of new cash into a company that is either in financial distress or has been placed into voluntary administration. In the ordinary course, the entity will retain some or all of its assets and seek reinstatement to trading following completion of the recapitalisation.

The Recapitalisation Proposal was amended in June 2017.

A summary of the material terms of the Recapitalisation Proposal as contained in the executed amended DOCA is set out below.

1. The Company and the Deed Administrator will establish the Creditors' Trust, with the Deed Administrator acting as trustee.
2. The assets of the Company will be transferred into the Creditors' Trust.
3. The Company will consolidate its existing shares on a one (1) for one hundred thirty (130) basis. For the avoidance of doubt, the Company will have 2,068,422 fully paid ordinary shares and no other securities on issue post consolidation.
4. The Administrator shall make such changes or appointments to the Company's board of directors as CPS requests from time to time.
5. CPS or nominees of CPS will provide $550,000 towards the Creditors of the Company and funding of the costs of the Administrator, by way of payment into a Creditors' Trust ("Creditor Payment") of which the Administrator will be the trustee. The $550,000 is to be repaid to CPS or nominees in cash or converted to shares on a post-consolidation basis at a deemed price of $0.02 per share. The Creditor Payment is to be paid as follows:
    a. $40,000 non-refundable deposit within 5 days of the Administrator formally nominating CPS as the preferred bidder for the Company;
    b. $40,000 within 5 days if the creditors of the Company approving the Proposal at the second creditors' meeting to be held on or about 30 September 2016;
    c. $470,000 within 2 Business Days of the First Amendment Date of 31 May 2017, or such later date as the Deed Administrator may approve in writing.

CPS may vary the proposed capital structure and the structure of the Capital Raisings (including the Share consolidation and the terms of the Capital Raisings) at the discretion of CPS or its nominees, subject to necessary regulatory and/or Mintails shareholder approvals first being obtained (if required).

Conditions precedent for the completion of the DOCA include:

1. The existing share structure of the Company, including unlisted options (if any) that are not cancelled, shall be subject to a 130:1 consolidation prior to issuing the securities under this Proposal.
2. All liabilities between the Company and each of its creditors as at settlement of the Proposal must be mutually released and compromised as between those parties under the DOCA.

3. The secured creditors, if any, agree to release all security over the Company and its subsidiaries.
4. All subsidiaries being excised from the Company.
5. The cancellation of all options on issue.
6. Seager Rex Harbour, each Paige Creditor, and each Associated Entity that is Controlled by Seager Rex Harbour or a Paige Creditor that, in each case, owns shares in the Company, making an intention statement to the Company and CPS that it intends to vote the Company Shares it holds at the time of the Company Shareholders' Meeting in favour of the Company Shareholders' Resolutions, subject to the Completion Conditions being satisfied or waived in accordance with the DOCA and a majority of the Company's directors at the time making a recommendation (and not varying or withdrawing that recommendation) to the Company Shareholders to vote in favour of the Company Shareholders' Resolutions.

The Company obtaining all necessary shareholder and regulatory approvals and consents in relation to any aspect of the Proposal as may be required by the constitution, the Corporations Act, the Australian Securities and Investments Commission, the ASX or the ASX Listing Rules.

The creditors' payment was received by 1 June 2017. As of 2 June 2017 all key conditions precedent had been satisfied and the Deed of Company Arrangement was effectuated. As of 6 June 2017 control of the Company was passed from the Administrator to CPS. The new Board of Directors was appointed on 19 June 2017. The Company is in the process of being recapitalised, which will involve an acquisition, capital raising, share consolidation, re-compliance with Chapters 1 and 2 of the ASX Listing Rules, and subsequently an ASX relisting.

Operating Results and Financial Position

The Company was in the business of mining gold in South Africa through its South African subsidiaries until these subsidiaries were placed into business rescue in October 2015. On 7 January 2016 the Board of Directors resolved to place the Company into voluntary administration and appointed James Thackray as voluntary administrator of the Company.

The consolidated loss for the year ended 30 June 2016 was $1,586,898 (30 June 2015: loss of $20,255,887).

Principal Activities

The principal continuing activity of the Group during the year was the management and operation of gold mines in South Africa.

Dividends Paid or Recommended

There were no dividends paid or recommended during the financial year ended 30 June 2016 (30 June 2015: nil).

Significant Changes in State of Affairs

The Company was in the business of mining gold in South Africa through its South African subsidiaries until these subsidiaries were placed into business rescue in October 2015. On 7 January 2016 the Board of Directors resolved to place the Company into voluntary administration and appointed James Thackray as voluntary administrator of the Company.

Refer to the Incomplete Records and Events Subsequent to Period End sections above for further details.

Information on Directors

Stephen Brockhurst	Director
Appointed to the Board	19 June 2017
Experience	Mr Brockhurst is a director of Mining Corporate Pty Ltd and has 16 years of experience in the finance and corporate advisory industry and has been responsible for the preparation of due diligence process and prospectuses on a number of initial public offers. His experience includes corporate and capital structuring, corporate advisory and company secretarial services, capital raising, ASX and ASIC compliance requirements. Mr Brockhurst has served on various boards and acted as company secretary for numerous ASX listed and unlisted companies.
Interest in Shares and Options	Nil
Special Responsibilities	Nil
Directorships held in other listed entities	Mr Brockhurst is currently a director of Estrella Resources Ltd, Roto-Gro International Ltd, and International Goldfields Ltd. Mr Brockhurst was a director of Jacka Resources Ltd from 2010 to 2015.

Steve Formica	Director
Appointed to the Board	19 June 2017
Experience	Mr Formica brings the Company practical and management business development experience. He has been a successful businessman and operations manager for over 30 years in a number of privately held business ventures including manufacturing, construction, landscape contracting, property development, and integrated wholesale and retail businesses. More recently, he has been a successful investor and non-executive director in mineral exploration companies.
Interest in Shares and Options	Nil
Special Responsibilities	Nil
Directorships held in other listed entities	Mr Formica is currently non-executive director of Cabral Resources Ltd and Lindian Resources Ltd, and is Non-Executive Chairman of Quest Minerals Ltd.

Daryl Henthorn	Director
Appointed to the Board	19 June 2017
Experience	Mr Henthorn has over 30 years of experience in financial services, advisory and operational management across a number of industry sectors and has broad commercial skills. He has experience in operational management, equity raising, debt, private equity and the structuring of financial instruments for private and ASX listed companies. He has experience in due diligence of mining projects especially in the gold sector in which he holds interests privately. His company Viridian Equity Group holds an Australian Financial Services Licence and is authorised to issue and deal in financial products and has acted for a number of public and private companies in mining and property. He has served on the Board of

	public companies previously and acts as trustee for unlisted investment vehicles.
Interest in Shares and Options	NIl
Special Responsibilities	Nil
Directorships held in other listed entities	Nil

Mark Brune	Executive Chairman (resigned 19 June 2017)
Appointed to the Board	18 March 2010
Experience	Mr Brune started his career in banking as an analyst in debt capital markets and as a foreign exchange trader. He has over fifteen years of experience in financial and investment management. After completing an MBA, he joined HDG, a London-based private investment management company, where his initial responsibilities included asset and financial management. He was appointed Managing Director in 2006 and also serves on the board of several client organisations.
Interest in Shares and Options	1,250,000 shares and 1,200,000 Unlisted options
Special Responsibilities	Nil
Directorships held in other listed entities	Nil

Murray Rose	Independent Non-Executive Director (resigned 19 June 2017)
Appointed to the Board	15 June 2011
Experience	Bachelor Business, CA Mr Rose is a Chartered Accountant with 25+ years of experience in providing financial, accounting and taxation advice to a diverse range of business clients. He was worked for Deloitte and is currently a Director in Bedford CA based in Sydney. Mr Rose has held various financial and accounting roles including advising multinational companies operating in Australia on their financial accounting and reporting obligations, assisting with the preparation of operating budgets, cash flow budgets and liquidity reviews, capital expenditure cost benefit analysis and contract negotiation support. Mr Rose has provided financial, accounting and taxation advice to many industries including construction, manufacturing, mining, property development, telecommunications, retailing, wholesaling, hotels and tourism.
Interest in Shares and Options	1,200,000 unlisted options
Special Responsibilities	Chairman of the Audit, Risk & Compliance Committee and member of the Remuneration & Nomination Committee
Directorships held in other listed entities	Nil

Laurence Blumberg	Independent Non-Executive Director (resigned 19 June 2017)
Appointed to the Board	15 June 2011
Experience	Comm, LLB (Hons), MBA

	Mr Laurence Blumberg has over 20 years of experience across investment banking, private equity, management consulting, and law. He was recently responsible for managing the Australian interests of an overseas based private investment group (c. $100,000,000 worth of local investments). Mr Blumberg has worked at various leading firms including Morgan & Stanley in its New York and Sydney offices, the consulting firm McKinsey & Co, ABN AMRO Bank and as a lawyer at Mallesons Stepen Jacques.
Interest in Shares and Options	1,200,000 Unlisted options
Special Responsibilities	Chairman of the Remuneration & Nomination Committee and member of the Audit, Risk & Compliance Committee
Directorships held in other listed entities	Nil

Howard Carr	Independent Non-Executive Director (resigned 19 June 2017)
Appointed to the Board	15 June 2011
Experience	BSc (Hons), PhD, Economic Geology Dr Howard Carr's professional background is in mineral exploration and resource project analysis, fund raising, and development. He has experience in gold, PGE's, nickel, iron ore, phosphate and tungsten projects in diverse geographies including Australia, South Africa, China and Burkina Faso. He was previously Technical Director of ASX listed explore Segue Resources (SEG), CEO and President of TSVX listed explorer Maudore Minerals (MAO), Senior Resource Analyst at Macquarie Bank, Managing Director of ASX listed explorer Vital Metals Ltd (VML) and private explorer Agaton Phosphate. Dr Carr combines a dee understanding of mineral formation, processing and exploitation sciences with the practical business skills to analyse, value, develop and direct strategies for resource enterprises.
Interest in Shares and Options	1,200,000 Unlisted options
Special Responsibilities	Member of the Remuneration & Nomination and Audit, Risk & Compliance Committees
Directorships held in other listed entities	Executive Director Segue Resources from September 2013 to July 2014. Executive Director at Maudore Minerals (TSVX: MAO) from 2012 to 2013.

Company Secretarial

The name and details of the Company Secretaries in office during the financial year and until the date of this report are as follows. Secretaries were in office for the entire period unless otherwise stated.

David Palumbo	Company Secretary
Appointed	19 June 2017
Experience	Mr Palumbo has 10 years of experience in accounting and financial reporting of ASX listed and unlisted companies, which includes five years as an external auditor. He provides corporate advisory and financial management advice and specialises in corporate compliance, statutory reporting and financial accounting services. He has also been involved in the listing of several junior exploration companies on the ASX.

Phillip Hains	Joint Company Secretary (resigned 19 June 2017)
Appointed	4 September 2003
Experience	Mr Hains is a Chartered Accountant and specialist in the public company environment. He has served the needs of a number of public company board of directors and related committees. He has over 20 years' experience in providing accounting, administration, compliance and general management services. He holds a Masters of Business Administration from RMIT and a Public Practice Certificate from the Institute of Chartered Accountants.

Terri Bakos	Joint Company Secretary (resigned 19 June 2017)
Appointed	23 July 2007
Experience	Ms Bakos is a Chartered Secretary and holds a B.Bus (Accounting) from RMIT University. She has over 20 years' experience providing financial accounting, company secretarial and compliance services to listed and unlisted public companies in the areas of mining technology and biotech.

Meetings of Directors

Due to the appointment of the Administrator on 7 January 2016 to the Company, information on the attendance at Directors' meetings is not available.

REMUNERATION REPORT (AUDITED)

This remuneration report, which forms part of the Directors' Report, sets out information about the remuneration of Mintails Limited's directors and its senior management for the financial year ended 30 June 2016. The Company was in Administration from 7 January 2016. On entering administration, the Administrator was responsible for the remuneration policy of the Company.

Management and the Directors who are in office at the date of this report had no involvement in adopting, implementing or complying with these remuneration policies. These policies may or may not have been in place during the year.

If the recapitalisation process is successful, the Directors who are in office at the date of this report will adopt a new remuneration policy in accordance with the corporate governance framework to be adopted by the Board.

Remuneration Policy

Remuneration of all Executive and Non-Executive Directors and Officers of the Company is determined by the Remuneration and Nomination Committee.

The Company is committed to remunerating Senior Executives and Executive Directors in a manner that is market competitive and consistent with "Best Practice" including the interests of Shareholders. Remuneration packages are based on fixed and variable components, determined by the Executives' position, experience and performance, and may be satisfied via cash or equity.

Non-Executive Directors are remunerated out of the aggregate amount approved by Shareholders at a level that is consistent with industry standards. Non-executive Directors do not receive performance based bonuses and prior Shareholder approval is required to participate in any issue of equity. No retirement benefits are payable other than statutory superannuation, if applicable.

Remuneration Policy versus Company Financial Performance

Over the past five years the Company has undertaken mining and exploration activities. These volatile and speculative activities, which can provide high returns if successful, have been reflected in the Company's performance and Shareholder wealth over the period.

Consequently the Company's remuneration policy has been based on industry practice rather than company performance and takes into account the risk and liabilities assumed by the Directors and Executives as a result of their involvement in the speculative activities undertaken by the Company. Directors and Executives are fairly compensated for the extensive work they undertake.

Performance based Remuneration

The purpose of a performance bonus is to reward individual performance in line with company objectives. Consequently, performance based remuneration may be paid to an individual where the individual's performance clearly contributes to a successful outcome for the Company. This would be regularly measured in respect of performance against key performance indicators (KPI's).

The Company uses a variety of KPI's to determine achievement, depending on the role of the Executive being assessed. These include:

- Successful contract negotiations;
- Completion of set milestones;
- Set profit levels; and
- Completion of set production output.

Details of remuneration for years ended 30 June 2016 and 2015

From 7 January 2016 the Company was in administration. The Company's operations were suspended by the Administrator. The Company does not have adequate information to enable the disclosures required by the *Corporations Act 2001* for the years ended 30 June 2016 and 30 June 2015. Formal approval was granted by Creditors at the second meeting of creditors on 29 November 2016 for remuneration of the Administrations, no amounts were paid before 30 June 2016.

Amounts approved on 29 November 2016:

- $160,186.50 from 7 January to 25 November 2016.
- Up to $30,000 for the period 26 November to 6 December 2016, to be charged at hourly rates.
- Up to $100,000 as the Administrator, Deed Administrator and as Trustee of the Creditors' Trust for the period 6 December 2016 to 31 December 2017.

Performance income as a proportion of total remuneration

All executives are eligible to receive incentives whether through employment contracts or by the recommendation of the Board. Their performance payments are based on a set monetary value, set number of shares or options or as a portion of base salary. Therefore there is no fixed proportion between incentive and non-incentive remuneration.

Non-executive Directors are not entitled to receive performance based bonuses.

Equity issued as part of remuneration

Shares and options may be issued to Directors and Executives as part of their remuneration based on set performance criteria. From the information available, no options and no shares were issued to Directors and Executives as part of their remuneration during the years ended 30 June 2016 and 30 June 2015.

KMP Shareholdings

The number of shares in the Company held during the financial year by each Director of Mintails Limited and other Key Management Personnel of the Group, including their personally related parties, are set out below. There were no shares granted as compensation during the year.

2016

	Balance at start of year	Received as compensation	Options exercised	Net change other	Balance at the end of the year
M Brune	1,250,000	-	-	-	1,250,000
M Rose	-	-	-	-	-
L Blumberg	-	-	-	-	-
H Carr	-	-	-	-	-
	1,250,000	-	-	-	1,250,000
E Milne	-	-	-	-	-
J Jacobs	-	-	-	-	-
	-	-	-	-	-
	1,250,000	-	-	-	1,250,000

KMP Options and rights holdings

The number of options over ordinary shares in the Company held during the financial year by each Director of Mintails Limited and other Key Management Personnel of the Group, including their personally related parties, are set out below:

2016

	Balance at start of the year	Granted as compensation	Net change other	Balance at end of the year	Vested	Escrowed/ Unvested
M Brune	1,200,000	-	-	1,200,000	1,200,000	-
M Rose	1,200,000	-	-	1,200,000	1,200,000	-
L Blumberg	1,200,000	-	-	1,200,000	1,200,000	-
H Carr	1,200,000	-	-	1,200,000	1,200,000	-
	4,800,000	-	-	4,800,000	4,800,000	-
E Milne	1,000,000	-	-	1,000,000	1,000,000	-
J Jacobs	1,000,000	-	-	1,000,000	1,000,000	-
	2,000,000	-	-	2,000,000	2,000,000	-
	6,800,000	-	-	6,800,000	6,800,000	-

Loans to Directors and Key Management Personnel

From the information available, there were no loans made to Directors and other Key Management Personnel of the Group, including their personally related parties, during the year ended 30 June 2016.

Other transactions with Key Management Personnel

From the information available, there were no other transactions with Key Management Personnel of the Group during the year ended 30 June 2016.

Employment Contracts of Directors and Senior Executives

The directors' contracts ended upon entering administration.

Remuneration, Nomination and Governance Committee

From 7 January 2016 the Company was in administration. The Company's operations were suspended by the Administrator. The Company does not have adequate information to enable the disclosures required by the *Corporations Act 2001* for the year ended 30 June 2016.

REMUNERATION REPORT (END)

Proceedings on Behalf of Company

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

The Company was not a party to any such proceedings during the year.

Indemnifying Officers

During the financial year the Company paid a premium in respect of a contract insuring the directors of the Company, the Company Secretary, and all executive directors of the Company and of any related body corporate against a liability incurred as such a director, secretary or executive office to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Due to the Company being in administration the Directors insurance premiums have not been renewed since the last policy was paid. It is the intention of the current Directors of the Company to ensure an adequate premium in respect of insuring the Directors, Secretary or executive officers to the extent permitted by the *Corporations Act 2001*.

Environmental Regulations

In the normal course of business, there are no environmental regulations or requirements that the Company is subject to.

Future Developments, Prospects, and Business Strategies

The Company is in the process of being recapitalised and its future developments, prospects and business strategies are detailed in the Events Subsequent to Period End section of the Directors' Report.

Share options

At the date of this report, the unissued ordinary shares of Mintails Limited under option are as follows:

Quantity	Expiry	Exercise Price
1,600,000	21/12/2017	$0.18
1,600,000	21/12/2017	$0.24
800,000	21/12/2018	$0.18
800,000	21/12/2018	$0.24
600,000	20/12/2018	$0.16
600,000	20/12/2018	$0.22
800,000	20/12/2018	$0.30
6,800,000		

No options were exercised during the year.

Indemnification of Auditors

No indemnification has been provided to the Company's auditor.

Non-Audit Services

No fees for non-audit services were paid to the external auditors during the year ended 30 June 2016 (30 June 2015: nil).

Auditor's Independence Declaration

The auditor's independence declaration for the year ended 30 June 2016 has been received and can be found on page 16.

Signed in accordance with a resolution of directors.

Mr Steve Brockhurst

Director

At Perth, Western Australia on 22 August 2017

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AUDITOR'S INDEPENDENCE DECLARATION UNDER S307C OF THE *CORPORATIONS ACT 2001* TO THE DIRECTORS OF MINTAILS LIMITED (SUBJECT TO DEED OF COMPANY ARRANGEMENT)

As lead auditor for the audit of Mintails Limited (subject to Deed of Company Arrangement) for the financial year ended 30 June 2016, I declare that, to the best of my knowledge and belief, there have been:

- no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- no contraventions of any applicable code of professional conduct in relation to the audit.

Neil Pace

Neil Pace
Partner

Moore Stephens

Moore Stephens
Chartered Accountants

Signed at Perth this 23 day of August 2017

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QUALIFIED INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MINTAILS LIMITED (SUBJECT TO DEED OF COMPANY ARRANGEMENT)

Report on the Financial Report

We were engaged to audit the accompanying financial report of Mintails Limited (Subject to deed of Company Arrangement) which comprises the consolidated statement of financial position as at 30 June 2016, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity, the consolidated statement of cash flows for the year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the consolidated entity comprising the company and the entities it controlled from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of Mintails Limited (Subject to deed of Company Arrangement) are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) 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 is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, that the financial statements comply with International Financial Reporting Standards (IFRS).

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on conducting the audit in accordance with Australian Auditing Standards. Because of the matter described in the Basis for Disclaimer of opinion paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of Mintails Limited (Subject to deed of Company Arrangement), would be in the same terms if given to the directors as at the time of this auditor's report.

Basis for Disclaimer of Opinion

As detailed in the Directors' Report and in Note 1: *Incomplete Records*, the Company's South African subsidiaries were placed into business rescue on 16 October 2015 with the business rescue practitioners assuming operational and management control of the South African subsidiaries from their date of appointment. The Company was placed into voluntary administration on 7 January 2016. Because of these events, the preparers of this report have not been able to source all books and records of the Company and its South African subsidiaries and have determined to deconsolidate the South African subsidiaries from 1 July 2014 (rather than 16 October 2015, the date control was lost). Whilst the books and records of the company have otherwise been reconstructed to the maximum extent possible, we were unable to obtain sufficient appropriate evidence to verify the amounts disclosed in the consolidated statement of financial position as at 30 June 2016, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended on that date. As a result, we were unable to determine whether any adjustments to these amounts were necessary.

As stated in Note 1 and in the Directors' Declaration, the Directors are unable to state that the financial report is in accordance with all the requirements of the Corporations Act 2001 and the Australian Accounting Standards.

Disclaimer of Opinion

Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph noted above, we were unable to, and do not express an opinion as to whether:

(a) the financial report of Mintails Limited (Subject to deed of Company Arrangement) is in accordance with the *Corporations Act 2001* including:

    (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2016 and of its performance for the year ended on that date; and

    (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001; and

(b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Emphasis of Matter – Material Uncertainty Regarding Going Concern

We draw attention to Note 1 – Going Concern in the financial report. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the consolidated entity's ability to continue as a going concern and, therefore the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business.

Report on the Remuneration Report

We were engaged to audit the Remuneration Report included within the Directors' Report for the year ended 30 June 2016. 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.

Basis for Disclaimer of opinion

Due to the matters described in the Basis for Disclaimer of Opinion paragraph noted above, we were unable to obtain sufficient appropriate evidence to verify the amounts disclosed in the Remuneration Report for the year ended 30 June 2016. As a result, we were unable to determine whether any adjustments to these amounts were necessary.

Disclaimer of Opinion

Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph, we were unable to, and do not express an opinion as to whether, the Remuneration Report of Mintails Limited (Subject to deed of Company Arrangement) for the year ended 30 June 2016 complies with Section 300A of the Corporations Act 2001.

Neil Pace

Moore Stephens

Neil Pace
Partner

Moore Stephens
Chartered Accountants

Signed at Perth this 23rd day of August 2017

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

	Note	Consolidated 30 June 2016 $	Consolidated 30 June 2015 $
Revenue	2	60	2,045
Production costs	2	-	-
Professional fees		(127,352)	(279,426)
Directors' fees		(188,375)	(478,798)
Employment		-	-
Foreign currency gains/(losses)	3	596,339	(710,500)
Other expenses		(274,620)	(292,833)
Profit/(loss) before income tax, depreciation, amortisation & impairment		6,052	(1,759,512)
Depreciation & amortisation	3	-	-
Impairment of assets		-	(3,078)
Loss on deconsolidation of South African subsidiaries	25	-	(17,462,487)
Profit/(loss) before interest & tax		6,052	(19,225,077)
Finance costs		(1,592,950)	(1,030,811)
Profit/(loss) before tax		(1,586,898)	(20,255,888)
Income tax (expense)/benefit		-	-
Profit/(loss) for the period		**(1,586,898)**	**(20,255,888)**
Other comprehensive income:			
Items that will not be reclassified to profit or loss			
Gain/(loss) on revaluation mineral resources		-	(12,556,000)
Income tax relating to items that will not be reclassified		-	-
		-	(12,556,000)
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translating foreign operations		-	21,856,000
Income tax relating to items that may be reclassified		-	-
		-	21,856,000
Other comprehensive income/(expense) for the period, net of tax		-	21,856,000
Total comprehensive income/(expense) for the period		**(1,586,898)**	**(10,955,888)**
Profit/(loss) attributable to:			
Owners of the parent		(1,586,898)	(20,255,888)
Non-controlling interests		-	-
		(1,586,898)	(20,255,888)
Total comprehensive income/(expense) attributable to:			
Owners of the parent		(1,586,898)	(10,955,888)
Non-controlling interests		-	-
		(1,586,898)	(10,955,888)
Basic and diluted earnings per share (cents per share)	6	(0.59)	(7.53)

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2016

	Note	Consolidated	
		30 June 2016	**30 June 2015**
		$	**$**
ASSETS			
Non-current assets			
Property, plant and equipment	7	-	-
Mineral resources	8	-	-
Intangible assets	9	-	-
Total non-current assets		-	-
Current assets			
Trade and other receivables	11	4,022	2,346
Other current assets	12	-	1,454
Cash and cash equivalents	13	54,534	46,031
Total current assets		58,556	49,831
Total assets		**58,556**	**49,831**
EQUITY AND LIABILITIES			
Issued capital	14	280,506,000	280,506,000
Accumulated losses		(290,544,786)	(288,957,886)
Other components of equity	15	-	-
Equity/(deficit) attributable to owners of the parent		(10,038,786)	(8,451,886)
Non-controlling interests		-	-
Total equity/(deficit)		(10,038,786)	(8,451,886)
Non-current liabilities			
Deferred tax	17	-	-
Long term provisions	18	-	-
Total non-current liabilities		-	-
Current liabilities			
Trade and other payables	19	1,004,428	455,828
Short-term provisions	18	-	-
Borrowings	16	9,092,914	8,045,889
Total current liabilities		10,097,342	8,501,717
Total liabilities		10,097,342	8,501,717
Total equity and liabilities		**58,556**	**49,831**

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

AS AT 30 JUNE 2016

	Share Capital	Other components of equity	Accumulated Losses	Non-Controlling Interests	Total
	$	$	$	$	$
Balance at 1 July 2014	**280,506,000**	**3,898,000**	**(251,018,000)**	**(30,882,000)**	**2,504,000**
Loss for the period attributable to members of the parent entity	-	-	(20,255,888)	-	(20,255,888)
Loss for the period attributable to non-controlling interests	-	-	-	-	-
Other comprehensive income/(loss) for the period	-	9,300,000	-	-	9,300,000
Total comprehensive expense for the period	-	9,300,000	(20,255,888)	-	(10,955,888)
Transactions with owners in their capacity as owners:					
Shares issued, net of costs	-	-	-	-	-
Vested options	-	-	-	-	-
Disposal of South African subsidiary NCI's	-	(13,198,000)	(17,684,000)	-	-
Balance at 30 June 2015	**280,506,000**	**-**	**(288,957,888)**	**-**	**(8,451,888)**
Balance at 1 July 2015	**280,506,000**	**-**	**(288,957,888)**		**(8,451,888)**
Loss for the period attributable to members of the parent entity	-	-	(1,586,898))	-	(1,586,898)
Loss for the period attributable to non-controlling interests	-	-	-	-	-
Other comprehensive income/(loss) for the period	-	-	-	-	-
Total comprehensive expense for the period	-	-	(1,586,898)	-	(1,586,898)
Transactions with owners in their capacity as owners:					
Shares issued, net of costs	-	-	-	-	-
Vested options	-	-	-	-	-
Balance at 30 June 2016	**280,506,000**	**-**	**(290,544,786)**	**-**	**(10,038,786)**

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2016

	Note	Consolidated	
		30 June 2016	30 June 2015
		$	$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		-	-
Payments to suppliers and employees		(44,457)	(9,208,903)
Interest received		60	2,045
Other		52,700	-
Net cash provided by/(used in) operating activities	13	**8,303**	**(9,206,858)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		-	-
Purchase of mining rights & resources		-	-
Net cash used in investing activities		**-**	**-**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issues of securities		-	-
Capital raising costs		-	-
Proceeds from borrowings		-	8,045,889
Repayment of borrowings		-	-
Net cash used in financing activities		**-**	**8,045,889**
Net (decrease)/increase in cash held		8,303	(1,160,969)
Cash and cash equivalents at the beginning of the year		46,031	1,207,000
Effects of exchange rate changes on cash and cash equivalents		-	-
Cash and cash equivalents at the end of the year		**54,334**	**46,031**

The accompanying notes form part of these financial statements.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

The financial report covers the consolidated group of Mintails Limited and controlled entities ("Consolidated Group" or "Group"). Mintails Limited is a listed public company, incorporated and domiciled in Australia. The separate financial statements of the parent entity, Mintails Limited, have not been presented within this financial report as permitted by the *Corporations Act 2001*.

The financial report of the Group complies with International Financial Reporting Standards (IFRS) in their entirety. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards.

The financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

The following is a summary of the material accounting policies adopted by the Group in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

Incomplete Records

The Company's South African subsidiaries were placed into business rescue in October 2015, with the business rescue practitioners assuming operational and management control of the South African subsidiaries from their date of appointment.

On 7 January 2016 the Board of Directors resolved to place the Company into voluntary administration and appointed James Thackray as voluntary administrator of the Company. Following appointment of the administrators, the powers of the Company's officers (including Directors) were suspended and the administrators assumed control of the Company's business, property and affairs.

This financial report has been prepared by Company management who were not in office for the periods presented in this report, nor were they parties involved with the Company and did not have oversight or control over the Group's financial reporting systems including but not limited to being able to obtain access to complete accounting records of the Company.

The preparers of this report have not been able to source all books and records of the South African subsidiaries and have determined to deconsolidate the South African entities from 1 July 2014 (rather than 16 October 2015, the date control was lost). Reasonable effort has been made by the Directors to ascertain the true position of the Company as at the reporting date, and the decision to deconsolidate the South African subsidiaries at 1 July 2014 has been made for the following reasons:

- Access to opening balance workpapers has been limited;
- To the knowledge of the preparers of this report, there has been no audit or review work performed on the South African subsidiaries since 30 June 2014 and therefore the accuracy, completeness and reliability of the limited South African management accounts that have been made available cannot be assured; and
- Full access to the financial information of the South African subsidiaries has not been possible. Without full access to the South African subsidiaries' financial information the preparation of consolidated financial statements at 30 June 2016 and the preparation of the note disclosures required for a general purpose set of accounts in accordance with the relevant accounting standards is not considered to be possible as there is not sufficient information available to enable this level of disclosure to be made.

To prepare the financial report the Directors have reconstructed the financial records of the Group using management account information provided by the administrator and data extracted from the Group's accounting system. There may be information that the current management have not been able to obtain, the impact of which may or may not be material on the accounts.

These financial statements do not contain all the required information or disclosures in relation to transactions undertaken by the Company as this information is unascertainable due to the business rescue and administration processes and/or the change in directorships and key management personnel.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT)

Consequently, although the Directors have prepared this financial report to the best of their knowledge based on the information made available to them, they are of the opinion that it is not possible to state that this financial report has been prepared in accordance with Australian Accounting Standards including Australian interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*, nor is it possible to state this financial report gives a true and fair view of the Group's financial position as at the reporting period.

Going Concern

The Group incurred a loss of $1,586,898 for the year ended 30 June 2016. In addition, the Group had a net current assets of $58,556 as at 30 June 2016.

The financial report has been prepared on a going concern basis, which assumes continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business. The Directors believe it is appropriate to prepare these accounts on a going concern basis because under the DOCA effectuated on 2 June 2017 the Company has extinguished or all liabilities associated with the previous administration of the Company. The Company is in the process of being recapitalised, which will involve an acquisition, capital raising, share consolidation, re-compliance with Chapters 1 and 2 of the ASX Listing Rules, and subsequently an ASX relisting. .

Should the Group not achieve a recapitalisation and successful ASX re-listing, there is significant uncertainty whether the Group will continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

The financial report does not contain any adjustments relating to the recoverability and classification of recorded assets or liabilities that might be necessary should the Group not be able to continue as a going concern.

Significant Accounting Estimates and Assumptions

In applying the Company's accounting policies, management continually evaluates estimates and assumptions based on experience and other factors, including expectation of future events that may have an impact on the Group as a whole. All estimates and assumptions made are believed to be reasonable based on the most current set of circumstances available to management. Actual results may differ from the estimates and assumptions. Significant estimates and assumptions made by management in the preparation of these financial statements are outlined in the Incomplete Records section above.

Accounting Policies

a. **Principles of Consolidation**

The consolidated financial statements incorporate the assets, liabilities and results of entities controlled by Mintails Ltd at the end of the reporting period. A controlled entity is any entity over which Mintails Ltd is exposed to, or has rights to, variable returns from its involvement with the entity, and has the ability to use its power to affect those returns.

Where controlled entities have entered or left the Group during the year, the financial performance of those entities is included only for the period of the year that they were controlled. A list of controlled entities is contained in Note 11 to the financial statements.

In preparing the consolidated financial statements, all inter-group balances and transactions between entities in the consolidated group have been eliminated in full on consolidation.

b. **Income Tax**

The income tax expense (revenue) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to profit or loss is the tax payable on taxable income. Current tax liabilities (assets) are measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well unused tax losses.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT)

b. **Income Tax (Cont)**

Current and deferred income tax expense (income) is charged or credited outside profit or loss when the tax relates to items that are recognised outside profit or loss.

Except for business combinations, no deferred income tax is recognised from the initial recognition of an asset or liability, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where: (a) a legally enforceable right of set-off exists; and (b) the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

c. **Interests in Joint Ventures**

The Group's share of the assets, liabilities, revenue and expenses of joint venture operations are included in the appropriate items of the consolidated financial statements.

The Group's interests in joint venture entities are brought to account using the equity method of accounting in the consolidated financial statements.

d. **Investments in Associates**

Investments in associate companies are recognised in the financial statements by applying the equity method of accounting. The equity method of accounting recognises the Group's share of post-acquisition reserves of its associates.

e. **Inventories**

Inventories are measured at the lower of cost and net realisable value. The cost of manufactured products includes direct materials, direct labour and an appropriate portion of variable and fixed overheads. The cost of mining inventory includes direct materials, direct labour, transportation costs and variable and fixed overhead costs relating to mining activities.

f. **Property, Plant and Equipment**

Each class of property, plant and equipment is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation and impairment losses. Where fair value cannot be reliably measured the item or class of property and plant will be carried at cost less, where applicable, any accumulated depreciation and impairment losses.

Land

Land is shown at its fair value (being the amount for which an asset could be exchanged between knowledgeable parties in an arm's length transaction), based on periodic, but at least triennial, valuations by an external independent expert.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT)

f. **Property, Plant and Equipment (Cont)**

Plant

Plant is measured at fair value. The value is assessed on the basis of the depreciated replacement cost of the existing plant.

Depreciated replacement cost is assessed using available prices for plant and equipment, depreciated based on the assessed life span of the asset and the age of the asset held. This method of assessing fair value was selected as the most appropriate as there is not a ready market for the plant and equipment due to the nature of the assets and operations. Additionally, there are no clearly comparable sales that can be referred to in order to provide an indicative value. The directors have also determined it is not appropriate to use discounted cash flow forecasts to assess fair value, as future cash flows have already been used to value the Company's mineral resources (see note 1(g)).

Equipment

Equipment is value at cost less accumulated depreciation and impairment.

The cost of fixed assets constructed within the Group includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of the fixed and variable overheads. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Increases in the carrying amount arising on revaluation of property and plant are credited net of tax to a revaluation reserve in equity. Decreases that offset previous increases of the same asset are charged against revaluation reserves directly in equity; all other decreases are charged to profit or loss.

Depreciation

The depreciable amount of all plant and equipment is depreciated on a straight-line basis over the asset's useful life to the consolidated group commencing from the time the asset is held ready for use.

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

Class of Fixed Asset	**Depreciation Rate**
Plant and equipment	15% - 50%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

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 gains and losses are included in profit or loss. When re-valued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

g. **Mineral Resources**

Mineral Resources are measured at fair value, less amortisation and impairment losses. Resources are only recognised when they are owned by the Group and have been determined to have a JORC compliant Indicated Resource or above category.

The carrying amount of mineral resources is reviewed at the end of each reporting period by Directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows which will be generated from processing the mineral resources and subsequent disposal.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT)

g. **Mineral Resources (Cont)**

Increases in the carrying amount arising on revaluation of reserves are credited to a revaluation reserve in equity. Decreases that offset previous increases of the same asset are charged against a re-valuation reserve directly in equity; all other decreases are charged to profit or loss.

Amortisation

Amortisation of Mineral Resources is principally computed using the Units of Production method based on Indicated and Measured JORC reserves.

h. **Provision for Site Rehabilitation Costs**

The Group is required to rehabilitate processing/tailings sites at the end of their lives to a condition that is acceptable to the relevant authorities.

The provision for rehabilitation costs are based on the discounted value of the estimated future costs to rehabilitate the site. Where there is a change to the estimated costs, the change in value of the provision is added to the cost of the asset in the current period.

i. **Exploration & Mine Development Expenditure**

Exploration expenditure in relation to separate areas of interest for which rights of tenure are current is carried forward as an asset in the Statement of Financial Position where it is expected that the expenditure will be recovered through the successful development and exploration of an area of interest, or but its sale, or exploration activities are continuing in an area and activities have not reached a stage which permits a reasonable estimate of the existence or otherwise of economically recoverable reserves. Where a project or an area of interest has been abandoned, the expenditure incurred thereon is written off in the year in which the decision is made.

Capitalised mine development costs include expenditures incurred to develop new ore bodies to define further mineralisation in existing ore bodies, to expand the capacity of a mine and to maintain production. Mining development also includes costs transferred from the exploration phase once production commences in the area of interest.

Amortisation of mine development expenditure is computed using the units of production method based on Indicated and Measured JORC reserves.

j. **Leases**

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership that is transferred to entities in the consolidated group, are classified as finance leases.

Finance leases are capitalised by recognising an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are recognised as expenses in the periods in which they are incurred.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the lease term.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT)

k. **Financial Instruments**

Recognition and initial measurement

Financial assets and financial liabilities are recognised when the group becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the group commits itself to either the purchase or sale of the asset (ie trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified at 'fair value through profit and loss', in which case transaction costs are expensed in the profit or loss immediately..

Classification and Subsequent Measurement

Financial instruments are subsequently measured at either: fair value, amortised cost using the effective interest rate method, or cost.

Amortised cost is the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the *effective interest method*.

Fair value represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, the quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

The *effective interest method* is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense item in profit or loss.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

Loans and receivables are included in current assets, where they are expected to mature within 12 months after the end of the reporting period.

Available-for-sale financial assets

Available-for sale financial assets are non-derivative financial assets that are either not suitable to be classified into other categories of financial assets due to their nature, or they are designated as such by the Company. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments. Available-for-sale financial assets are stated at fair value with the changes in fair value recognised in other comprehensive income.

Fair value

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT)

k. **Financial instruments (Cont)**

De-recognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are discharged, cancelled or expired. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

l. **Impairment of Assets**

At the end of each reporting period, the Group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the assets carrying value. Any excess of the assets carrying value over its recoverable amount is expensed to profit or loss.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives. In accordance with Accounting Standards, once goodwill is impaired it cannot be subsequently reversd.

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

Non-financial assets other than goodwill that suffered a previous impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

m. **Foreign Currency Transactions and Balances**

Functional and presentation currency

The functional currency of the Group's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

Transaction and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at year end change rates. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in profit or loss except where deferred in other comprehensive income as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognised in other comprehensive income to the extent that the gain or loss is directly recognised in other comprehensive income; otherwise the exchange difference is recognised in profit or loss.

Group companies

The financial results and position of foreign operations whose functional currency is different from the Group's presentation currency are translated as follows:

- Assets and liabilities are translated at year-end exchange rates prevailing at that reporting date.
- Income and expenses are translated at average exchange rates for the period; and
- Retained earnings are translated at the exchange rates prevailing at the date of the transaction.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT)

m. **Foreign Currency Transactions and Balances (Cont)**

Exchange differences arising on translation of foreign operations are transferred directly to the foreign currency translation reserve via other comprehensive income. The cumulative amount of these differences is recycled in profit or loss in the period in which the operation is disposed.

n. **Employee Benefits**

Provision is made for the Group's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be settled within 1 year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than 1 year have been measured at the present value of the estimated future cash outflows to be made for those benefits..

Contributions are made by the Group to employee superannuation or insurance funds and are charged as expenses when incurred.

o. **Cash and Cash Equivalents**

Cash and cash equivalents include cash on hand, deposits available on demand with banks, and other short-term highly liquid investments with original maturities of 3 months or less, and bank overdrafts.

p. **Revenue**

Revenue from the sale of resources is recognised on the date of sale of the resource to the market. Interest revenue is recognised or a proportional basis taking into account the effective interest rates applicable to the financial assets.

Revenue from the rendering of a service and goods sold is recognised upon the delivery of the goods and service to the customer.

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

q. **Borrowing Costs**

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

r. **Business Combinations**

Business combinations occur where an acquirer obtains control over one or more businesses.

A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control. The business combination will be accounted for from the date that control is attained, whereby the fair value of the identifiable assets acquired and liabilities (including contingent liabilities) assumed is recognised (subject to certain limited exemptions).

When measuring the consideration transferred in the business combination, any asset or liability resulting from a contingent consideration arrangement is also included. Subsequent to initial recognition, contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability is remeasured each reporting period to fair value, recognising any change to fair value in profit or loss, unless the change in value can be identified as existing at acquisition date.

All transaction costs incurred in relation to the business combination are expensed to the statement of profit or loss and other comprehensive income.

The acquisition of a business may result in the recognition of goodwill or a gain from a bargain purchase.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT)

r. **Business Combinations (Cont)**

Goodwill

Goodwill is carried at cost less accumulated impairment losses. Goodwill is calculated as the excess of the sum of:

(i) the consideration transferred

(ii) any non-controlling interest; and

(iii) the acquisition date fair value of any previously held equity interest;

over the acquisition date fair value of net identifiable assets acquired

The acquisition date fair value of the consideration transferred for a business combination plus the acquisition date fair value of any previously held equity interest shall form the cost of the investment in the separate financial statements.

Fair value uplifts in the value of pre-existing equity holdings are taken to the statement of profit or loss and other comprehensive income. Where changes in the value of such equity holdings had previously been recognised in other comprehensive income, such amounts are recycled to profit or loss.

Goodwill is tested for impairment annually and is allocated to the Group's cash-generating units or groups of cash-generating units, representing the lowest level at which goodwill is monitored not larger than an operating segment. Gains and losses on the disposal of an entity include the carrying amount of goodwill related to the entity disposed of.

Changes in the ownership interests in a subsidiary are accounted for as equity transactions and do not affect the carrying values of goodwill.

s. **Goods and Services Tax (GST)/Value Added Tax (VAT)**

Revenues, expenses and assets are recognised net of the amount of GST/VAT, except where the amount of GST/VAT incurred is not recoverable from the taxation authority. In these circumstances the GST/VAT is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

Receivables and payables are stated inclusive of the amount of GST/VAT receivable or payable. The net amount of GST/VAT recoverable from, or payable to, the taxation authority is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST/VAT components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the taxation authority are presented as operating cash flows included in receipts from customers or payments to suppliers.

t. **Trade and Other Receivables**

Trade receivables are financial instruments (loans receivables) and are carried at amortised cost using the effective interest rate method less a provision for impairment. However, the effect of amortisation is not considered where they are of.a short-term nature. An impairment of receivables is made when collection of the full amount is no longer probable.

Receivables from related parties are carried at the amortised cost less provision for impairment. Interest is taken up as income on an accrual basis.

u. **Trade and Other Payables**

Liabilities for trade creditors and other amounts are carried at cost due to their short-term nature which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Group..

Trade and other payables are unsecured and are usually settled within 30 to 90 days of recognition depending on suppliers' terms.

Payables to related parties are carried at the principle amount. Interest, when charged by the lender is recognised as an expense on an accruals basis.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT)

v. **Share Capital**

Ordinary share capital is recognised as 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.

w. **Share Based Payments**

Equity-settled payments are measured at fair value at the date of grant or entitlement. Fair value is measured by use of the Black-Scholes model. The expected life used in the model has been adjusted, based on management's best estimate for the effects of non-transferability or exercise restrictions.

The fair value determined for the equity-settled share-based payments is expensed on a straight line basis over the vesting period, based on the Group's estimate of shares that will eventually vest, with a corresponding increase to issued capital in equity.

x. **Earnings per Share**

Basic earnings per share is determined by dividing the result for the year after related income tax expense by the weighted average number of ordinary shares outstanding during the financial year.

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.

y. **Comparative Figures**

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

z. **Adoption of new and Revised Standards**

For the year ended 30 June 2015, the Company has reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for annual reporting periods beginning on or after 1 July 2015.

It has been determined by the Company that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change is necessary to Group accounting policies.

NOTE 2: REVENUE AND OTHER INCOME

	Note	30 June 2016 $	30 June 2015 $
Operating activities:			
– Gold sales		-	-
– Other by-product sales		-	-
– Interest received – other parties		60	2,045
Total operating revenue		60	2,045
Non-operating activities:			
– Sundry revenue		-	-
Other non-operating activities		-	-
Total revenue		**60**	**2,045**

NOTE 3: LOSS FOR THE YEAR

The following expense/(income) items have been included in arriving at profit or loss for the year.

	Note	30 June 2016 $	30 June 2015 $
a) Depreciation :and amortisation included in profit or loss			
Depreciation		-	-
Amortisation		-	-
		-	-
b) Finance costs			
Interest & finance charges paid or payable		1,592,950	1,030,811
c) Impairment			
Impairment of mineral resources		-	-
Impairment of property, plant and equipment		-	-
Impairment of intangible asset		-	-
Impairment of loans receivable		-	3,078
		-	3,078
d) Other significant income & expenses			
Foreign currency (gains)/losses		(596,339)	710,500

NOTE 4: INCOME TAX EXPENSE/(BENEFIT)

	Note	30 June 2016 $	30 June 2015 $
a) The components of tax expense/(benefit) comprise:			
Current tax expense/(benefit)		-	-
Deferred tax expense/(benefit)		-	-
		-	
b)The prima facie tax on losses from ordinary activities before income tax is reconciled to the income tax as follows:			
Prima facie tax payable on loss from ordinary activities before income tax at 30% (2015: 30%)			
- Consolidated group		(476,069)	(6,196,766)
- Effect of different tax rates of subsidiaries operating in other jurisdictions		-	-
		(476,069)	(6,196,766)
Add			
Tax effect of:			
- Non-deductible legal fees		-	-
- Share options expensed during the year		-	-
- Amortisation/depreciation		-	-
- Impairment of assets		-	923
- Impairment of resources		-	-
- Impairment of loans		-	-
- Other permanent adjustments		-	5,238,746
Less			
Tax effect of:			
- Section 40-880 deduction		-	-
- Depreciation/capital allowances		-	-
- Other temporary adjustments		-	-
Deferred tax asset not brought to account		476,069	957,097
Income tax attributable to entity		-	-
c) Deferred tax assets not brought to account, the benefits of which will only be realised if the conditions for deductibility set out in note 1(b) is met:			
Carried forward losses		*	*
d) The tax rate of subsidiaries operating in other jurisdictions are::			
- South Africa		28%	28%

NOTE 4: INCOME TAX EXPENSE/(BENEFIT) (CONT)

	Note	30 June 2016 $	30 June 2015 $
e) Income tax relating to components of other comprehensive income:			
Relating to the revaluation of mineral resources		-	-
Relating to the revaluation of land and plant		-	-

*As detailed in note 1, to prepare the financial report, management have reconstructed the financial records of the Group using data extracted from the Group's accounting system. Accordingly, the required disclosures have not been made as the information is unascertainable due to the administration process.

NOTE 5: AUDITORS REMUNERATION

	Note	30 June 2016 $	30 June 2015 $
Remuneration of the auditor of the parent entity for:			
– Audit services			
		60,000	89,531
Remuneration of other auditors of subsidiaries for:			
– Audit services		-	-

NOTE 6: EARNINGS/(LOSS) PER SHARE

	Note	30 June 2016 $	30 June 2015 $
a) Reconciliation of earnings to profit/loss			
Net loss attributable to ordinary equity holders of the parent		(1,586,898)	(20,255,888)
Add back (loss)/gain attributable to non-controlling interests		-	-
Earning used to calculate basic EPS		(1,586,898)	(20,255,888)
b) Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS		268,894,893	268,894,893
Weighted average number of options outstanding *(includes instruments with dilutive impact on EPS only)*		-	-
Weighted average number of ordinary shares outstanding during the year used in calculating dilutive EPS		268,894,893	268,894,893

	Cents	Cents
c) Basic earnings/loss per share	(0.59)	(7.53)
d) Diluted earnings/loss per share	(0.59)	(7.53)

NOTE 7: PLANT AND EQUIPMENT

2016

	Land & buildings at fair value	**Plant at fair value**	**Equipment at cost**	**Total**
	$	**$**	**$**	**$**
Cost/fair value	-	-	-	-
Accumulated depreciation	-	-	-	-
	-	-	-	-

2015

	Land & buildings at fair value	**Plant at fair value**	**Equipment at cost**	**Total**
	$	**$**	**$**	**$**
Cost/fair value	-	-	-	-
Accumulated depreciation	-	-	-	-
	-	-	-	-
Balance at beginning of year	9,024,000	22,432,000	668,000	32,124,000
Disposals on deconsolidation of South African subsidiaries (refer note 1)	(9,024,000)	(22,432,000)	(668,000)	(32,124,000)
Carrying amount at the end of the year	-	-	-	-

Valuation of land and plant

The basis of the valuation of land is fair value, being the amounts for which the assets could be exchanged between willing parties in an arm's length transaction, based on current prices in an active market for similar land in the same location. The land was re-valued at 30 June 2013 based on external independent assessments by land valuers in South Africa.

Plant is measured at fair value. The fair value is assessed on a yearly basis by directors and management on the basis of the depreciated replacement cost of existing plant. Depreciated replacement cost is assessed using available prices for plant, depreciated based on the assessed life span of the asset and the age of the asset held. Refer note 1(f) for further information.

Had the carried fair value remained at historical cost less accumulated depreciation and impairment, their carrying value at 30 June 2016 would be:

	30 June 2016	**30 June 2015**
	$	**$**
Land & buildings	-	-
Plant	-	-

NOTE 8: MINERAL RESOURCES

	Note	Resources	Total
2016		**$**	**$**
Fair value		-	-
Accumulated amortisation		-	-
		-	-

	Note	Resources	Total
2015		**$**	**$**
Fair value		-	-
Accumulated amortisation		-	-
		-	-
Balance at beginning of year		8,475,000	8,475,000
Disposals on deconsolidation of South African subsidiaries	1	(8,475,000)	(8,475,000)
Carrying amount at the end of the year		-	-

NOTE 9: INTANGIBLE ASSETS

	Note	30 June 2016 $	30 June 2015 $
Prospecting Rights			
Cost		-	-
Accumulated impairment loss		-	-
		-	-
Balance at beginning of year		-	12,000
Additions		-	-
Impairment		-	-
Effect of movements in exchange rates		-	-
Disposals on deconsolidation of South African subsidiaries	1	-	(12,000)
Balance at the end of the year		-	-

NOTE 10: INVESTMENTS IN SUBSIDIARIES

	Country of Incorporation	Percentage Owned by the Group (%)*		Ownership interest held by non-controlling interests (%)	
		30 June 2016	30 June 2015	30 June 2016	30 June 2015
Parent entity:					
Mintails Limited	Australia				
Subsidiaries of Mintails Limited:					
Mintails SA (Pty) Ltd	South Africa	-	i)	-	i)
Mogale Gold (Pty) Ltd	South Africa	-	i)	-	i)
Luipaards Vlei (Pty) Ltd	South Africa	-	i)	-	i)
HVH Gold Mining (Pty) Ltd	South Africa	-	i)	-	i)
Cream Magenta 171 (Pty) Ltd	South Africa	-	i)	-	i)
Witfontein Mining (Pty) Ltd	South Africa	-	i)	-	i)
Witsand Mining (Pty) Ltd	South Africa	-	i)	-	i)
Durban Roodepoort Deep (Pty) Ltd	South Africa	-	i)	-	i)
Autumn Star 776 (Pty) Ltd	South Africa	-	i)	-	i)
Mintails Projects (Pty) Ltd	South Africa	-	i)	-	i)
Mintails Fleet (Pty) Ltd	South Africa	-	i)	-	i)
Mintails SA Randfontein (Pty) Ltd	South Africa	-	i)	-	i)
Mintails Mining SA (Pty) Ltd	South Africa	-	i)	-	i)

**Percentage of voting power is in proportion to ownership*

i) As detailed in Note 1 to the financial report all South African subsidiaries have been deconsolidated effective 1 July 2014, despite control of these subsidiaries being long 16 October 2015.

Financial Information

Set out below is summarised financial information for all subsidiaries that have material non-controlling interests. All subsidiaries have been aggregate as they are all located in South Africa and their principle activity is mining. The amounts disclosed are before intercompany eliminations.

	Note	30 June 2016 $	30 June 2015 $
Summarised balance sheet			
Non-current assets		-	*
Current assets		-	*
Total assets		-	*
Non-current liabilities		-	*
Current liabilities		-	*
Total liabilities		-	*
Net assets		-	*
Accumulated NCI		-	*

NOTE 10: INVESTMENTS IN SUBSIDIARIES (CONT)

	Note	30 June 2016 $	30 June 2015 $
Summarised statement of profit or loss and other comprehensive income			
Revenue		*	*
Loss for the period		*	*
Other comprehensive income/(loss)		*	*
Total comprehensive loss		*	*
Profit/(loss) allocated to NCI		*	*
Dividends paid to NCI		*	*
Summarised cash flows			
Cash flows from operating activities		*	*
Cash flows from investing activities		*	*
Cash flows from financing activities		*	*
Net increase/(decrease) in cash and cash equivalents		*	*

*As detailed in note 1, to prepare the financial report, management have reconstructed the financial records of the Group using data extracted from the Group's accounting system. Accordingly, the required disclosures have not been made as the information is unascertainable due to the administration process.

Significant restrictions

Cash held by all South Africa subsidiaries is subject to exchange control regulations governed by the South African Reserve Bank (SARB). Ongoing approval by SARB is crucial to the transfer of cash funds into and out of South Africa. The cash and cash equivalents balance held in South Africa is nil at year end (30 June 2015: *.

NOTE 11: TRADE AND OTHER RECEIVABLES

	Note	30 June 2016 $	30 June 2015 $
Current			
Trade receivables		4,022	2,346
Provision for impairment of receivables		-	-
		4,022	2,346

NOTE 12: OTHER ASSETS

	Note	30 June 2016 $	30 June 2015 $
Current			
Prepayments		-	1,454

NOTE 13: CASH AND CASH EQUIVALENTS

	Note	30 June 2016 $	30 June 2015 $
Cash at bank		54,534	46,031
		54,534	46,031

Reconciliation of cash flow from operations with loss after income tax		
(Loss)/profit for the period	(1,586,898)	(20,255,888)
Add back depreciation expense	-	-
Add back amortisation expense	-	-
Add back bad debts	-	-
Add back loss on disposal of South African subsidiaries	-	17,462,487
Add back equity issued for nil consideration	-	-
Add back loss on disposal of assets	-	-
Add back impairment of assets	-	3,078
Add back impairment of resources	-	-
Add back interest on borrowings	1,592,950	1,030,811
Add back foreign exchange adjustments	(596,339)	-
Add back diminution of investments	-	-
Add back rehabilitation funding	-	-
Add back fair value adjustment on asset purchase	-	-
(Increase)/decrease in accounts receivable	(1,676)	-
(Increase)/decrease in other current assets	1,454	-
Increase/(decrease) in accounts payable	598,812	(7,447,346)
Increase/(decrease) in other current liabilities	-	-
Increase/(decrease) in deferred tax liabilities	-	-
	8,303	(9,206,858)

NOTE 14: ISSUED CAPITAL

	Note	30 June 2016 $	30 June 2015 $
Ordinary shares	14a	265,665,000	265,665,000
Options over shares	14b	14,841,000	14,841,000
		280,506,000	280,506,000

a) Ordinary shares

	Note	Number	$
Balance at 1 July 2014		268,894,893	265,665,000
Shares issued during the year		-	-
Exercise of options		-	-
Transaction costs relating to share issues		-	-
Balance at 30 June 2015		268,894,893	265,665,000
Shares issued during the year		-	-
Exercise of options		-	-
Transaction costs relating to share issues		-	-
Balance at 30 June 2016		268,894,893	265,665,000

Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held. At the shareholders meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote of a show of hands. The shares have no par value.

b) Options

	Note	Number	$
Balance at 1 July 2014		9,550,000	14,841,000
Options issued during the year		-	-
Options lapsed or cancelled	(i)	(2,750,000)	-
Options exercised during the year		-	-
Unvested options		-	-
Balance at 30 June 2015		6,800,000	14,841,000
Options issued during the year		-	-
Options lapsed or cancelled		-	-
Options exercised during the year		-	-
Unvested options		-	-
Balance at 30 June 2016		6,800,000	14,841,000

NOTE 14: ISSUED CAPITAL (CONT)

i) Options lapsed or cancelled 2015

	Note	Number	$
11/12/2014 – Lapse of options exercisable at $0.45 on or before 11/12/2014		1,750,000	-
11/12/2014 – Lapse of options exercisable at $0.45 on or before 11/12/2014		1,000,000	-
		2,750,000	-

c) Share based payments

Share based payments issued during the year

No new share based payment arrangements occurred during the years ended 30 June 2016 and 30 June 2015.

Current share based payments in existence

Series Issued	Quantity		Grant Date	Expiry Date	Exercise Price	Value Attributed at Grant Date
21/12/2011 (32)	1,600,000	(i)	24/11/2011	21/12/2017	$0.18	$0.0430
21/12/2011 (33)	1,600,000	(i)	24/11/2011	21/12/2017	$0.24	$0.0398
21/12/2011 (34)	800,000	(ii)	24/11/2011	21/12/2018	$0.18	$0.0349
21/12/2011 (35)	800,000	(ii)	24/11/2011	21/12/2018	$0.24	$0.0328
21/12/2012 (37)	600,000	(i)	21/12/2012	20/12/2018	$0.16	$0.0456
21/12/2012 (38)	600,000	(i)	21/12/2012	20/12/2018	$0.22	$0.0414
21/12/2012 (39)	800,000	(i)	21/12/2012	20/12/2018	$0.30	$0.0376
	6,800,000					

All options vested upon issue except as follows:

(i) Options vest over 1 year from date of issue.

(ii) Options vest over 2 years from date of issue.

All options are to be settled with the physical delivery of ordinary shares.

The weighted average fair value of options granted during the year was nil (30 June 2015: nil).

Historical volatility has been the basis for determining expected share price volatility as it is assumed that this is indicative of future tender, which may not eventuate.

The life of the options is based on the historical exercise pattern of options, being the expiry date of the options, which may not eventuate in the future.

The value of share based payments expensed to profit or loss during the year is nil (30 June 2015: nil). This amount appears in the Directors Fees and Employment lines of the Statement of Profit or Loss and Other Comprehensive Income.

NOTE 14: ISSUED CAPITAL (CONT)

Reconciliation of outstanding share based payments

	Note	Number	Weighted average exercise price $
Balance at 1 July 2014		9,550,000	$0.2841
Granted during the year		-	-
Exercised during the year		-	-
Lapsed or cancelled during the year		(2,750,000)	$0.4500
Balance at 30 June 2015 – issued and exercisable		6,800,000	$2.171
Granted during the year		-	-
Exercised during the year		-	-
Lapsed or cancelled during the year		-	-
Balance at 30 June 2016 – issued and exercisable		6,800,000	$0.2171

The share options outstanding at the end of the year had exercise prices in the range of $0.16 to $0.30 (30 June 2015: $0.16 to $0.30), and a weighted average remaining contractual life of 2.01 years (30 June 2015: 3.01 years).

NOTE 15: OTHER COMPONENTS OF EQUITY

	Note	30 June 2016 $	30 June 2015 $
Asset revaluation reserve	15a	-	-
Foreign currency translation reserve	15b	-	-
Non-controlling interest reserve	15c	-	-
		-	-

a) Asset revaluation reserve

The asset revaluation reserve records revaluation of non-current assets. Under certain circumstances dividends can be declared from this reserve.

Movement during the year

	Note	30 June 2016 $	30 June 2015 $
Opening balance		-	12,556,000
Revaluation		-	-
Deferred tax		-	-
Transferred to profit or loss on deconsolidation of South African subsidiaries	1	-	(12,556,000)
Closing balance		-	-

NOTE 15: OTHER COMPONENTS OF EQUITY (CONT)

b) Foreign currency translation reserve

The foreign currency translation reserve records exchange differences arising on translation of a foreign controlled subsidiary.

Movement during the year

	Note	30 June 2016 $	30 June 2015 $
Opening balance		-	(21,856,000)
Realisation of foreign exchange on disposal of subsidiaries			
Adjustment arising from the translation of foreign controlled entities' financial statements			
Transferred to profit or loss on deconsolidation of South African subsidiaries	1	-	21,856,000
Closing balance		-	-

c) Non-controlling interest reserve

The non-controlling interest (NCI) acquisition reserve records movements in the NCI of subsidiaries acquired here control was already held.

Movement during the year

	Note	30 June 2016 $	30 June 2015 $
Opening balance		-	13,198,000
Disposal of a subsidiary			
Acquisition of a subsidiary			
Transferred to retained earnings on deconsolidation of South African subsidiaries		-	(13,198,000)
Closing balance		-	-

NOTE 16: BORROWINGS

	Note	30 June 2016 $	30 June 2015 $
Unsecured			
Loan payable to Paige Ltd		9,092,914	8,045,889
		9,092,914	8,045,889

Working capital funding was provided to the Company by Paige Ltd, a company associated with the Company's majority shareholder, during the year ended 30 June 2015. The loan facility is not secured, bears interest at 15.11%, and has no set date of repayment.

As a result of the matters disclosed in the Incomplete Records section of Note 1 the 30 June 2016 and 30 June 2015 Paige Limited loan payable balances have been obtained from the limited accounting records that have been made available to current management; therefore, the loan balance and related disclosures presented above may not be in accordance with the relevant accounting standards.

NOTE 17: TAX

	Note	30 June 2016 $	30 June 2015 $
Deferred tax liability comprises:			
Revaluation adjustments taken directly to income		-	-
Revaluation adjustments taken directly to equity		-	-
Total		-	-
Movements			
The overall movement in the deferred tax account is as follows:			
Opening balance		-	872,000
Charge to income		-	-
Charge to equity		-	-
Effect of exchange rates		-	-
De-recognised on deconsolidation of South African subsidiaries	1	-	(872,000)
Closing balance		-	-
Mineral resources carried at fair value			
Land and plant carried at fair value		-	-
Tax losses		-	-
		-	-

NOTE 18: PROVISIONS

	Note	30 June 2016 $	30 June 2015 $
Current			
Employee entitlements			
Opening balance at the beginning of the year		-	326,000
Additional provisions		-	-
Amounts used		-	-
Effect of movements in exchange rates		-	-
Derecognised on deconsolidation of South African subsidiaries	1	-	(326,000)
Balance at the end of the year		-	-

	Note	30 June 2016 $	30 June 2015 $
Non-Current			
Land rehabilitation			
Opening balance at the beginning of the year		-	27,413,000
Additional provisions		-	-
Effect of movements in exchange rates		-	-
Derecognised on deconsolidation of South African subsidiaries	1	-	(27,413,000)
Balance at the end of the year		-	-

A provision has been recognised for the costs to be incurred for the rehabilitation of land on which mineral resources and plant are located.

NOTE 19: TRADE AND OTHER PAYABLES

	Note	30 June 2016 $	30 June 2015 $
Current			
Unsecured liabilities			
Trade payables		570,673	202,268
Sundry payables and accrued expenses		433,755	253,560
		1,004,428	455,828

NOTE 20: SEGMENT REPORTING

The Group has only identified one reportable segment, mining, based on the reports received and reviewed by its Chairman. Unless stated otherwise, all amounts reported to the Chairman, being the chief decision maker with respect to operating segments, are determined in accordance with accounting policies that are consistent to those adopted in the annual financial statements of the Group. The following items of revenue, expense, assets and liabilities are not considered part of the core operations of the business and are therefore not allocated to any segment:

- Interest revenue
- Net increase or decrease in financial assets held for trading
- Corporate administration expenses

30 June 2016 and 2015	**Mining**	**Consolidated**
	$	**$**
External sales	*	*
Other revenue	*	*
	*	*
Segment result	*	*
Unallocated result	*	*
Income tax benefit/(expense)	*	*
Net loss after tax	*	*
Other	*	*
Acquisition of non-current segment assets	*	*
Depreciation & amortisation	*	*

	30 June 2016	**30 June 2015**
	$	**$**
Segment Assets		
Mining	-	*
Unallocated	-	*
Total assets	-	*
Segment Liabilities		
Mining	-	*
Unallocated	-	*
Total liabilities	-	*

*As detailed in note 1, to prepare the financial report, management have reconstructed the financial records of the Group using data extracted from the Group's accounting system. Accordingly, the required disclosures have not been made as the information is unascertainable due to the administration process.

Geographical Regions

The Group operates its mining activities in one geographical location, South Africa.

NOTE 21: EVENTS AFTER THE REPORTING PERIOD

On 9 December 2016, the Company announced that at a meeting of creditors held on 6 December 2016, the creditors resolved that the Company execute a deed of company arrangement ("DOCA") and that Mr James Thackray be appointed as administrator of the deed of company arrangement ("Deed Administrator"). The DOCA embodied a proposal by CPS Capital Group Pty Ltd ("CPS") for the recapitalisation of the Company ("Recapitalisation Proposal").

A recapitalisation proposal typically involves an injection of new cash into a company that is either in financial distress or has been placed into voluntary administration. In the ordinary course, the entity will retain some or all of its assets and seek reinstatement to trading following completion of the recapitalisation.

The Recapitalisation Proposal was amended in June 2017.

A summary of the material terms of the Recapitalisation Proposal as contained in the executed amended DOCA is set out below.

1. The Company and the Deed Administrator will establish the Creditors' Trust, with the Deed Administrator acting as trustee. The assets of the Company will be transferred into the Creditors' Trust.
2. The Company will consolidate its existing shares on a one (1) for one hundred thirty (130) basis. For the avoidance of doubt, the Company will have 2,068,422 fully paid ordinary shares and no other securities on issue post consolidation.
3. The Administrator shall make such changes or appointments to the Company's board of directors as CPS requests from time to time.
4. CPS or nominees of CPS will provide $550,000 towards the Creditors of the Company and funding of the costs of the Administrator, by way of payment into a Creditors' Trust ("Creditor Payment") of which the Administrator will be the trustee. The $550,000 is to be repaid to CPS or nominees in cash or converted to shares on a post-consolidation basis at a deemed price of $0.02 per share. The Creditor Payment is to be paid as follows:
    a. $40,000 non-refundable deposit within 5 days of the Administrator formally nominating CPS as the preferred bidder for the Company;
    b. $40,000 within 5 days if the creditors of the Company approving the Proposal at the second creditors' meeting to be held on or about 30 September 2016;
    c. $470,000 within 2 Business Days of the First Amendment Date of 31 May 2017, or such later date as the Deed Administrator may approve in writing
5. CPS may vary the proposed capital structure and the structure of the Capital Raisings (including the Share consolidation and the terms of the Capital Raisings) at the discretion of CPS or its nominees, subject to necessary regulatory and/or Mintails shareholder approvals first being obtained (if required).

Conditions precedent for the completion of the DOCA include:

1. The existing share structure of the Company, including unlisted options (if any) that are not cancelled, shall be subject to a 130:1 consolidation prior to issuing the securities under this Proposal.
2. All liabilities between the Company and each of its creditors as at settlement of the Proposal must be mutually released and compromised as between those parties under the DOCA.
3. The secured creditors, if any, agree to release all security over the Company and its subsidiaries.
4. All subsidiaries being excised from the Company.
5. The cancellation of all options on issue.
6. Seager Rex Harbour, each Paige Creditor, and each Associated Entity that is Controlled by Seager Rex Harbour or a Paige Creditor that, in each case, owns shares in the Company, making an intention statement to the Company and CPS that it intends to vote the Company Shares it holds at the time of the Company Shareholders' Meeting in favour of the Company Shareholders' Resolutions, subject to the Completion Conditions being satisfied or waived in accordance with the DOCA and a majority of the Company's directors at the time making a recommendation (and not varying or withdrawing that recommendation) to the Company Shareholders to vote in favour of the Company Shareholders' Resolutions.

NOTE 21: EVENTS AFTER THE REPORTING PERIOD

7. The Company obtaining all necessary shareholder and regulatory approvals and consents in relation to any aspect of the Proposal as may be required by the constitution, the Corporations Act, the Australian Securities and Investments Commission, the ASX or the ASX Listing Rules.

The creditors' payment was received by 1 June 2017. As of 2 June 2017 all key conditions precedent had been satisfied and the Deed of Company Arrangement was effectuated. As of 6 June 2017 control of the Company was passed from the Administrator to CPS. The new Board of Directors was appointed on 19 June 2017. The Company is in the process of being recapitalised, which will involve an acquisition, capital raising, share consolidation, re-compliance with Chapters 1 and 2 of the ASX Listing Rules, and subsequently an ASX relisting.

NOTE 22: RELATED PARTY TRANSACTIONS

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

	Note	30 June 2016 $	30 June 2015 $
Loan given by Paige Limited, an entity controlled by Rex Harbour, a substantial shareholder with significant influence over Mintails Limited		9,092,914	8,045,889

Working capital funding was provided to the Company by Paige Ltd, a company associated with the Company's majority shareholder, during the year ended 30 June 2015. The loan facility is not secured, bears interest at 15.11%, and has no set date of repayment.

As a result of the matters disclosed in the Incomplete Records section of Note 1 the 30 June 2016 and 30 June 2015 2015 Paige Limited loan payable balances have been obtained from the limited accounting records that have been made available to current management; therefore, the loan balance and related disclosures presented above may not be in accordance with the relevant accounting standards.

NOTE 23: FINANCIAL INSTRUMENTS

Capital Management

The Group's objectives and policies are to maintain a strong and flexible capital base 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. There are no externally imposed capital requirements.

Management effectively manages the Group's capital by assessing the Group's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of return on capital (defined as total shareholders' equity attributable to members divided by number of shares on issue), distributions to shareholders and share issues.

Financial Risk Management

The Group's activities expose it to a variety of financial risks, market risk, credit risk and liquidity risk. Management have established risk management policies to identity and analyse the risks faced by the Company and the Group, to set appropriate risk limits and controls, and to monitor risk and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's and Group's activities.

Risk management is overseen by the Audit, Risk and Compliance Committee.

Please refer to the going concern section at Note 1 for further information.

NOTE 23: FINANCIAL INSTRUMENTS (CONT)

a) Market Risk

i) Foreign exchange risk

The Group is exposed to currency risk on sales and purchases that are denominated in a currency other than the respective functional currency of the Group.

The parent entity also has exposure to foreign exchange risk in the currency cash reserves it holds to meet subsidiary loan requirements. This is kept to an acceptable level by buying foreign currency at spot rates only to fund short term cash requirements.

Exposure to foreign exchange risk has not changed from the previous year. The Group does not make use of derivative financial instruments to hedge foreign exchange risk.

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

	Group
	Rand
2016	
Financial assets	-
Financial liabilities	-
Total exposure	-
2015	
Financial assets	*
Financial liabilities	*
Total exposure	*

Sensitivity analysis

The Group is mainly exposed to the South African Rand (ZAR). The average annual movement in the AUD/ZAR exchange rate over the last 5 years was a 9.5% strengthening of the AUD against the Rand, based on the year-end spot rates. A further 9.5% strengthening of the AUD against the ZAR at 30 June 2016 would have increased/(decreased) equity and loss after tax by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain consistent. The analysis is performed on the same basis for 2016.

	Movement sensitivity	**Equity decrease $**	**Loss after tax decrease $**
30 June 2016	9.5%	*	*
30 June 2015	9.5%	*	*

ii) Commodity price risk

The Group is exposed to commodity price risk. This arises from the sale of gold which is priced on, or benchmarked to, open market exchanges.

The Group does not make use of derivative financial instruments to hedge commodity price risk.

Sensitivity analysis

The following table shows that a decrease in the 5 year average annual commodity price movement would have increased the loss for the year.

NOTE 23: FINANCIAL INSTRUMENTS (CONT)

	5 year average annual price movement	30 June 2016 Loss after tax increase $	30 June 2015 Loss after tax increase $
Gold, 2016	10%	*	
Gold, 2015	10%		*

iii) Interest rate risk

The Group's exposure to interest rate risk is the risk that a financial instruments' value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on classes of financial assets and liabilities.

	Note	30 June 2016 $	30 June 2015 $
Cash and cash equivalents		-	*
Deposits/other financial instruments		-	*
Weighted average interest rate %		-	*

There has been no change to the Group's exposure to interest rate risk or the manner in which it manages and measures its risk over the year.

Sensitivity analysis

An increase/(decrease) in 1% in interest rates at the end of the reporting period would have the following effect on after tax loss and equity. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2015.

	Loss after tax		Equity	
	1% increase	1% decrease	1% increase	1% decrease
	$	$	$	$
2016				
Variable rate instruments	*	*	*	*
2015				
Variable rate instruments	*	*	*	*

iv) Price risk

The Group has minimal exposure to price risk as it no longer holds any significant financial assets that are listed on a recognised trading exchange and valued according to the market price of the underlying security held.

NOTE 23: FINANCIAL INSTRUMENTS (CONT)

b) Credit Risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group's most substantial exposure to credit risk is through its sales of gold.

Gold sales contribute *% of the Group's operating income (2015: *%) and are made to one customer. This customer is one of the largest buyers of gold product in South African and considered a customer of high credit worthiness. The sale price of fold is set to current market value.

The Group ensures that surplus cash is invested with financial institutions of appropriate credit worthiness and limits the amount of credit exposure to any one counter party.

The Group's exposure to credit risk has remained unchanged from the previous year. The carrying amount of the Group's financial assets represents the maximum credit exposure. The Group's maximum credit exposure to credit risk at the end of the reporting period was as follows:

	Carrying Amount	
	30 June 2016	**30 June 2015**
	$	**$**
Loans and receivables	-	*
Bonds	-	*
Other financial assets	-	*
Cash and cash equivalents	-	*
	-	*

The Group's maximum exposure to credit risk for trade receivables at the reporting date by geographical location was:

	Carrying Amount	
	30 June 2016	**30 June 2015**
	$	**$**
Australia	-	*
South Africa	-	*
	-	*

The Group's single significant customer accounts for nil of the trade receivables carrying amount at the end of the reporting period and are considered to be good credit quality (2015: *).

Receivables past due and impaired are nil (30 June 2015: nil). All other receivables past due are not considered impaired. Management believe that these debtors are recoverable and are satisfied that payment will be received in full. The ageing of the Group's trade receivables at reporting date was:

NOTE 23: FINANCIAL INSTRUMENTS (CONT)

	Gross 2016 $	Carrying Amount 2016 $	Gross 2015 $	Carrying Amount 2015 $
Not past due	-	-	*	*
Past due 0-30 days	-	-	*	*
Past due 31 – 120 days	-	-	*	*
Past due 121 days to one year	-	-	*	*
More than one year	-	-	*	*
	-	-	*	*

The movement in the allowance for impairment in respect of trade receivables during the year was as follows:

	30 June 2016 $	30 June 2015 $
Balance at 1 July	*	*
Bad debts recognised	*	*
Impairment loss reversed/(recognised)	*	*
Balance at 30 June	*	*

The allowance for impairment is used to record impairment losses unless the Group is satisfied that no recovery of the amount owing is possible; at that point the amount is considered irrevocable and is written off against the financial asset directly. Bad debts of * were recognised during the year (30 June 2015: $*). No provision was made for these debts.

c) Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient assets to meeting liabilities as they fall due.

The Group is exposed to liquidity risk via the quantity and type of financial assets and liabilities it holds. The Board budgets to ensure that the Group can meet its financial obligations as they fall due by generating sufficient cash turnover, raising cash on market (if required), renegotiating terms with suppliers (if required), maintaining sufficient cash reserves and borrowing facilities, continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

The Group's exposure to liquidity risk has not changed from the prior year. The Group's financial assets and liabilities and net outflow effect are detailed in the below analysis.

NOTE 23: FINANCIAL INSTRUMENTS (CONT)

2016

	Due within 1 year $	Due 1-5 years $	Over 5 years $	Total $
Financial liabilities due to payment				
Trade and other payables	-	-	-	-
Loans and other financial liabilities	-	-	-	-
Total expected outflows	-	-	-	-
Financial assets – cash flows receivable				
Cash and cash equivalents	-	-	-	-
Trade and other receivables	-	-	-	-
Bonds	-	-	-	-
Other financial assets	-	-	-	-
Total expected inflows	-	-	-	-
Net outflow on financial instruments	-	-	-	-

2015

	Due within 1 year $	Due 1-5 years $	Over 5 years $	Total $
Financial liabilities due to payment				
Trade and other payables	-	-	-	-
Loans and other financial liabilities	-	-	-	-
Total expected outflows	-	-	-	-
Financial assets – cash flows receivable				
Cash and cash equivalents	-	-	-	-
Trade and other receivables	-	-	-	-
Bonds	-	-	-	-
Other financial assets	-	-	-	-
Total expected inflows	-	-	-	-
Net outflow on financial instruments	-	-	-	-

d) Fair values

The fair value of financial assets and liabilities, together with the carrying amounts shown in the statement of financial position, are set out below.

Financial assets carried at fair value are all valued with reference to a readily available market price, which relates to level 1 valuation as defined in AASB 7.

NOTE 23: FINANCIAL INSTRUMENTS (CONT)

	Carrying amount		Fair value	
	30 June 2016	30 June 2015	30 June 2016	30 June 2015
	$	$	$	$
Financial assets				
Cash and cash equivalents	-	*	-	*
Receivables	-	*	-	*
Bonds	-	*	-	*
Total financial assets	-	*	-	*
Financial liabilities				
Payables	-	*	-	*
Finance leases	-	*	-	*
Preference shares	-	*	-	*
Total financial liabilities	-	*	-	*
Net assets/(liabilities)	-	*	-	*

*As detailed in note 1, to prepare the financial report, management have reconstructed the financial records of the Group using data extracted from the Group's accounting system. Accordingly, the required disclosures have not been made as the information is unascertainable due to the administration process.

NOTE 24: PARENT ENTITY INFORMATION

The following information has been extracted from the books and records of the parent and has been prepared in accordance with the accounting standards described in Note 1.

	30 June 2016 $	30 June 2015 $
STATEMENT OF FINANCIAL POSITION		
ASSETS		
Current assets	58,556	49,831
Non-current assets	-	-
TOTAL ASSETS	58,556	49,831
LIABILITIES		
Current liabilities	10,097,342	8,501,717
Non-current liabilities	-	-
TOTAL LIABILITIES	10,097,342	8,501,717
EQUITY		
Issued capital	280,506,000	280,506,000
Reserves	-	-
Accumulated losses	(290,544,786)	(288,957,886)
TOTAL DEFICIT	(10,038,786)	(8,451,886)
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME		
Total profit/(loss)	(1,586,898)	(20,255,888)
Total comprehensive income/(loss)	(1,586,898)	(10,955,888),

Contractual commitments, guarantees and contingent liabilities

As detailed in the Incomplete Records section of Note 1, current management have reconstructed the financial records of the Group based on the limited information that has been made available to them.

Following effectuation of the DOCA on 2 June 2017 all liabilities, contingent liabilities, obligations, warranties and long-term commitments of the Company were released.

Apart from the above, there are no contractual commitment, guarantees and contingent liabilities as at 30 June 2015 and no contingent liabilities were incurred in the interval between balance date and the date of this financial report.

NOTE 25: LOSS ON DECONSOLIDATION OF SUBSIDIARIES

As disclosed in the Incomplete Records section of Note 1 all of the Group's South African subsidiaries have been deconsolidated from 1 July 2014, despite control of those subsidiaries being lost 16 October 2015.

As a result of the matters disclosed at Note 1 the loss on disposal has been calculated from the limited accounting records that have been made available to current management; therefore, the loss calculation set out below may not be in accordance with the relevant accounting standards. The disclosures required by AASB 5 *Non-Current Assets Held for Sale and Discontinued Operations* have not been presented as sufficient information is not available to enable this level of disclosure to be made.

		Consolidated	
	Note	**31 June 2016 $**	**30 June 2015 $**
Loss on impairment of intercompany loan balances receivable		-	(8,162,487)
Loss on transfer of foreign exchange reserve from equity to profit or loss		-	(21,856,000)
Gain on transfer of asset revaluation reserve from equity to profit or loss		-	12,556,000
Loss on deconsolidation of South African subsidiaries		-	(17,462,487)

NOTE 26: COMPANY DETAILS

The registered office and principal place of business of the Company is:

Mintails Limited

Suite 1

1233 High Street

Armadale, Victoria Australia 3143

Directors' Declaration

In the opinion of the Directors of Mintails Limited and its controlled entities (the Group):

1. As set out in Note 1, although the Directors have prepared the financial statements, notes thereto, and the remuneration disclosures contained in the Remuneration Report in the Directors' Report to the best of their knowledge based on the information made available to them, they are of the opinion that it is not possible to state that the financial statements, notes thereto, and the remuneration disclosures contained in the Remuneration Report in the Directors' Report, are in accordance with the *Corporations Act 2001*, including:
   a. Giving a true and fair view of the Company's financial position as at 30 June 2016 and of its performance for the financial year ended on that date;
   b. Complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and
   c. Complying with International Financial Reporting Standards.
2. Subject to the matters highlighted in Note 1, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
3. The declaration required to be made in accordance with Section 295A of the Corporations Act 2001 for the financial year ended 30 June 2016 has been unable to be made due to the reasons set out in Note 1.

This declaration is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the Directors by:

Steve Brockhurst

Director

Perth WA

22 August 2017

CORPORATE GOVERNANCE STATEMENT

Management and the Directors who are in office at the date of this report had no involvement in adopting, implementing, monitoring, or complying with the Company's Corporate Governance Policies. Corporate governance policies of the Company have not been detailed here as they may or may not have been in place during the year.

If the recapitalisation process is successful, the Directors who are in office at the date of this report will adopt new corporate governance policies in accordance with the corporate governance framework to be adopted by the Board.

ADDITIONAL ASX INFORMATION

Ordinary Share Capital

268,894,893 Ordinary Fully Paid Shares are held by 1,664 holders.

Voting Rights

The voting rights attaching to ordinary shares are that on a show of hands every member present in person or by proxy shall have one vote and upon a poll each share shall have one vote. Options do not carry any voting rights.

Distribution of Holders of Equity Securities

Ordinary Fully Paid Shares

Holding Ranges	Holders	Total Units	% Issued Share Capital
1 – 1,000	1,150	324,388	0.12%
1,001 – 5,000	273	710,867	0.26%
5,001 – 10,000	75	580,269	0.22%
10,001 – 100,000	124	4,306,375	1.60%
100,001 – 9,999,999,999	42	262,972,994	97.80%
Totals	**1,664**	**268,894,893**	**100%**

Unmarketable Parcels

The securities of the Company remain in suspension pending completion of the capital raising and re-listing of the Company. There being no trading history we are unable to provide the number of holders holding less than a marketable parcel.

Restricted Securities

There are no restricted securities or securities subject to voluntary escrow on issue.

Substantial Holders

	Shares	%
MR SEAGAR REX HARBOUR	103,012,906	38.31%
CITICORP NOMINEES PTY LIMITED	46,175,638	17.17%
J P MORGAN NOMINEES AUSTRALIA LIMITED	17,723,525	6.59%
REALSTAR FINANCE PTY LTD	15,586,629	5.80%
MR TONY STELLA & MRS ENEA STELLA	12,943,517	4.81%
MR TONY STELLA & MS ENEA STELLA	11,753,955	4.37%

ADDITIONAL ASX INFORMATION

Top 20 Holders of Quoted Shares

Position	Holder Name	Shares	%
1	MR SEAGAR REX HARBOUR	103,012,906	38.31%
2	CITICORP NOMINEES PTY LIMITED	46,175,638	17.17%
3	J P MORGAN NOMINEES AUSTRALIA LIMITED	17,723,525	6.59%
4	REALSTAR FINANCE PTY LTD	15,586,629	5.80%
5	MR TONY STELLA & MRS ENEA STELLA	12,943,517	4.81%
6	MR TONY STELLA & MS ENEA STELLA	11,753,955	4.37%
7	ESTELVILLE NOMINEES PTY LTD	9,956,008	3.70%
8	MS BARBARA BRENDA GREEN	9,000,000	3.35%
9	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	7,365,429	2.74%
10	ANTNEA PTY LTD	6,875,633	2.56%
11	NEFCO NOMINEES PTY LTD	6,000,000	2.23%
12	MR DAVID NEIL CONSTABLE	5,687,885	2.12%
13	MR THOMAS CONSTABLE-MCDOWELL	1,816,526	0.68%
14	BANK GUTENBERG AG	1,136,364	0.42%
15	HONAN PTY LTD	1,087,986	0.40%
16	MR IANAKI SEMERDZIEV	697,517	0.26%
17	MR IVAN BROOKFIELD & MRS GLENYCE BROOKFIELD	649,023	0.24%
18	BNP PARIBAS NOMS PTY LTD	603,597	0.22%
19	ABN AMRO CLEARING SYDNEY NOMINEES PTY LTD	427,627	0.16%
20	ASGARD CAPITAL MANAGEMENT LTD	302,528	0.11%
Subtotal		**258,802,293**	**96.24%**
Others		10,092,600	3.76%
Total Issued Capital		**268,894,893**	**100.0%**

ADDITIONAL ASX INFORMATION

Unquoted Securities on Issue

The Company also has on issue the following share options:

Quantity	Expiry	Exercise Price
1,600,000	21/12/2017	$0.18
1,600,000	21/12/2017	$0.24
800,000	21/12/2018	$0.18
800,000	21/12/2018	$0.24
600,000	20/12/2018	$0.16
600,000	20/12/2018	$0.22
800,000	20/12/2018	$0.30
6,800,000		

The names of the security holders holding more than 20% of an unlisted class of security are as follows:

	Unlisted options						
	$0.18	**$0.24**	**$0.18**	**$0.24**	**$0.16**	**$0.22**	**$0.30**
	21 Dec 2017	**21 Dec 2017**	**21 Dec 2018**	**21 Dec 2018**	**20 Dec 2018**	**20 Dec 2018**	**20 Dec 2018**
MR LAURENCE JONATHON	400,000	400,000	200,000	200,000	-	-	-
BEDORD TITLEY PTY LIMITED	400,000	400,000	200,000	200,000	-	-	-
MR HOWARD CARR	400,000	400,000	200,000	200,000	-	-	-
MR MARK BRUNE	400,000	400,000	200,000	200,000	-	-	-
BNP PARIBAS NOMS PTY LTD	-	-	-	-	600,000	600,000	800,000
TOTALS	**1,600,000**	**1,600,000**	**800,000**	**800,000**	**600,000**	**600,000**	**800,000**