ANNOUNCEMENT

18th July 2017

ASX/MEDIA RELEASE

ASX: **CSD** Share Price: **$0.025**
(in trading suspension)

CONSOLIDATED
TIN MINES LIMITED

ASX Appendix 4E and
Annual Financial Report
for the Year Ended 30 June 2016

CONSOLIDATED TIN MINES LIMITED

Cairns Corporate Headquarters:
395 Lake Street, Cairns Qld 4870
Phone: +61 (7) 4032 3319
Email: info@csdtin.com.au
Web: www.csdtin.com.au

ASX Appendix 4E
RESULTS FOR ANNOUNCEMENT TO THE MARKET

			2016 $	2015 $
Revenue	Revenue increased	41%	3,553,193	2,517,362
Net loss for the period attributable to members	Loss increased	816%	(14,753,742)	(1,609,844)

DIVIDENDS

No interim dividend was paid in relation to the year ended 30 June 2016.

No final dividend will be paid in relation to the year ended 30 June 2016.

	2016	2015
Net tangible asset backing per ordinary share: cents per share	1.7	4.1

Review of Results
Refer attached Review of Operations for commentary on the results for the year.

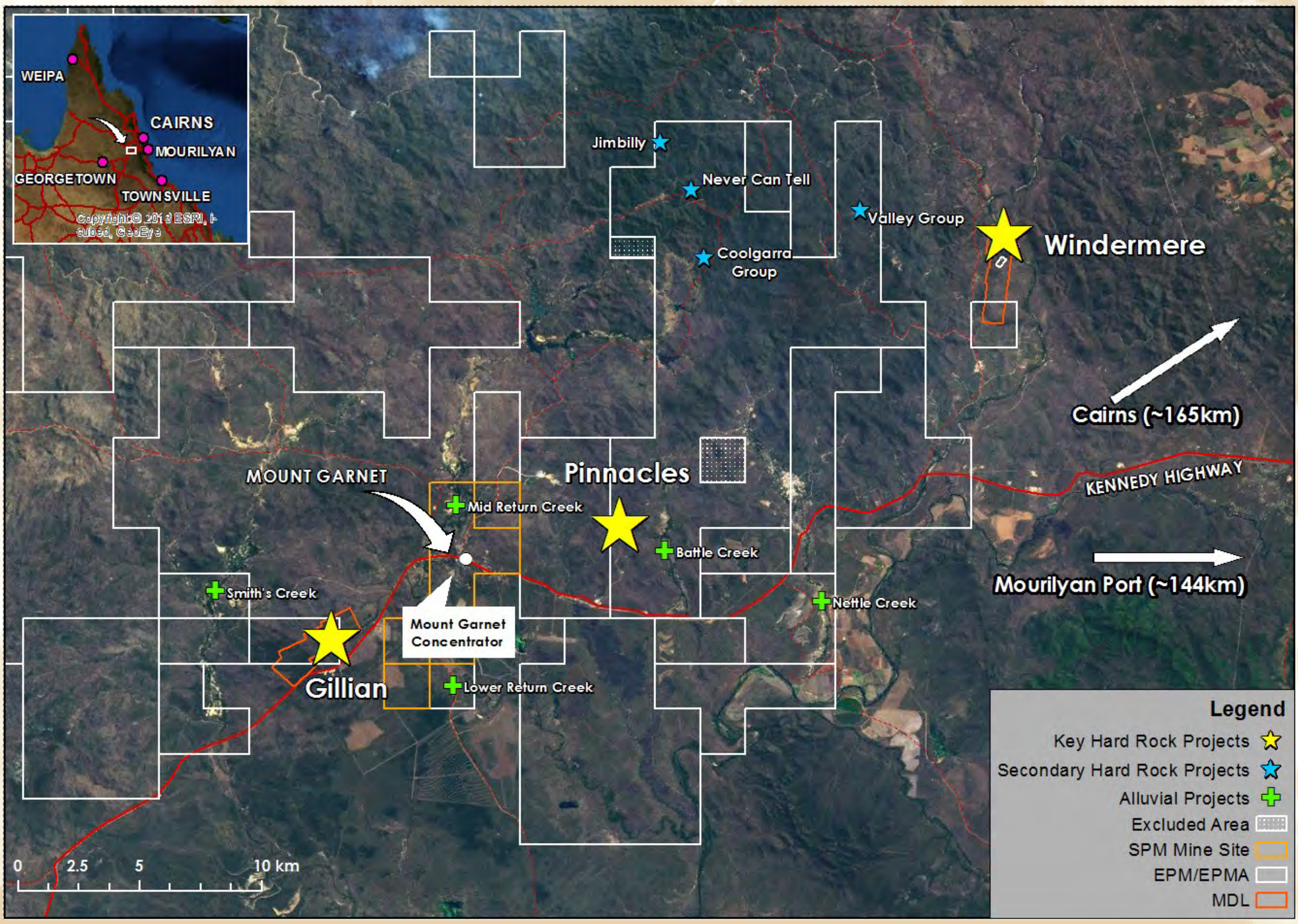
Audit Report
The Financial Statements and Remuneration Report have been subject to audit. A copy of the Independent Auditor's Report is on page 70 of the attached Annual Report. The audit report includes the following emphasis of matter paragraph:

"Emphasis of Matter
Without modifying our opinion expressed above, we draw attention to directors' assessment of going concern in note 1 of the financial statements. The matters outlined in note 1 indicate the existence of a material uncertainty that may cast doubt on the Group's ability to continue as a going concern, and therefore the Group may be unable to realise its assets and extinguish its liabilities in the normal course of business and amounts stated in the financial report."

ANNUAL REPORT 2016

CONSOLIDATED TIN MINES LTD

ABN 57 126 634 606



CONSOLIDATED TIN MINES LTD

ABN 57 126 634 606

Annual Report

For The Year Ended

30 June 2016

CONSOLIDATED TIN MINES LIMITED
ABN 57 126 634 606

CORPORATE DIRECTORY

Board of Directors

Mr Ralph De Lacey	Joint Executive Chairman
Mr Kwok Ching Tsoi (Alex)	Joint Executive Chairman
Mr Ze Huang Cai (Martin)	Executive Director
Mr Si He Tong	Non-Executive Director
Ms Xiaoyan Tong (Seraphina)	Alternate Director for Mr Tong

Company Secretary

Mr Ze Huang Cai (Martin)

Registered Office

395 Lake Street
Cairns North QLD 4870

Principal Administrative Office

395 Lake Street
Cairns North QLD 4870
Telephone: (07) 4032 3319
Fax: (07) 4027 9429

Auditors

KPMG
300 Barangaroo Avenue
Sydney, NSW 2000

Share Registry

Share Transfer Registrars Pty Ltd
770 Canning Highway
Applecross, WA 6153
Telephone: +61 8 9315 2333
Fax: +61 8 9315 2233

Stock Exchange Listing

Australian Securities Exchange
Perth, Western Australia

Website Address

www.csdtin.com.au

ASX Codes

CSD – Ordinary Shares

CONTENTS

Corporate Governance

The Company has adopted the 3rd Edition of the ASX Corporate Governance Recommendations.

A summary statement of which has been approved by the Board together with current policies and charters is available on the Company Website: http://www.csdtin.com.au

CHAIRMAN'S LETTER

Dear Shareholder,

Consolidated Tin Mines Limited (CSD or the Company) hereby presents the Annual Report for CSD and its controlled entities (together referred to as the Group) for the year ended 30 June 2016.

The year to 30 June 2016 saw many highs and lows for CSD, with the rise and fall of commodity prices, the continuation of mining, the settlement of the Asset Sale Agreement between Snow Peak Mining Pty Ltd (SPM) and the Group, the securing of a US$20 million funding facility and the unfortunate delay in receiving such funding for ongoing operations and capital investment requirements. The delay in receipt of this funding led to the directors placing the company in Voluntary Administration on 19th July 2016 to allow time to finalise this funding. With the emergence of funding from Cyan Stone Pty Ltd (Cyan), the Group discontinued its pursuit of the US$20 million facility in November 2016.

The Company continued to manage the mining operations at both Mt Garnet and Surveyor mine sites with over 53,000 tonnes of polymetallic concentrate being produced through the Mt Garnet processing plant.

The Company was very pleased to announce the finalisation of the Asset Sale Agreement between the Group and SPM, with shareholder approval and the issue of shares occurring in April 2016.

The Farm-In agreement between Wanguo International Mining Group (Wanguo) and SPM (and subsequent transfer to CSD) continued during 2015 and into 2016 with drilling programs at Einasleigh producing a number of very encouraging results. The results from this exploration program that included soil sampling, IP surveys, magnetic surveys and drilling will allow the Company to move forward with this project with focused direction on defined drill targets. The Wanguo agreement has not continued due to the interests of Wanguo moving to other areas. The Wanguo Farm-in Agreements failed to reach the first milestones, and therefore no interest in the project was assigned to Wanguo. The Agreements have now expired.

In December 2015 CSD advised of the practical completion of the Gillian Definitive Feasibility Study (DFS) and the decision by the Company to progress the Gillian DFS to include the Pinnacles deposit in this process. The Company, at the time, believed this would add significant improvement to the overall Mt Garnet Tin Project financial performance. It was found however that metallurgical differences in the two ore bodies would make this impracticable, and the Company changed direction to focus on known areas with mineralisation similar to Gillian that would require the same processing method. Two such areas have been identified and the Company will continue the DFS progressively as funding allows.

In February 2016 the Company announced that it had secured a loan guarantee facility of US$20 million from Beijing Huachena Dadi Investment Ltd, with funding arranged through a Chinese bank. Despite delays in delivery of this funding the Group remained confident the funds would be received and was continually assured receipt of funds was imminent. Unfortunately the funding was not realised by the end of the 2016 financial year and the Board made the decision to enter into Voluntary Administration (VA) on 19th July 2016 to allow the Company time to complete the US$20 million funding. All mine sites were placed into care and maintenance programs for the period of the VA.

During the period of the VA, the Board resolved that it was in the best interests of the Group to restructure the Company and introduce additional equity to strengthen the Group's balance sheet. With the emergence of funding from Cyan Stone Pty Ltd (Cyan), the Group discontinued its pursuit of the US$20 million facility in November 2016.

Together with Cyan and SPM, the Directors proposed a Joint Deed of Company Arrangement that was considered and approved by creditors at a second meeting of creditors held on 23 November 2016. The Company executed a Joint Deed of Company Arrangement together with SPM on 8 December 2016, the Joint Deed of Company Arrangement was subsequently effectuated on 12 January 2017.

The Company has recommenced operations at the Mt Garnet and Surveyor Mines with a view to recommence mining and processing at the Mt Garnet Processing Plant in early financial year 2017-18. The Company has also commenced exploration activities on a number of near mine targets and existing resources.

There have been a number of changes to the Board over this 12 months period with the resignation of Managing Director Mr John Banning, the resignation of Non-Executive Directors Mr Andrew Kerr and Mr Darryl Harris. I would like to thank them for their service and commitment to the Board during their time with CSD.

I look forward to the appointment of additional board members in the near future.

I thank the existing Board for their courage, tenacity and strength to stand firm and work through extremely challenging times that eventually saw the Company successfully navigate the period of VA with control of the Company being handed back to the Board on 8th December 2016.

I would also like to thank all employees and contractors that worked with the Group during the financial year.

Finally and most importantly, I would like to thank our loyal shareholders for their continued support.

Yours sincerely

Ralph De Lacey

Mr Ralph De Lacey

Joint Executive Chairman of the Board

REVIEW OF OPERATIONS

The 2015-2016 financial year has seen Consolidated Tin Mines (CSD) transition from a tin explorer / developer to a mid-tier base metals producer with the continuation of mining and processing at the Mt Garnet and Surveyor Mine site and Mt Garnet Processing Plant.

On 19 April 2016 the Company announced that the Asset Sale Agreement (ASA) between the Group and Snow Peak Mining Pty Ltd (SPM) had been completed. Under the ASA, the Group acquired assets (including exploration tenements, the Mt Garnet processing plant, inventories, cash and other assets) in exchange for an issue of convertible notes, cash and shares in CSD.

Mining from the Surveyor and Mt Garnet mine sites continued as 24/7 operations with ore trucked from the Surveyor Mine to the Mt Garnet concentrator for processing. Zinc, Lead and Copper concentrate containing significant silver and some gold as coproducts were then trucked to the port of Townsville for export.

Mining and processing continued up to May 2016, with the operations put on operational maintenance shutdown in anticipation of the imminent receipt of a funding facility. Unfortunately the funding was not realised by the end of the 2016 financial year and the directors placed the company in Voluntary Administration (VA) effective 19 July 2016 to allow the Company time to complete the US$20 million funding. With the emergence of funding from Cyan Stone Pty Ltd (Cyan), the Group discontinued its pursuit of the US$20 million facility in November 2016.

The Company executed a Joint Deed of Company Arrangement together with SPM on 8 December 2016, the Joint Deed of Company Arrangement was subsequently effectuated on 12 January 2017.

Total ore mined for FY16 was 429,871 tonnes. Mining at Surveyor produced 70,898 tonnes with the Mt Garnet underground mine producing 357,489 tonnes of ore. At 30 June 2016, there was 630 wet metric tonnes of ore in stock, with all other ore sold during the reporting period.

The Mt Garnet concentrator processed a total of 416,477 tonnes of ore with averaged head grades of Zn@5.74%, Pb@1.02% and Cu@0.49%. A total of 48,037 wet metric tonnes (wmt) of concentrate was produced consisting of Zn 40,526 wmt, Pb 2,630 wmt and Cu 4,881 wmt and dispatched from Mt Garnet. Sales from concentrate produced during FY16 totalled US$26,739,213 with US$2,840,152 arising following settlement of the Asset Sale Agreement.

Tenement transfers from SPM have been delayed with the Group currently waiting on the release of documents from the Office of State Revenue. Whilst SPM remain the current holder of the legal title to the tenements, the Company has full beneficial ownership and control over the tenements. The transfer of the tenements is expected to be finalised in the second half of calendar year 2017.

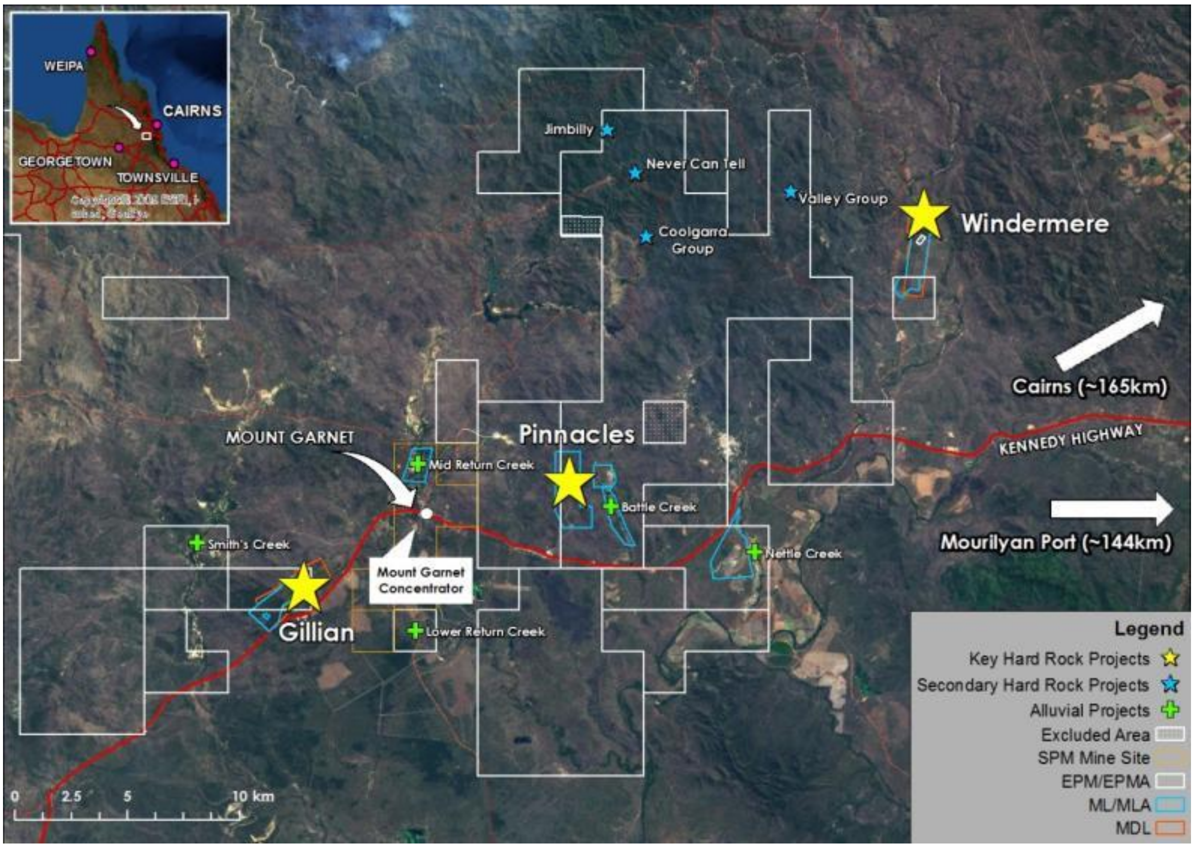
Mt Garnet Tin Project

The Mt Garnet tin project is located near the township of Mt Garnet, approximately 165km south west of Cairns in northern Queensland. The project comprises the Gillian, Pinnacles and Windermere deposits. The Gillian and Pinnacles tin deposits are located nine kilometres from Mt Garnet and the operating Mt Garnet concentrator. The project is located in an established mining area, in close proximity to all necessary services and infrastructure.

The Group's objective is to develop the project into a major low cost, open pit tin mining operation, commencing with the Gillian deposit, followed by the Pinnacles deposit.

With the Pre-Feasibility Study completed in September 2013, the Company maintained the momentum by moving onto the Definitive Feasibility Study (DFS) in 2014 and 2015. In December 2015 CSD presented the Gillian DFS update, advising of the Group's decision to progress the Gillian DFS to include Pinnacles. By including the Pinnacles deposit to the Gillian DFS process it was expected to extend the mine life and improve economics. Due to restricted funds the DFS did not progress further.

REVIEW OF OPERATIONS



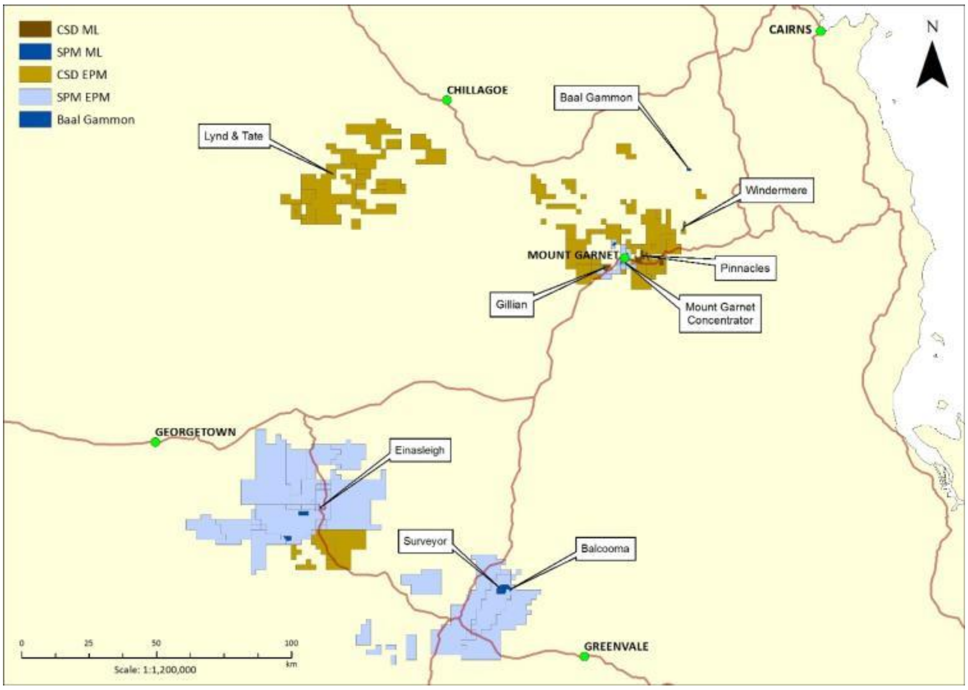
Base Metal Exploration Project

The Farm-In agreement between Wanguo International Mining Group (Wanguo) and SPM (as transferred to CSD upon settlement of the Asset Sale Agreement) continued for part of the financial year. However, as exploration has not continued beyond early 2016 with no milestones being reached, the agreement has expired with no interests being assigned to Wanguo. There is no financial impact as a result of the expiry.

REVIEW OF OPERATIONS

CSD Regional Tin Exploration Projects

The Group holds an extensive portfolio of tin exploration projects in the Mt Garnet region, which offer considerable potential for expansion of the project's total resource inventory and mine life extension. Whilst focus is on the completion of the Mt Garnet Project DFS, another important Group strategy is to continue exploration of other known mineralisation in the current tenement holdings to confirm additional resources to add strength to the project pipeline. The Group will continue to apply for other prospective areas as they become available.



Future Activities

Immediately on return of the Company to the Directors after Voluntary Administration on 8 December 2016, the Group commenced recruiting key personnel to fill senior management positions that were previously vacated. A new senior management team is now in place and the Group has developed a two-year business model that will result in the reestablishment of the Mt Garnet and Surveyor Mines as well as the recommissioning of the Mt Garnet processing plant.

A drilling program commenced in January 2017 to attempt to develop additional base metal resources for the processing plant. Stage 1 drilling of the Mt Garnet deeps prospect has been completed with final assay results still to be received. The Group will assess the results of this drilling at which stage a decision will be made on the next stage of the project. Refurbishment of the Mt Garnet processing plant is underway.

As part of the funds raised (under the Cyan Stone subscription agreement), an AU$11.6 million budget was established to undertake exploration drilling on key target areas that include Einasleigh, extension to Surveyor and additional prospects within the Group held exploration targets.

ANNUAL MINERAL RESOURCES AND ORE RESERVES STATEMENT

Mt Garnet Tin Project

Mineral Resources

Table 1: Mt Garnet Tin Project – Sn, Fe and F grade tonnage summary, as at 30 June 2016

TIN (Sn)	Cut-off Sn_EQ%	Measured tonnes	Grade Sn%	Indicated tonnes	Grade Sn%	Inferred tonnes	Grade Sn%	Total tonnes	Grade Sn%
Gillian	0.2	1,200,000	0.86	1,160,000	0.74	180,000	0.53	**2,530,000**	**0.78**
Pinnacles	0.33	-	-	5,461,000	0.3	1,575,000	0.3	**7,035,000**	**0.30**
Deadmans Gully	0.18	-	-	444,000	0.34	-	-	**444,000**	**0.34**
Windermere	0.25	-	-	829,000	0.26	1,211,000	0.27	**2,040,000**	**0.27**
TOTAL		**1,200,000**	**0.86**	**7,894,000**	**0.36**	**2,966,000**	**0.30**	**12,049,000**	**0.40**

IRON (Fe)	Cut-off Sn_EQ%	Measured tonnes	Grade Fe%	Indicated tonnes	Grade Fe%	Inferred tonnes	Grade Fe%	Total tonnes	Grade Fe%
Gillian	0.2	1,200,000	34.20	1,160,000	32.50	180,000	25.20	**2,530,000**	**32.93**
Pinnacles	0.33	-	-	5,461,000	19.12	1,575,000	21.04	**7,035,000**	**19.55**
Deadmans Gully	0.18	-	-	444,000	26.70	-	-	**444,000**	**26.70**
Windermere	0.25	-	-	829,000	25.79	1,211,000	23.68	**2,040,000**	**24.54**
TOTAL		1,200,000	34.20	7,894,000	22.21	2,966,000	22.37	**12,049,000**	**23.47**

FLUORINE (F)	Cut-off Sn_EQ%	Measured tonnes	Grade Sn%	Indicated tonnes	Grade Sn%	Inferred tonnes	Grade Sn%	Total tonnes	Grade Sn%
Pinnacles	0.33	-	-	5,461,000	6.28	1,575,000	4.14	**7,035,000**	**5.80**
TOTAL		**-**	**-**	**5,461,000**	**6.28**	**1,575,000**	**4.14**	**7,035,000**	**5.80**

NB: Tonnes may not add up to totals due to rounding

Table 2: Mt Garnet Tin Project – Sn equivalent grade tonnage summary, as at 13 July 2017

TIN EQUIVALENT (Sn_EQ)	Cut-off Sn_EQ%	Measured tonnes	Cut-off Sn_EQ%	Indicated tonnes	Cut-off Sn_EQ%	Inferred tonnes	Cut-off Sn_EQ%	Total tonnes	Cut-off Sn_EQ%
Gillian	0.20	1,200,000	0.94	1,160,000	0.82	180,000	0.59	**2,530,000**	**0.86**
Pinnacles	0.33	-	-	5,461,000	0.48	1,575,000	0.44	**7,035,000**	**0.47**
Deadmans Gully	0.18	-	-	444,000	0.40	-	-	**444,000**	**0.40**
Windermere	0.25	-	-	829,000	0.32	1,211,000	0.33	**2,040,000**	**0.32**
TOTAL		**1,200,000**	**0.94**	**7,894,000**	**0.51**	**2,966,000**	**0.40**	**12,049,000**	**0.53**

NB: Tonnes in Table 2 may not add up to totals due to rounding.
This tin equivalent value is based on the following Formula, product pricing* and metallurgical recoveries:

Sn%+(Fe%*Fe Recovery*Fe$/t/Sn$/t)+(F%*F Recovery*F$/t/Sn$/t) (Sn%)+(Fe%*0.75*(54.5/19,100))+(F%*0.7*(469/19,100))

- Sn - 70% recovery @ USD 20,000/tonne (LME 13 July 2017)
- Fe - 75% recovery @ USD 64.09/tonne (COM 12 July 2017)
- F - 70% recovery @ USD 616/tonne (FOB China basis 11 May, Industrial Minerals 9 June 2016)

* Pricing has been based on commodity prices as detailed above. Product marketing will continued to be reviewed and revised as part of the DFS process.

Ore Reserves

There has been no Ore Reserve completed to date.

ANNUAL MINERAL RESOURCES AND ORE RESERVES STATEMENT

Base Metals Assets

Mineral Resources

Table 3: Copper Resources as at 30 June 2016

Deposit	Category	Type	Tonnes	Zn%	Pb%	Cu%	Au g/t	Ag g/t	Competent Person
Balcooma North	Indicated	Fresh	121,000	0.1	0.0	2.0	0.0	6	1
	Inferred	Fresh	12,000	0.2	0.1	2.3	0.0	11	1
Maitland	Indicated	Oxide + Fresh	1,450,000	0.0	0.0	1.5	0.0	0	2
	Inferred	Fresh	40,000	0.0	0.0	1.1	0.0	0	2
Einasleigh	Indicated	Fresh	500,000	0.0	0.0	4.0	0.2	18	3
	Inferred	Fresh	600,000	0.0	0.0	1.9	0.1	8	3
Kaiser Bill	Indicated	Oxide + Fresh	13,500,000	0.0	0.0	0.8	0.1	6	3
	Inferred	Oxide + Fresh	1,500,000	0.0	0.0	0.9	0.1	11	3
Total			17,723,000	0.0	0.0	1.0	0.1	6.3	

Table 4: Polymetallic Resources as at 30 June 2016

Deposit	Category	Type	Tonnes	Zn%	Pb%	Cu%	Au g/t	Ag g/t	Competent Person
Dry River South	Measured	Fresh	92,000	9.6	3.9	1.1	0.7	76	2
	Indicated	Fresh	78,300	7.2	2.4	1.1	0.7	68	2
	Inferred	Fresh	560,000	6.4	2.3	0.9	0.6	59	2
New Surveyor East	Indicated	Oxide	179,000	0.0	6.4	0.1	1.2	93	2
Chloe/Jackson	Indicated	Fresh	3,400,000	4.7	2.1	0.2	0.0	47	3
Stella	Inferred	Fresh	1,200,000	5.1	1.8	0.2	0.0	51	3
Railway Flat	Inferred	Fresh	900,000	3.4	0.9	0.2	0.0	16	3
Total			6,409,300	4.7	2.0	0.3	0.1	46.4	

NB: Competent Persons
1* Kagara Limited ASX release 11 January 2012 (JORC Code 2004 Edition)
2* Kagara Limited ASX release 21 September 2011 (JORC Code 2004 Edition)
3* Kagara Limited ASX release 25 October 2011 (JORC Code 2004 Edition)
* With respect to the resource statements for these projects the Company has relied on the veracity of the Kagara Limited ASX releases. The Company confirms it is not aware of any material changes to the resource statements. This information was prepared and first disclosed under the JORC Code 2004 Edition.

Table 5: Polymetallic Resources previously mined by SPM as at 30 June 2016

Deposit	Category	Type	Tonnes	Zn%	Pb%	Cu%	Au g/t	Ag g/t	Competent Person
Balcooma Lens 2	Inferred	Fresh	575,500	3.1	1.2	1.5	0.3	24	4
Mt Garnet	Indicated	Fresh	537,000	5.2	0.0	0.4	0.0	14	2
Total			1,112,500	4.1	0.6	1.0	0.16	19	

NB: Competent Persons
2* Kagara Limited ASX release 21 September 2011 (JORC Code 2004 Edition)
4* Kagara Limited ASX release 5 December 2011 (JORC Code 2004 Edition)
* With respect to the resource statements for these projects the Company has relied on the veracity of the Kagara Limited ASX releases. The Company confirms it is not aware of any material changes to the resource statements. This information was prepared and first disclosed under the JORC Code 2004 Edition.
NB: The table above details the deposits previously mined by SPM prior to settlement of the Asset Sale Agreement and by the Company following settlement of the Asset Sale Agreement. The Company estimates that approximately 430,000 tonnes of the Balcooma Lens 2 Inferred resource and approximately 100,000 tonnes of the Mt Garnet Indicated resource remains as at 30 June 2016, a JORC resource update has not been prepared at this time and this information is provided for reference only.

CONSOLIDATED TIN MINES LTD ABN 57 126 634 606

ANNUAL MINERAL RESOURCES AND ORE RESERVES STATEMENT

Ore Reserves

Table 6: Copper Reserves as at 30 June 2016, relinquished 31 January 2017

Deposit	Category	Type	Tonnes	Zn%	Pb%	Cu%	Au g/t	Ag g/t	Competent Person
Baal Gammon	Probable	Fresh	317,000	0.0	0.0	2.8	0.0	90	1
Total			317,000	0.0	0.0	2.8	0.0	90.0	

NB: Competent Persons
1* Kagara Limited ASX release 11 January 2012 (JORC Code 2004 Edition)
NB: On 30 June 2016, the Company held the ore reserves under a Mineral Rights Agreement transferred to the Company from SPM upon settlement of the Asset Sale Agreement. On 31 January 2017, the Company entered into an agreement with Baal Gammon Copper Pty Ltd relinquishing the mineral rights to the Baal Gammon deposit.

Competent Person Statement

The information in this Annual Mineral Resource and Ore Reserves Statement that relates to the Gillian Resource is based on, and fairly represents, information and supporting documentation dated June 2014 prepared by Mr Mark Drabble, a Competent Person who is a Member of the Australasian Institute of Mining and Metallurgy. Mr Drabble is a Principal Consultant Geologist of Optiro Pty Ltd and has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity currently being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'.

The information in this Annual Mineral Resource and Ore Reserves Statement that relates to the Mount Garnet Tin Mineral Resource (excluding Gillian) is based on, and fairly represents, information dated August 2013 and September 2013 compiled by Mr Michael Andrew, a Competent Person who is a Member of the Australasian Institute of Mining and Metallurgy. Mr Andrew is a Principal of Optiro Pty Ltd and has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity currently being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'.

Messrs Drabble and Andrew have approved the Statement as a whole and consent to its inclusion in the Annual Report in the form and context in which it appears.

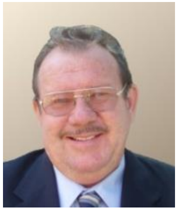
DIRECTORS' REPORT

The Directors present their report together with the consolidated financial statements of the Group comprising of Consolidated Tin Mines Limited (CSD or the Company) and its subsidiaries for the financial year ended 30 June 2016 and the auditor's report thereon.

Directors

The names and details of the Directors of the Company at any time during the financial year and until the date of this report are as follows. Directors were in office for the entire period unless otherwise stated.

Ralph De Lacey, MAICD
Joint Executive Chairman (appointed Managing Director 26 February 2016, appointed Chairman 26 June 2009)



Mr De Lacey is one of the founders of the Company, which was established as a focused tin exploration and development company, to progress large tin deposits located on the lower Herberton Tin Field, near Cairns, to production.

Mr De Lacey is an experienced, hands-on, mine manager and has extensive mining experience in north Queensland. He has managed successful large scale private mining operations and a number of successful mining and exploration projects throughout the region.

Mr De Lacey is also currently serving his sixteenth term as President of the influential lobby group, North Queensland Miners Association Inc. Mr De Lacey has not been a Director of any other listed company in the last 3 years.

Kwok Ching Tsoi (Alex), Bachelor of Computer Science and Maths Clarkson University, New York
Joint Executive Chairman (appointed 2 February 2015)

Mr Tsoi is currently Vice-President of Snow Peak Group. He oversees the public relations of the group in addition to the management and oversight of the group's, international projects and investments. Mr Tsoi has been pivotal in the successful management and initiation of several large projects and the successful diversification of the group's investment strategy. Mr Tsoi is an IT and mathematical specialist who has extensive experience leading start-up projects in Fortune 500 companies. He has a vast network of international investment and financial contacts from Hong Kong, China and abroad. Mr Tsoi has not been a Director of any other listed company in the last 3 years.

Ze Huang (Martin) Cai, Master of Applied Finance
Executive Director, Chief Financial Officer and Company Secretary (appointed 2 February 2015, resigned as Alternate Director for Mr Si He Tong on 2 February 2015; appointed Company Secretary 9 June 2016)

Mr Ze Huang Cai is an experienced financial executive having co-founded and managed a number of companies in Australia and Hong Kong. Mr Cai has a Masters in Applied Finance from Macquarie University and a Bachelor of Science (Mathematics) from the Hua Qiao University, China.

Mr Cai has comprehensive experience in the financial sector having spent four years with the Construction Bank of China and more than three years with a commodity trading company. Most recently, Mr Cai has managed and advised several resource and trading companies including Shinewarm Resources. He is currently an Executive Director and the Chief Financial Officer of Snow Peak Mining Pty Ltd. Mr Cai has not been a Director of any other listed company in the last 3 years.

DIRECTORS' REPORT

Si He Tong, MBA
Non-Executive Director (appointed 1 March 2012)

Mr Tong is a highly successful businessman in China, and has a diverse range of interests which include real estate development, shopping mall management, banking and insurance. Mr Tong is a multiple recipient of 'The Elite Managing Director of Zhejiang Providence' award, which is awarded by the Chinese Local, State and Central government.

Mr Tong has been the Chairman and Managing Director of Snow Peak Group Limited since it was established in September 2007. Prior to that, he held Managing Director roles in various manufacturing industries, including the silk and paper industries. Mr Tong began real estate development in October 1993, and is a first tier member of the China Real Estate Association and the Centre of Research of Private Economy in Zhejiang province.

Mr Tong holds a Master of Business Administration from Zhejiang University, and gained the title of Senior Economist in China in 2000. Mr Tong has not been a Director of any other listed company in the last 3 year.

Xiaoyan (Seraphina) Tong, Bachelor of Employment & Human Resources from Brunel University, UK
Alternate Non-Executive Director for Mr Si He Tong (appointed 2 February 2015)

Ms Tong is currently the head of Human Resources of Snow Peak Group. Ms Tong has extensive experience in human resource management and industrial relations. Ms Tong has proactively driven positive cultural change through leadership development and talent management. Ms Tong has not been a Director of any other listed company in the last 3 years.

Former Directors

John Banning, BSc, MAusIMM
Managing Director (appointed 17 February 2014, resigned 26 February 2016)

Mr Banning is a mining engineering graduate of the Montana School of Mines. He is a highly experienced mining and management professional with 18 years' experience in the mining and construction industries.

Mr Banning was previously Regional General Manager for Australian base metals producer Kagara Ltd's Central Region projects. He has also worked for Stillwater Mining, Goldfields Australasia and BHP Billiton in a variety of senior positions at its Olympic Dam mine, along with management roles with Xstrata Copper and at the Renison Tin Mine in Tasmania. Mr Banning has not been a Director of any other listed company in the last 3 years.

Darryl Harris, BSc, MAusIMM
Non-Executive Director (appointed 12 October 2010, resigned 13 July 2016)

Mr Harris is an engineering metallurgist and has more than 30 years' experience in the development, design and commissioning of various metallurgical plants, across a range of different commodities, including gold, iron and base metals.

Mr Harris has, for the past three years, been a Non-Executive Director of Indo Mines Limited which is developing an iron and/steel project in Kulon Progo, Indonesia. He is also currently Head of Ferrous Solutions for Outotec SEAP.

DIRECTORS' REPORT

Andrew Kerr, LLB (Hons), BSc
Non-Executive Director (appointed 28 September 2007; resigned 11 September 2015)

Mr Kerr has been a solicitor of the Supreme Court since 1995. He has specialist expertise in Native Title and Cultural Heritage, Planning and Environment and Mining Law.

Mr Kerr has advised Miners, Government and Government owned corporations and landholders in relation to native title, cultural heritage, environmental and other statutory compliance obligations. He has worked on some of the north Queensland region's major infrastructure projects. Mr Kerr has not been a Director of any other listed company in the last 3 years.

Company Secretary

Ze Huang (Martin) Cai, (appointed 9 June 2016)

Refer to Mr Cai's director biography for further detail on his experience and qualifications.

Kevin Hart *(appointed 28 September 2007; resigned 9 June 2016)*

Mr Hart is a Chartered Accountant with over 20 years' experience in accounting and the management and administration of public listed entities in the mining and exploration industry.

Directors' Interests

As at the date of this report the Directors' interests in shares and options of the Company are as follows:

Director	*Directors' Interests in Ordinary Shares*	*Directors' Interests in Options*
Ralph De Lacey	48,976,057	-
Si He Tong [1]	673,700,000	-
Ze Huang (Martin) Cai [2]	612,376,057	-
Kwok Ching (Alex) Tsoi [2]	612,376,057	-

[1] Interest held through director's association with Snow Peak Mining Pty Ltd and Snow Peak International Investments Ltd
[2] Interest held through director's association with Snow Peak Mining Pty Ltd and ARM (NQ) Pty Ltd

Directors' Meetings

The number of meetings of the Company's Directors held during the year ended 30 June 2016, whilst each Director was in office, and the numbers of meetings attended by each Director were:

Director	*Board of Directors' Meetings*	
	Eligible to Attend	*Attended*
Ralph De Lacey	9	9
John Banning [1]	6	6
Darryl Harris [2]	9	8
Si He Tong	9	0
Ze Huang (Martin) Cai	9	8
Andrew Kerr [3]	3	2
Kwok Ching Tsoi (Alex)	9	6
Xiaoyan Tong (Seraphina)- Alternate	9	1

[1] Resigned as a director 26 February 2016
[2] Resigned as a director 13 July 2016
[3] Resigned as a director 11 September 2015

DIRECTORS' REPORT

Principal Activities

From July 2015 to April 2016, the principal activities of the Group consisted of tin exploration and development in Queensland, and the management of the Mt Garnet region mining and exploration projects and processing plant on behalf of Snow Peak Mining Pty Ltd. With the completion of the Asset Sale Agreement (ASA) with Snow Peak Mining Pty Ltd in April 2016, the Group acquired the Mt Garnet projects and processing plant and managed these assets in its own right. Under the ASA, the Group acquired exploration tenements, the Mt Garnet processing plant, other plant and equipment, inventories, cash and other assets.

In May 2016 the Mt Garnet mine was placed in a temporary maintenance shutdown to allow for scheduled maintenance. The temporary shutdown was then extended a few days at a time while the Group waited for the receipt of US$20 million which was expected under the loan guarantee facility with Beijing Huacheng Dadi Investments Limited. As the receipt of funding was further delayed, the Board placed the Mt Garnet mine in care and maintenance and ceased exploration activity.

Unfortunately the funding was not realised by the end of the 2016 financial year and on 27 June 2016 the Company requested that its securities be placed in a trading halt and the Board subsequently made the decision to enter into Voluntary Administration (VA) on 19th July 2016 to allow the Company time to complete the US$20 million funding. With the emergence of funding from Cyan Stone Pty Ltd (Cyan), the Group discontinued its pursuit of the US$20 million facility in November 2016.

During the period of the VA, the Board resolved that it was in the best interests of the Group to restructure the Company and introduce additional equity to strengthen the Group's balance sheet. Refer to Matters Subsequent to the End of the Financial Year on page 15 for further information on events occurring after the trading halt on the Company's securities.

Dividends

No dividend has been paid since the end of the previous financial year and no dividend is recommended for the current year.

Review of Operations

Operations results and activities

The net loss after income tax for the financial year was $14,753,742 (2015: $1,609,844).

The 2015-2016 financial year has seen the Group transition from tin explorer / developer to a mid-tier base metals producer with the continuation of mining and processing at the Mt Garnet and Surveyor Mine site and Mt Garnet Processing Plant.

Mining and processing continued up to May 2016, with the operations put on operational maintenance shutdown in anticipation of the imminent receipt of a funding facility. As these funds were not forthcoming, the directors placed the company in Voluntary Administration (VA) effective 19 July 2016.

Corporate

On 29 January 2016, BDO Audit (NTH QLD) Pty Ltd tendered its resignation as auditor of the Group. Under Section 327C(1) of the Corporations Act, the Directors appointed KPMG as the Company's new auditor pending shareholder approval at the next annual general meeting.

Financial Position

At the end of the financial year the Group had $1,094,967 (2015: $1,222,884) in cash and at call deposits. Capitalised mineral exploration and evaluation expenditure was $48,034,283 (2015: $12,153,846).

DIRECTORS' REPORT

Options Over Unissued Shares

No options were issued during the current financial year.

As at the date of this report there are no unissued ordinary shares of the Company under option (30 June 2015: 24,689,450).

During the year ended 30 June 2016 the Company cancelled 24,689,450 options (22,489,450 listed options exercisable at 20 cents each and 2,200,000 unlisted options exercisable at 40 cents each). All options lapsed on 31 December 2015 without being exercised.

During this and the previous financial years no options were exercised.

Significant Changes in the State of Affairs

In April 2016 the Asset Sale Agreement (ASA) with Snow Peak Mining Pty Ltd (SPM) was completed with the Group acquiring certain assets and assuming certain liabilities of SPM. Under the ASA, the Group acquired exploration tenements, the Mt Garnet processing plant, other plant and equipment, inventories, cash and other assets. Liabilities assumed included debt, rehabilitation obligations, trade and employee payables (Note 19).

The Group had been expecting the receipt of US$20 million through a funding facility with Beijing Huachena Dadi Investment Ltd. With delays occurring in the receipt of funds, the Company requested on 27 June 2016 a trading halt in its securities while the Company reviewed its working capital requirements. The securities were suspended on the official list of the ASX on 29 June 2016 with Administrators being appointed on 19 July 2016.

Matters Subsequent to the End of the Financial Year

- On 13 July 2016 Darryl Harris resigned as Non-executive Director of the Company.

- On 19 July 2016, after continual delays in obtaining funding for its working capital requirements, the Company appointed Blair Pleash and Kathleen Vouris of Hall Chadwick as Administrators in accordance with Section 436A of the Corporations Act 2001. While the Administrators undertook a review and assessment of the Company's operations, the Company continued to run its mining operations in a care and maintenance capacity.

  In a report to creditors in November 2016, the Administrators recommended that the Company execute a Deed of Company Arrangement (DOCA). At a meeting of creditors on 23 November 2016, it was resolved for the Company to execute a Joint DOCA with its related entity, Snow Peak Mining Pty Ltd (SPM) and at that meeting, the terms of the proposed DOCA were accepted.

  The DOCA was proposed by Cyan Stone Pty Ltd (Cyan), an Australian private company with interests in property development, building construction and viticulture. Cyan is majority owned by Hong Kong based Jianyuan Investment Limited which in turn is held with 100% ownership by Chinese businessman, Mr Ching.

  The joint DOCA was executed on 8 December 2016 and, upon execution of the DOCA, control of the Company was returned to the Directors, subject to the DOCA.

  The DOCA established a fund in the amount of $10,000,000, for payment of the Company's and SPM's creditors. Subject to the necessary resolutions being passed, the DOCA provided that the Company and SPM would effect a restructure by:

  a. Converting all current related party pre-administration debt and all current related party debt incurred during the course of the Company's voluntary administration, to equity, resulting in the issue of 1,456,050,770 fully paid ordinary shares (Shares) to the related party Creditors or their nominees;
  b. Issuing up to 2,700,000,000 Shares at an issue price of $0.012615 per Share to Cyan to raise up to $34,060,500 pursuant to the terms of a subscription agreement entered into with Cyan on 10 November 2016 (Subscription Agreement); and

DIRECTORS' REPORT

Matters Subsequent to the End of the Financial Year (continued)

c. Granting Cyan an option to subscribe for 198,176,774 Shares (on a pre-Consolidation basis) at an issue price of $0.012615 per Share which if exercised will raise an additional $2,500,000.

The issue of Shares to Cyan pursuant to the terms of the Subscription Agreement will require Shareholder approval and may result in Cyan obtaining a voting power in the Company of up to 60%.

Pursuant to the Subscription Agreement (as varied), Cyan agreed to a scheduled prepayment of the subscription funds, and commencing 16 January 2017 has already prepaid $29,713,744 (as at the date of signing these financial statements) of the total subscription amount (inclusive of the DOCA funds and funds for care and maintenance paid by Cyan to the Administrators). Cyan has agreed to prepay an additional $4,346,756 by the end of July 2017.

Under the terms of the DOCA and the Subscription Agreement, the subscription funds are to be used for the following purposes:

a. To establish a $10m creditors trust to be operated by the Administrators;
b. To repay care and maintenance loans totalling $3,937,649, provided by Cyan and Ming Huang Trading Limited (a company registered in Hong Kong) during the period of voluntary administration; and
c. For working capital purposes.

Funds that are set aside for working capital purposes will allow the Company to instigate the restart of mining and processing operations and other planned exploration activities including the establishment of an exploration budget.

The DOCA was subject to a number of conditions subsequent, being the receipt of Foreign Investment Review Board (FIRB) approval and receipt of various Shareholder approvals (Conditions Subsequent). The Conditions Subsequent were required to be met by 23 January 2017.

FIRB approval was obtained on 21 December 2016 for:

1. the acquisition of various mining tenements and associated infrastructure from SPM pursuant to the Asset Sale Agreement; and
2. the issue of shares to Cyan which may result in Cyan holding a voting power of up to 60%.

Due to Shareholder approvals not being obtained by 23 January 2017, Cyan agreed to waive the Conditions Subsequent. An effect of this waiver is that in the event that Shareholders do not approve the issue of the Shares to Cyan, the total amount that has been prepaid by Cyan will automatically be converted into an interest bearing loan which will be secured by a general security agreement over the Company, will be subject to interest at 10% per annum and will be due and payable immediately. As a result of this waiver, under Section 445C (c) of the Corporations Act 2001 on 12 January 2017 the DOCA was wholly effectuated by its terms and the Administrator is no longer involved with the Company.

In order to obtain Shareholder approvals an Extraordinary General Meeting (EGM) will be held with the full details of the proposed restructure being explained in a Notice of General Meeting and an Independent Experts Report. Both of these documents have been lodged with the ASX on 12 December 2016. Approval by ASX of the Notice of Meeting is pending the lodgement of these Financial Statements for 30 June 2016 and financial statements for the half year to 31 December 2016.

- On 31 January 2017, the Company, the Company's wholly owned subsidiary Colinacobre Pty Ltd (Colinacobre) and SPM entered into a settlement agreement with Baal Gammon Copper Pty Ltd (BGC) whereby CSD, Colinacobre and SPM agreed to relinquish their rights under a Mineral Rights Agreement, and BGC agreed to assume responsibility and liability (including any environmental liabilities) for and in respect of the Baal Gammon Project including the assumption of the Companies' obligations under the Clean-Up Notice.

DIRECTORS' REPORT

Matters Subsequent to the End of the Financial Year (continued)

Under the settlement agreement, the Company agreed to pay BGC an amount of $1,800,000 and will transfer the financial assurances held with respect to the Baal Gammon Mine to BGC ($3.75 million as at 30 June 2016). The payment to BGC is to be made over several instalments, as at 17 July 2017, $1,400,000 has been paid to BGC.

As a result of settlement deed, and in return for the payments and transfer of financial assurance, on 1 February 2017, the Company transferred all rehabilitation obligations associated with the Baal Gammon Mine ($5.75 million provisioned as at 30 June 2016) to BGC. The Company has estimated the provision in accordance with the Australian Accounting Standards and this estimation has considered the subsequent settlement agreement with BGC. The actual cost of rehabilitation may differ significantly (higher or lower) from the amount provisioned due to inherent uncertainties and may not be determined until such time rehabilitation works take place.

On 1 March 2017 BGC lodged a proof of debt against the creditors trust operated by Blair Pleash and Kathleen Vouris (the Administrators) as trustees. On 6 March 2017, BGC were advised of the rejection of this proof of debt by the trustees. The Company has been informed that BGC has initiated legal action against trustees as a result of this rejection and this action remains on-going as at 17 July 2017. This action will delay the distribution from the trust fund and the Company's re-instatement to trading on the Australian Stock Exchange.

On 19 May 2017, BGC initiated legal action in the Supreme Court of Queensland against Blair Pleash and Kathleen Vouris, (the former Administrators of the Company), the Company, SPM and Cyan seeking orders that the Deed of Company Arrangement be terminated and the Company and SPM be placed into liquidation. The Company will strongly defend this action and have appointed King & Wood Mallesons as the Company's solicitors. Should BGC be successful in their action, the Company will be placed into liquidation.

Other than the information provided above, there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Group, to affect substantially the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent financial years.

Likely Developments and Expected Results of Operations

In January 2017, the Company developed a Subscription Agreement with Cyan Stone Pty Ltd (Cyan). Pursuant to the agreement, Cyan agreed to a scheduled prepayment of the subscription funds. The Company has allocated the use of these funds to restart its mining and processing operations and ramp up towards full production and for the development of an exploration budget.

Refer to the Future Activities section on page 6 of the Review of Operations, for further comment on likely developments.

Environmental Regulation and Performance

The Group holds various exploration licences that regulate its exploration activities in Australia. These licences include conditions and regulations with respect to the rehabilitation of areas disturbed during the course of the Group's exploration activities.

The Department of Environment and Heritage Protection (DEHP) has issued a clean-up notice to Baal Gammon Copper Pty Ltd (BGC), Snow Peak Mining Pty and CSD. The three companies appealed the issuance of the original notice, and following mediation, have accepted an amended clean-up notice issued on 20 November 2015. The Company is in compliance with the requirements of the Clean-Up Notice. The Company entered into a settlement agreement with BGC (see Matters Subsequent to the End of the Financial Year for further detail). Under the terms of the settlement agreement, BGC assumes all of the Company's responsibility and obligations under the Clean-Up Notice.

DIRECTORS' REPORT

Corporate Governance

The Group has adopted the 3rd edition of the ASX Corporate Governance Recommendations. A summary statement approved by the Board, together with current policies and charters, is available on the Company's website at www.csdtin.com.au.

Remuneration Report (Audited)

The Directors of Consolidated Tin Mines Limited present the Remuneration Report (Report) for the Company and its controlled entities (the Group) for the year ended 30 June 2016. This Report forms part of the Directors' Report and has been audited in accordance with section 300A of the Corporations Act 2001. The Report details the remuneration arrangements for key management personnel (KMP) of the Group.

a) Remuneration Policy

Remuneration levels are competitively set to attract and retain appropriately qualified and experienced Directors and Senior Executives. The Board assesses the appropriateness of remuneration packages, given trends in comparative companies both locally and internationally. Remuneration packages comprise fixed remuneration and may include bonuses, performance rights or equity based remuneration entirely at the discretion of the Board based on the performance of the individual.

At the date of this report the Group has entered into agreements with the Joint Executive Chairs and the Finance Director which includes performance based components. The Board considers that the performance of Directors at the current stage of the Group's development is measurable by physical results of exploration and the performance of the Group at its feasibility or development stage and the focus has been to secure the services of Directors at this stage.

b) Key Management Personnel

The following Directors and Senior Executives were Key Management Personnel of the Company during the financial year:

Name	Position	Term as KMP
Non-executive directors		
Si He Tong	Non-executive director	Full financial year
Xiaoyan (Seraphina) Tong	Alternate to Mr S Tong	Full financial year
Andrew Kerr	Non-executive director	Resigned 11 September 2015
Darryl Harris	Non-executive director	Resigned 13 July 2016
Executive directors		
Ralph De Lacey	Joint Executive Chairperson and Managing Director	Full financial year
Kwok Ching (Alex) Tsoi	Joint Executive Chairperson	Full financial year
Ze Huang (Martin) Cai	Finance Director and Chief Financial Officer	Full financial year
John Banning	Managing Director	Resigned 26 February 2016

There were no other persons having the authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, during the financial year. Other than the appointments stated above, there were no changes of Key Management Personnel between the reporting date and the date the financial report was authorised for issue, other than the resignation of Mr Darryl Harris.

DIRECTORS' REPORT

Remuneration Report (Continued)

c) Details of Remuneration for Directors and Executive Officers

During the year there were no other Senior Executives, other than as stated below, which were employed by the Company or Group for whom disclosure is required. Details of the remuneration, both paid and payable, for each Director and identified KMP, are as follows:

Directors	Year	Short Term		Other Long Term (vii) $	Post Employment	Share Based Payments	
		Salary and fees $	Short term incentives – Cash Bonus $		Super-annuation Contributions $	Value of Options $	Total $
R De Lacey	**2016**	**288,946**	**-**	**58,934**	**44,219**	**-**	**392,099**
	2015	202,381	-	26,015	31,975	25,507	285,878
J Banning[iv]	**2016**	**302,098**	**-**	**25,182**	**17,820**	**-**	**345,100**
	2015	298,160	-	29,101	18,783	25,507	371,551
A Kerr (v)	**2016**	**7,449**	**-**	**-**	**-**	**-**	**7,449**
	2015	35,000	-	-	2,858	-	37,858
D Harris (vi)	**2016**	**35,000**	**-**	**-**	**2,858**	**-**	**37,858**
	2015	35,000	-	-	4,900	-	39,900
S H Tong [ii]	**2016**	**-**	**-**	**-**	**-**	**-**	**-**
	2015	-	-	-	-	-	-
Z H Cai [i]	**2016**	**286,207**	**-**	**43,884**	**29,661**	**-**	**359,752**
	2015	147,687	-	26,018	19,366	-	193,071
X Tong (Alternate)[ii]	**2016**	**35,000**	**-**	**-**	**2,858**	**-**	**37,858**
	2015	15,945	-	-	2,232	-	18,177
K C Tsoi [iii]	**2016**	**150,570**	**-**	**13,688**	**15,605**	**-**	**179,863**
	2015	68,442	-	13,688	7,802	-	89,932
Total Directors	**2016**	**1,107,286**	**-**	**139,672**	**113,021**	**-**	**1,359,979**
	2015	802,615	-	94,822	87,916	51,014	1,036,367

i. Z H Cai appointed as Director effective 2 February 2015.
ii. Xiaoyan Tong appointed as Alternate Director of S H Tong effective 2 February 2015. Ms X Tong carried out the duties of Mr S H Tong for the year ended 30 June 2016 and was remunerated accordingly.
iii. Kwok Ching Tsoi appointed as Joint Executive Chairman 2 February 2015.
iv. J Banning resigned as Director 26 February 2016.
v. A Kerr resigned as Non-executive Director effective 11 September 2015.
vi. D Harris resigned as Non-executive Director effective 13 July 2016.
vii. In accordance with AASB 119 Employee Benefits, annual leave is classified as another long term employee benefit. Other long term benefits also includes Long Service Leave accrued which does not form part of the Directors total employment cost.
viii. Total remuneration includes $428,374 relating to salary and entitlements accrued but not paid.

DIRECTORS' REPORT

Remuneration Report (Continued)

Details of options and other performance based remuneration:

Other than as disclosed below, no member of Key Management Personnel has been the recipient of performance based remuneration during the financial year:

	Year	% of value remuneration performance based
R De Lacey	**2016**	**-**
	2015	8.9%
J Banning	**2016**	**-**
	2015	6.9%

Note, performance based remuneration in the above table relates to the fair value of share based payments expensed during the period, plus the monetary value of short term cash incentives paid.

Performance Based Remuneration

Short Term Incentives - Cash bonuses

During the financial year cash bonuses have not been paid to key personnel of the Group.

Details for 2016 are as follows:

	2016		
	Included in remuneration	*% vested in year*	*% forfeited in year*
Mr De Lacey	$nil	0%	100%
Mr Banning	$nil	0%	100%

The Directors of the Group determined that no performance based short term remuneration would be awarded to Mr De Lacey and Mr Banning for the 2016 financial year due to the current performance of the Company in light of uncertain market conditions, delayed completion of the Snow Peak Mining Asset Sale Agreement and delayed delivery of the Mt Garnet Tin Project Definitive Feasibility Study.

Long Term Incentives - Equity based remuneration

Details of equity based remuneration provided to key management personnel during the financial year is provided below (see (e) Remuneration Options).

DIRECTORS' REPORT

Remuneration Report (Continued)

d) Service Agreements

The following service agreements exist with Key Management Personnel:

<u>Ralph De Lacey – Joint Executive Chairman</u>

An employment agreement with Ralph De Lacey commencing 24 February 2016 for Executive services, supercedes previous service agreements with Mr De Lacey. The Group will pay Mr De Lacey for his services a salary of $368,000 per year (inclusive of superannuation) paid on a monthly basis, on a Total Employment Cost basis. Any additional hours of service other than those proposed in the service agreement will be payable at Mr De Lacey's pro-rata hourly rate. The Short Term Incentive (STI) component will be between 0 - 50% of Total Employment Cost, with an award equivalent of 25% "at target" performance. The actual entitlements will be determined according to performance against a combination of personal and business KPI's. The STI is paid annually in April each year.

Total Employment Cost (TEC)	$ 368,000
Short Term Incentive (STI) at target	$ 92,000
Total Remuneration Package	$ 460,000

Mr De Lacey's salary will be reviewed by the Group in May each year in accordance with the policy of the Company for the review of salaries. Changes of TEC, if any, will take into account personal and business performance and status.

In addition to the review, the Group may at any time during the term pay to Mr De Lacey a performance-based bonus over and above the Salary. In determining the extent of any Performance Based Bonus, the Group shall take into consideration the key performance indicators of Mr De Lacey and the Group, as the Group may set from time to time, and any other matter that it deems appropriate.

The Company may terminate the contract subject to a 12 months' notice period.

<u>Prior service agreement (effective 13 January 2015 to 24 February 2016):</u>

An employment agreement with Ralph De Lacey dated 13 January 2015, for Executive services from Mr De Lacey. The Group will pay Mr De Lacey for his services a salary of $181,500 per year (inclusive of superannuation) paid on a monthly basis, on a Total Employment Cost basis. Any additional hours of service other than those proposed in the service agreement will be payable at Mr De Lacey's pro-rata hourly rate. The Short Term Incentive (STI) component will be between 0 - 50% of Total Employment Cost, with an award equivalent of 25% "at target" performance. The actual entitlements will be determined according to performance against a combination of personal and business KPI's. The STI is paid annually in April each year.

Total Employment Cost (TEC)	$ 181,500
Short Term Incentive (STI) at target	$ 45,375
Total Remuneration Package	$ 226,875

Mr De Lacey's salary will be reviewed by the Group in May each year in accordance with the policy of the Group for the review of salaries. Changes of TEC, if any, will take into account personal and business performance and status.

In addition to the review, the Group may at any time during the term pay to Mr De Lacey a performance-based bonus over and above the Salary. In determining the extent of any Performance Based Bonus, the Group shall take into consideration the key performance indicators of Mr De Lacey and the Group, as the Group may set from time to time, and any other matter that it deems appropriate.

The Company may terminate the contract subject to a 12 months' notice period.

DIRECTORS' REPORT

Remuneration Report (Continued)

d) Service Agreements (continued)

John Banning – Managing Director (resigned 26 February 2016)

An employment agreement with John Banning commencing 17 February 2014 and ceasing 26 February 2016, for Managing Director services from Mr Banning. Under the contract the Company paid Mr Banning for his services a salary of $368,000 per year (inclusive of superannuation) paid on a monthly basis, on a Total Employment Cost basis. The contract included a Short Term Incentive (STI) component of between 0 - 50% of Total Employment Cost, with an award equivalent of 25% "at target" performance. The actual entitlements will be determined according to performance against a combination of personal and business KPI's. The STI is paid annually in April each year.

Total Employment Cost (TEC)	$ 368,000
Short Term Incentive (STI) "at Target"	$ 92,000
Total Remuneration Package	$ 460,000

Other terms of the contract included:

- a salary review by the Company in May each year in accordance with the policy of the Company for the review of salaries.
- a performance-based bonus over and above the Salary.

The contract terminated on the resignation of Mr Banning in February 2016.

Kwok Ching (Alex) Tsoi – Joint Executive Chairman

An employment agreement with Alex Tsoi commencing 13 January 2015, for the provision of his services as Joint Executive Chairman. The Company will pay Mr Tsoi for his services a fixed salary of $181,500 per year (inclusive of superannuation) paid on a monthly basis, on a Total Employment Cost basis. The Short Term Incentive (STI) component will be between 0 - 50% of Total Employment Cost, with an award equivalent of 25% "at target" performance. The actual entitlements will be determined according to performance against a combination of personal and business KPI's. The STI is paid annually in April each year.

Total Employment Cost (TEC)	$ 181,500
Short Term Incentive (STI) "at Target"	$ 45,375
Total Remuneration Package	$ 226,875

Mr Tsoi's salary will be reviewed by the Company in May each year in accordance with the policy of the Company for the review of salaries. Changes of TEC, if any, will take into account personal and business performance and status.

In addition to the review, the Company may at any time during the term pay to Mr Tsoi a performance-based bonus over and above the Salary. In determining the extent of any Performance Based Bonus, the Company shall take into consideration the key performance indications of Mr Tsoi and the Company, as the Company may set from time to time, and any other matter that it deems appropriate.

The Company may terminate the contract subject to a 12 month notice period.

DIRECTORS' REPORT

Remuneration Report (Continued)

d) Service Agreements (continued)

Ze Huang (Martin) Cai –Finance Director and Chief Financial Officer

An employment agreement with Martin Cai commencing 13 January 2015, for the provision of his services as Finance Director and Chief Financial Officer. The Group will pay Mr Cai for his services a fixed salary of $345,000 per year (inclusive of superannuation) paid on a monthly basis, on a Total Employment Cost basis. The Short Term Incentive (STI) component will be between 0 - 50% of Total Employment Cost, with an award equivalent of 25% "at target" performance. The actual entitlements will be determined according to performance against a combination of personal and business KPI's. The STI is paid annually in April each year.

Total Employment Cost (TEC)	$ 345,000
Short Term Incentive (STI) "at Target"	$ 66,250
Total Remuneration Package	$ 411,250

Mr Cai's salary will be reviewed by the Group in May each year in accordance with the policy of the Group for the review of salaries. Changes of TEC, if any, will take into account personal and business performance and status.

In addition to the review, the Group may at any time during the term pay to Mr Cai a performance-based bonus over and above the Salary. In determining the extent of any Performance Based Bonus, the Group shall take into consideration the key performance indications of Mr Cai and the Group, as the Group may set from time to time, and any other matter that it deems appropriate.

The Company may terminate the contract subject to a 12 month notice period.

e) Equity Based Remuneration - Options

No options were granted as equity based remuneration during the current or previous financial years.

The following options granted to Directors or other Senior Executives as remuneration, were cancelled during the reporting period due to cessation of employment by the Director or Senior Executive or the options having expired unexercised:

Director	Grant Date	Number of options	Exercise price	Expiry date	Vesting date
Ralph De Lacey	18 November 2013	1,100,000	$0.20	31 December 2013	18 November 2013
		1,100,000	$0.30	31 December 2014	30 September 2014
		1,100,000	$0.40	31 December 2015	30 September 2015
John Banning		1,100,000	$0.20	31 December 2013	18 November 2013
		1,100,000	$0.30	31 December 2014	30 September 2014
		1,100,000	$0.40	31 December 2015	30 September 2015

There were no options previously issued to Directors or Senior Executives for remuneration being exercised during the reporting period.

DIRECTORS' REPORT

Remuneration Report (Continued)

f) Equity instrument disclosures relating to Key Management Personnel

i. ***Option holdings***

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

2016	Balance at start of the year (1)	Granted as remuneration during the year	Exercised during the year	Lapsed during the year	Balance at the end of the financial year	Vested and exercisable at the end of the financial year
Directors						
R De Lacey [2]	**5,825,000**	**-**	**-**	**(5,825,000)**	**-**	**-**
A Kerr (resigned 11 September 2015) [2]	**10,000**	**-**	**-**	**(10,000)**	**-**	**-**
D Harris	**-**	**-**	**-**	**-**	**-**	**-**
S H Tong	**-**	**-**	**-**	**-**	**-**	**-**
Z H Cai	**-**	**-**	**-**	**-**	**-**	**-**
J Banning (resigned 26 February 2016)	**1,100,000**	**-**	**-**	**(1,100,000)**	**-**	**-**

(1) Option holding information for Key Management Personnel who were not Key Management Personnel for the whole year is only for that portion of the year during which they held a key management position. For the purpose of this table, options held at appointment are assumed to have been held at 1 July and options held at termination are assumed to be held at 30 June, with any acquisitions or disposals prior to appointment or after termination, not shown.

(2) Balances include holdings in both listed options as well as those issued for remuneration purposes.

DIRECTORS' REPORT

Remuneration Report (Continued)

ii. ***Shareholdings***

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

2016	Balance at start of the year	Received during the year on exercise of options	Other changes during the year [1]	Balance at the end of the financial year
Directors				
R De Lacey	**45,756,140**	**-**	**3,219,917**	**48,976,057**
A Kerr (resigned 11 September 2015)	**20,000**	**-**	**-**	**20,000**
S H Tong	**63,700,000**	**-**	**610,000,000**	**673,700,000**
Z H Cai	**29,156,140**	**-**	**583,219,917**	**612,376,057**
K C Tsoi	**29,156,140**	**-**	**583,219,917**	**612,376,057**
X Tong	**-**	**-**	**-**	**-**

1. Other changes during the year represents an increase in holdings of the Company's shares by Director associated entities, these being ARM (NQ) Pty Ltd, Snow Peak International Investments Limited and Snow Peak Mining Pty Ltd.

Pursuant to the terms of the DOCA and shareholder approval being obtained, the Company proposes to convert all current related party pre administration debt and all current related party debt incurred during the course of the Company's voluntary administration, to equity, resulting in the issue of 1,456,050,770 fully paid ordinary shares to the directors, director related party entities or their nominees.

Shareholding information for Key Management Personnel who were not Key Management Personnel for the whole year is only for that portion of the year during which they held a key management position. For the purpose of this table, shares held at appointment are assumed to have been held at 1 July and shares held at termination are assumed to be held at 30 June, with any acquisitions or disposals prior to appointment or after termination, not shown.

g) Loans made to Key Management Personnel

No loans were made to any Director or Key Management Personnel during the year.

h) Other transactions with Key Management Personnel and their related entities

During the year the Group incurred costs of $90,560 (2015: $65,614) from NQ Mining Enterprise Pty Ltd, a company associated with Mr Ralph De Lacey, for occupancy costs, the provision of technical assistance and mining consulting services. All services provided by NQ Mining Enterprise Pty Ltd were done so at an arm's length basis and on normal commercial terms. There is a balance of $49,460 owing to the director related entity as at 30 June 2016 (2015: $14,722).

During the year, the Group incurred no costs (2015: $3,506) from Bremworth & Associates, a company associated with Mr Darryl Harris, for consulting services. All services provided by Bremworth & Associates were done so at an arm's length basis and on normal commercial terms. There is no balance owing to the director related entity as at 30 June 2016 (2015: nil).

DIRECTORS' REPORT

Remuneration Report (Continued)

During the year, ARM (NQ) Pty Ltd, a company associated with Mr De Lacey, Mr Tsoi and Mr Cai, purchased in an off market trade 3,219,917 ordinary fully paid shares. From the settlement of the ASA on 19 April 2016, the Group incurred costs of $46,169 from ARM (NQ) Pty Ltd primarily for rent on the Mt Garnet residential properties. All services provided by ARM (NQ) Pty Ltd were done so at an arm's length basis and on normal commercial terms. There is a balance of $118,169 owing as at 30 June 2016 which includes $72,000 acquired balance on assumption of liabilities under the ASA.

Workforce One Pty Ltd is a company associated with Mr De Lacey, Mr Cai, Mr Tsoi and Mr Banning, From the date of settlement of the ASA, the Group incurred costs of $375,771 for labour hire expenses. All services provided by Workforce One Pty Ltd were done so at an arm's length basis and on normal commercial terms. There is a balance of $812,776 owing as at 30 June 2016 which includes $575,605 acquired balance on assumption of SPM liabilities under the ASA.

The Group incurred costs of $19,605 (2015: $1,497) from Preston Law, a company associated with Mr Andrew Kerr. These professional services costs were incurred up to 11 September 2015, this being the date that Mr Kerr resigned as a director of the Company. All services provided by Preston Law were done so at an arm's length basis and on normal commercial terms. There is a balance of $13,339 owing to the director related entity as at 30 June 2016 (2015: $461).

Wages and salaries paid to Victoria Alice Raymer, $46,301 ($38,541 2015) and Terry Yuan Xin Cai, $6,575 ($9,221 2015), being family members of Ralph De Lacey and Ze Huang Cai respectively.

During the year, the Group completed an Asset Sale Agreement (ASA) with Snow Peak Mining Pty Ltd (SPM) and Snow Peak International Investments Limited, entities associated with Mr Si He Tong, a Non-Executive Director of Consolidated Tin Mines Limited. Mr Tsoi and Mr Cai are directors for SPM. Details of the Asset Sale Agreement are included at Note 19.

As at 30 June 2016, the Group had payables of $5,295,102 (2015: $577,259) owing to SPM and Snow Peak International Investments Limited and loans owing to Snow Peak Global Company Limited of $10,438,356 including accrued interest (2015: nil).

There were no other transactions with key management personnel during the year.

i) *Additional Information*

Group performance

The table below shows the performance of the Group as measured by the movement in its share price and change in market capitalisation over the financial periods since registration.

On 27 June 2016 the Group went into a voluntary trading halt and subsequently appointed Administrators on 19 July 2016. The share price used for the financial year ended 30 June 2016 is the share price on 24 June 2016, this being the last day in which securities were traded.

	30 June 2016	**30 June 2015**	**30 June 2014 (Restated)**	30 June 2013 (Restated)	30 June 2012
A$ per share	**$0.025**	**$0.06**	**$0.05**	$0.05	$0.05
A$ Market Capitalisation	**$22,249,263**	**$17,345,772**	**$12,530,719**	$9,118,691	$9,112,287
A$ Loss for year/period	**$(14,753,742)**	**$(1,609,844)**	**$(1,399,343)**	$(1,545,830)	$(698,721)

There is no relationship between the Group's remuneration policy and the Company's share price performance.

End of Audited Remuneration Report

DIRECTORS' REPORT

Officers' and Auditors Indemnities and Insurance

During the year the Company paid an insurance premium to insure certain officers of the Company. The officers of the Company covered by the insurance policy include the Directors and the Company Secretary named in this report.

The Directors and Officers Liability insurance provides cover against all costs and expenses that may be incurred in defending civil or criminal proceedings that fall within the scope of the indemnity and that may be brought against the officers in their capacity as officers of the Company. The insurance policy does not contain details of the premium paid in respect of individual officers of the Company. Disclosure of the nature of the liability cover and the amount of the premium is subject to a confidentiality clause under the insurance policy.

The Company has not entered into any agreement to indemnify or insure any auditor of the Company.

Proceedings on Behalf of the Company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Group is a party, for the purpose of taking responsibility on behalf of the Group for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the Group with leave of the Court under section 237 of the Corporations Act 2001.

Non-audit Services and Auditor's Independence Declaration

On 4 February 2016, KPMG was appointed the Group's auditor following the resignation of BDO (NTH QLD). Since their appointment, KPMG has not provided any non-audit services in addition to their statutory duties.

Auditor's Independence Declaration

A copy of the Auditor's Independence Declaration as required under Section 307C of the Corporations Act is set out on Page 28.

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

Dated at Cairns this 17th day of July 2017.

Ralph De Lacey

Ralph De Lacey

Joint Executive Chairman

AUDITOR'S INDEPENDENCE DECLARATION

KPMG

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To: the directors of Consolidated Tin Mines Limited

I declare that, to the best of my knowledge and belief, in relation to the audit for the year ended 30 June 2016 there have been:

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

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

KPMG

KPMG

Daniel Camilleri
Partner

Sydney
17 July 2017

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the financial year ended 30th of June 2016

	Note	Year Ended 30 June 2016 $	Year Ended 30 June 2015 $
Revenue	5	**3,553,193**	2,517,362
Cost of Sales	6	**(9,491,727)**	-
Gross Profit/(Loss)		**(5,938,534)**	2,517,362
Care and maintenance costs	6	**(770,335)**	-
Depreciation and amortisation expenses	6	**(684,157)**	(62,533)
Marketing expenses		**(29,490)**	(88,685)
Occupancy expenses		**(1,023,019)**	(118,840)
Administrative expenses		**(1,090,858)**	(706,003)
Employee expenses	6	**(1,263,939)**	(2,348,406)
Corporate and other expenses		**(847,990)**	(333,398)
Impairment of exploration and evaluation assets	12	**(589,262)**	(493,041)
Stamp duty on acquisition	19	**(1,485,320)**	-
Operating Loss		**(13,722,904)**	(1,633,544)
Net finance income/(expense)	6	**(1,030,838)**	23,700
Loss before income tax		**(14,753,742)**	(1,609,844)
Income tax benefit /(expense)	7	**-**	-
Loss for the year	21	**(14,753,742)**	(1,609,844)
Other comprehensive income		**-**	-
Total comprehensive income for the year attributable to owners of the Group		**(14,753,742)**	(1,609,844)

Earnings per share for loss attributable to the ordinary equity holders of the company	Note	Cents	Cents
Basic loss per share	30	**(3.67)**	(0.6)
Diluted loss per share	30	**(3.67)**	(0.6)

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30th of June 2016

	Note	As at 30 June 2016 $	As at 30 June 2015 $
ASSETS			
Current assets			
Cash and cash equivalents	8	**1,094,967**	1,222,884
Inventories	9	**244,969**	-
Trade and other receivables	10	**87,282**	-
Prepayments		**356,439**	-
Total current assets		**1,783,657**	1,222,884
Non-current assets			
Property, plant and equipment	11	**23,877,441**	976,437
Exploration and evaluation assets	12	**48,034,283**	12,153,846
Bonds and deposits	13	**11,080,971**	26,144
Total non-current assets		**82,992,695**	13,156,427
Total assets		**84,776,352**	14,379,311
LIABILITIES			
Current liabilities			
Trade and other payables	14	**29,014,873**	1,895,739
Employee leave liabilities	15	**830,807**	989,963
Loans and borrowings	16	**25,898,106**	-
Total current liabilities		**55,743,786**	2,885,702
Non-current liabilities			
Employee leave liabilities	15	**426,776**	146,830
Provisions	17	**13,436,295**	-
Total non-current liabilities		**13,863,071**	146,830
Total liabilities		**69,606,857**	3,032,532
Net assets		**15,169,495**	11,346,779
EQUITY			
Contributed equity	18	**35,749,050**	18,235,050
Accumulated profit/(losses)	21	**(21,642,012)**	(7,062,952)
Reserves	21	**1,062,457**	174,681
Total equity		**15,169,495**	11,346,779

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 30th of June 2016

	Contributed equity (Note 18) $	Accumulated losses $	Convertible notes reserve $	Equity compensation reserve $	Options reserve $	Total $
As at 1 July 2014	16,201,712	(5,495,862)	-	53,975	-	10,759,825
Total comprehensive income for the year:						
Loss for the year	-	(1,609,844)	-	-	-	(1,609,844)
Other comprehensive income	-	-	-	-	-	-
Subtotal	16,201,712	(7,105,706)	-	53,975	-	9,149,981
Transactions with owners in their capacity as owners:						
Share issues	2,040,930	-	-	-	-	2,040,930
Share issue costs	(7,592)	-	-	-	-	(7,592)
Options issued	-	-	-	51,014	112,447	163,461
Options expired	-	42,754	-	(42,754)	-	-
As at 30 June 2015	18,235,050	(7,062,952)	-	62,235	112,447	11,346,780
As at 1 July 2015	**18,235,050**	**(7,062,952)**	**-**	**62,235**	**112,447**	**11,346,780**
Total comprehensive income for the year:						
Loss for the year	**-**	**(14,753,742)**	**-**	**-**	**-**	**(14,753,742)**
Other comprehensive income	**-**	**-**	**-**	**-**	**-**	**-**
Subtotal	**18,235,050**	**(21,816,694)**	**-**	**62,235**	**112,447**	**(3,406,962)**
Transactions with owners in their capacity as owners:						
Share issues	**17,514,000**	**-**	**-**	**-**	**-**	**17,514,000**
Options expired		**174,682**	**-**	**(62,235)**	**(112,447)**	**-**
Issue of convertible notes	**-**	**-**	**1,062,457**	**-**	**-**	**1,062,457**
As at 30 June 2016	**35,749,050**	**(21,642,012)**	**1,062,457**	**-**	**-**	**15,169,495**

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 30th of June 2016

	Note	Year Ended 30 June 2016 $	Year Ended 30 June 2015 $
Cash flows from operating activities			
Interest received		**36,789**	23,700
Interest paid		**(266,136)**	-
Proceeds received on behalf of SPM on the operation of Mt Garnet		**36,767,147**	33,839,574
Payments to suppliers on behalf of SPM on the operation of Mt Garnet		**(33,631,998)**	(30,577,250)
Receipts from customers		**4,123,248**	-
Payments to suppliers and employees (net of reimbursed management costs)		**(7,061,881)**	(1,721,838)
Net cash used in/received from operating activities	29	**(32,831)**	1,564,186
Cash flows from investing activities			
Research and development tax concession refund		**-**	568,170
Payments for property, plant and equipment		**(3,379)**	(18,948)
Exploration and Feasibility expenditure		**(1,126,417)**	(1,653,728)
Payment of loan associated with SPM asset acquisition		-	(400,000)
Net cash acquired on acquisition of net assets from SPM		**1,032,210**	-
Refund/(payments) for security deposits		**2,500**	(2,500)
Net cash used in investing activities		**(95,086)**	(1,507,006)
Cash flows from financing activities			
Repayments of loans		**-**	(1,280,000)
Proceeds from loans advanced		**-**	2,260,000
Proceeds from the issue of shares/options		**-**	112,447
Payments for transaction costs relating to share issues		**-**	(7,590)
Net cash from financing activities		**-**	1,084,857
Net (decrease)/increase in cash and cash equivalents		**(127,917)**	1,142,037
Cash and cash equivalents at the beginning of the year		**1,222,884**	80,847
Cash and cash equivalents at the end of the financial year	8	**1,094,967**	1,222,884

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 30th of June 2016

Note 1 Corporation information and summary of significant accounting policies

Consolidated Tin Mines Limited (the Company or the Parent) is a company limited by shares incorporated and domiciled in Australia whose shares are publicly traded on the Australian Securities Exchange. These consolidated financial statements comprise the Company and its subsidiaries (together referred to as the Group).

The Group is a for-profit entity and is primarily involved in the exploration for mineral resources and the mining of such resources for sale. The Company's registered office is at 395 Lake Street, Cairns, Australia.

The principal accounting policies adopted in the preparation of the financial statements are set out below. The Group has consistently applied the following accounting policies to all periods presented in these consolidated financial statements.

Basis of preparation

These general purpose consolidated financial statements have been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board (AASB), including Australian Accounting Interpretations and the Corporations Act 2001. They were authorised for issue by the Board of Directors on 17 July 2017.

The consolidated financial statements are presented in Australian dollars.

Statement of compliance

The consolidated financial statements comply with International Financial Reporting Standards (IFRS) adopted by the International Accounting Standards Board (IASB).

Basis of consolidation

The consolidated financial statements incorporate all of the assets, liabilities and results of the Company (or Parent) and all of its subsidiaries (together referred to as the Group). Subsidiaries are entities the Parent controls. The Parent controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. A list of subsidiaries is provided in Note 31.

The assets, liabilities and results of all subsidiaries are fully consolidated into the financial statements of the Group from the date on which control is obtained by the Group. The consolidation of a subsidiary is discontinued from the date that control ceases. Intercompany transaction, balances and unrealised gains or losses on transactions between Group entities are fully eliminated on consolidation.

Equity interests in a subsidiary not attributable, directly or indirectly, to the Group are presented as non-controlling interests (NCI). NCI are measured at their proportionate share of the acquiree's identifiable net assets at the date of acquisition. Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

The Group accounts for business combinations using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment.

Going concern basis for preparation of financial statements

The consolidated financial statements have been prepared on the going concern basis which contemplates the continuity of normal business activities and the realisation of assets and discharge of liabilities in the normal course of business.

At 30 June 2016, the Group had a cash balance of $1,094,967 (2015: $1,222,884), a working capital deficiency of $53,960,129 (2015: $1,662,818) and incurred net operating cash outflows of $32,831 (2015: cash inflow of $1,564,186).

The ability of the Group to continue as a going concern is dependent on:

- shareholder approval being obtained to issue Cyan Stone Pty Ltd (Cyan) 2,700,000,000 shares pursuant to the terms of a subscription agreement entered into with Cyan; and
- the successful restructure of the Company as proposed under the terms of the Deed of Company Arrangement which remains subject to shareholder approval.

Further information on the above is disclosed in Note 28.

Under the terms of the Subscription Agreement with Cyan, Cyan has prepaid $29,713,744 (as at the date of signing these financial statements) comprising DOCA funds of $10m, care and maintenance funds paid to the Administrator of $1.2m and $18.5m paid to the Group to fund operations. Cyan has agreed to prepay an additional $4,346,756 by the end of July 2017 to fund working capital requirements.

Should the Group not be successful in achieving shareholder approval for the issue of shares to Cyan, the total amount that has been prepaid by Cyan will automatically be converted into an interest bearing loan which will be due and payable immediately.

The Deed of Company Arrangement proposed a restructure of the Company whereby related party creditors will convert their debt totalling $34,335,564 (as at 8 December 2016 being the date of execution of the Deed of Company Arrangement) into ordinary shares in the Company. This restructure is subject to shareholder approval.

Should the Group not be successful in achieving shareholder approval for the issue of shares to related party creditors in repayment of debt, this debt will remain in the Company and will be due and payable immediately.

On 19 May 2017, Baal Gammon Copper Pty Ltd (BGC) initiated legal action in the Supreme Court of Queensland against Blair Pleash and Kathleen Vouris, (the former Administrators of the Company), the Company, Snow Peak Mining Pty Ltd (SPM) and Cyan seeking orders that the Deed of Company Arrangement be terminated and the Company and SPM be placed into liquidation. The Company will strongly defend this action and have appointed King & Wood Mallesons as the Company's solicitors. Should BGC be successful in their action, the Company will be placed into liquidation and this would be a material uncertainty in respect of the Company's going concern.

The Group has implemented a two year operations plan to recommence mining at the Mt Garnet and Surveyor Mines, with processing of ore at the Mt Garnet Processing Plant. The two year operations plan is dependent upon the Group being able to sell product at the Group's economic forecasts, including commodity prices and foreign exchange rates to support the Group's continued operations. In addition the plan is dependent on the Group achieving production quantities, in line with the respective cost and timing assumptions.

The Group reviews recent market movements and considers the opinions and forecasts of industry and finance professionals in determining the Group's economic forecasts. At present, the Group views that the best forecast is the prevailing market rate of the day. The Group periodically reviews our operations plans and cash flow forecasts by updating the economic variables to the prevailing rates.

As at 16 June 2017, the prevailing market rates used are:

- Zinc US$ 2,516.00 per tonne (London Metal Exchange (LME))
- Lead US$ 2,083.50 per tonne (LME)
- Copper US$ 5,655.60 per tonne (LME)
- Silver US$ 16.76 per troy ounce (London Bullion Market Association (LBMA))
- Gold US$1,255.40 per troy ounce (LBMA)
- FX US$0.7593 (Reserve Bank of Australia)

Based on the assumptions above, the Group's operations model cash flow forecast to June 2018 provides a positive cash position and positive working capital ratio.

Significant falls in commodity prices and/or increases in foreign exchange rates will have a material impact on the future cash flows of the Company.

The Group's two year operations plan has inherent production risks relating to underground mining, transportation, weather and processing of mineral ore; any delays in the timing as well as quantum of production may have a material impact on the Group's cash flows.

These assumptions in respect of commodity prices, foreign exchange rates, production quantities, timing and cost represent material uncertainties that may cast significant doubt on the Group's ability to continue as a going concern.

Current liabilities at 30 June 2016, prior to entering into the DOCA, are $55,743,786. As indicated above, the Deed of Company Arrangement proposed a restructure whereby related party creditors will convert their debt totalling $34,335,564 as at 8 December 2016 into ordinary shares in the Company. Unsecured and unrelated creditors will receive a payout from the $10 million deed funds provided by Cyan.

Should the Group be unable to continue as a going concern it may be required to realise its assets and discharge its liabilities other than in the normal course of business and at amounts different to those stated in the consolidated financial statements. The consolidated financial statements do not include any adjustments relating to the recoverability and classification of asset carrying amounts or the amount of liabilities that might result should the group be unable to continue as a going concern and meet its debts as and when they fall due.

Historical cost convention

These financial statements have been prepared on a historical cost basis.

Critical accounting estimates and judgements

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

Segment reporting

Operating segments are identified and segment information disclosed, where appropriate, on the basis of internal reports reviewed by the Company's board of directors, being the Chief Operating Decision Maker, as defined by AASB 8.

Foreign currency translation

Functional and presentation currency
Both the functional and presentation currency of the Company and its Australian subsidiaries is Australian dollars ($A).

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

All exchange differences in the consolidated financial report are taken to the profit or loss.

Revenue recognition

Revenue is recognised at the fair value of the consideration received or receivable to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

Metal sales are recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the shipment. Revenue is measured at the fair value of the consideration received or receivable, net of shipping costs and foreign exchange movements.

Management fees are recognised at the contractual rates as labour hours are delivered and direct expenses are incurred.

Interest income

Interest income is recognised as it accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Income tax

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

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

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

The carrying value of deferred tax assets is reviewed at each balance date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be realised.

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

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

Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets, and the arrangement conveys the right to use the asset.

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, at the inception of the lease are transferred to the entity are classified as finance leases.

Finance leases are capitalised at inception of the lease at the fair value of the leased property or, if lower, the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are apportioned between the reduction in the lease liability and the finance charge, so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised as an expense in the profit and loss.

Capitalised leased assets are depreciated on a straight-line basis over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Company will obtain ownership of the asset by the end of the term.

Leases are classified as operating leases where substantially all the risks and benefits remain with the lessor. Payments in relation to operating leases are recognised as expenses in profit or loss on a straight line basis over the lease term.

Lease incentives under operating leases are recognised in profit or loss as an integral part of the total lease expense.

Impairment of assets

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

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

An assessment is also made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at re-valued amount, in which case the reversal is treated as a revaluation increase. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

Cash and cash equivalents

For statement of cash flows presentation purposes, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

Fair value estimation

A number of the Company's accounting policies and disclosures require the determination of fair value. Fair values have been determined for measurement and/or disclosure purposes based on the following methods:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. It is based on the presumption that the transaction takes place either in the principal market for the asset or liability or, in the absence of a principal market, in the most advantageous market. The principal or most advantageous market must be accessible to, or by, the group.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interest.

The fair value measurement of a non-financial asset takes into account the market participant's ability to generate economic benefits by using the asset at its highest and best use or by selling it to another market participant that would use the asset at its highest and best use.

In measuring fair value, the group uses valuation techniques that maximise the use of observable inputs and minimise the use of unobservable inputs.

Government Grants

Government grants are recognised at fair value where there is reasonable assurance that the grant will be received and all grant conditions will be met. Grants relating to expense items are recognised as income over the periods necessary to match the grant to the costs they are compensating. Grants relating to assets are deducted from the carrying value of the asset.

Amounts receivable from the Australian Tax Office in respect of research and development tax concession claims are recognised in the year in which the claim is lodged with the Australian Tax Office. Amounts receivable are allocated in the financial statements against the corresponding expense or asset in respect of which the research and development concession claim has arisen.

Inventories

Work in progress (WIP) and finished goods
WIP and finished goods are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. The cost of mining inventories is determined using a weighted average basis. Costs, including an appropriate portion of fixed and variable overhead expenses, are assigned to inventory on hand by the method most appropriate to each particular class of inventory.

Stores
Inventories of consumable supplies are valued at the lower of cost and net realisable value. Cost is assigned on a weighted average basis.

Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the assets.

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 Company 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.

Depreciation of property, plant and equipment is calculated using the written down value method or straight line method to allocate their cost, net of residual values, over their estimated useful lives, as follows:

Asset Class	Depreciation Rate
Buildings	5% straight line
Office equipment and fittings	20% written down value
Motor vehicles	25% written down value
Site equipment	20% written down value

The Mt Garnet processing plant is depreciated on a straight line basis over the estimated useful lives of various components of the plant. Useful life ranges from 2 to 8.5 years from the date of acquisition of the plant, this being April 2016.

The asset's residual values and useful lives are reviewed, and adjusted if appropriate, at each balance date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

An item of property, plant and equipment is derecognised on disposal or when no further future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of an asset (calculated as the difference between net disposal proceeds and the carrying amount of the asset) is included in profit and loss in the year the asset is derecognised.

Mineral exploration and evaluation expenditure

Exploration and evaluation expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that rights of tenure to that area of interest are current and that the costs are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Accumulated costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon the area is made.

When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

Trade and other payables

Trade payables and other payables are carried at amortised cost and represent liabilities for goods and services provided to the Company prior to the end of the financial year that are unpaid and arise when the Company becomes obliged to make future payments in respect of the purchase of these goods and services.

The amounts are unsecured and usually paid within 30 days of recognition.

Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Convertible notes

Compound financial instruments issued by the Group comprise convertible notes denominated in AUD that can be converted to ordinary shares at the option of the holder, when the number of shares to be issued is fixed and does not vary with changes in fair value.

The liability component of compound financial instruments is initially recognised at the fair value of a similar liability that does not have an equity conversion option. The equity component is initially recognised at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability nd equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortised cost using the effective interest method. The equity component of a compound financial instrument is not remeasured.

Interest related to the financial liability is recognised in profit or loss. On conversion at maturity, the financial liability is reclassified to equity and no gain or loss is recognised.

Employee benefits

Short-term employee benefit obligations

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled wholly within 12 months after the end of the reporting period are recognised in other liabilities in respect of employees' services rendered up to the end of the reporting period and are measured at amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when leave is taken and measured at the actual rates paid or payable.

Other long-term employee benefit obligations

Liabilities for long service leave and annual leave that are not expected to be settled wholly within 12 months after the end of the reporting period. They are recognised as part of the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees to the end of the reporting period using the projected unit credit method. Consideration is given to expected future salaries and wages levels, experience of employee departures and periods of service. Expected future payments are discounted using corporate bond rates at the end of the reporting period with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Regardless of when settlement is expected to occur, liabilities for long service leave and annual leave are presented as current liabilities in the statement of financial position if the entity does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period.

Share based payments

Share based compensation payments are made available to Directors and employees.

The fair value of options granted is recognised as an employee benefit expense with a corresponding increase in equity. The fair value is measured at grant date and recognised over the period during which the employees become unconditionally entitled to the options.

The fair value at grant date is independently determined using an option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free rate for the term of the option.

The fair value of the options granted is adjusted to reflect market vesting conditions. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each balance date, the entity revises its estimate of the number of options that are expected to become exercisable. The employee benefit expense recognised each period takes into account the most recent estimate.

Upon the exercise of options, the balance of the share based payments reserve relating to those options is transferred to accumulated losses and the proceeds received, net of any directly attributable transaction costs, are credited to share capital.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is only conditional upon a market condition.

If the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

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

For share-based payments to parties others than employees, the Company measures the value of the share based payment based on the fair value of the goods or services received, unless the fair value cannot be estimated reliably. When the Company cannot estimate reliably the fair value of the goods or services received, it measures their value and the corresponding increase in equity, indirectly, by reference to the fair value of the equity instruments granted.

Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the earnings attributable to equity holders of the Company, excluding any costs of servicing equity other than dividends, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

Diluted earnings per share

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

Goods and service tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as a part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST 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 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. Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

Trade and other receivables

Trade and other receivables are recognised and carried at original invoice amount less any allowance for any uncollectible amounts. An allowance for a doubtful debt is made when there is objective evidence that the Company will not be able to collect the debt. Bad debts are written off when identified.

Investments and other financial assets

Financial assets in the scope of AASB139 Financial Instruments: Recognition and Measurement are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale investments, as appropriate. When financial assets are recognised initially, they are measured at fair value, plus in the case of investments not at fair value through profit or loss, directly attributable transaction costs. The Company determines the classification of its financial assets after initial recognition and, when allowed and appropriate, re-evaluates this designation at each financial year-end.

All regular way purchases and sales of financial assets are recognised on the trade date, i.e. the date that the Company commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets under contracts that require delivery of the assets within the period established generally by regulation or convention in the marketplace.

Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Company has the positive intention and ability to hold to maturity. Investments included to be held for an undefined period are not included in this classification.

Investments that are intended to be held-to-maturity, such as bonds, are subsequently measured at amortised cost. This cost is computed as the amount initially recognised minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initially recognised amount and the maturity amount. This calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums and discounts. For investments carried at amortised cost, gains and losses are recognised in profit or loss when the investments are derecognised or impaired, as well as through the amortisation process.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

Provisions

Provisions are recognised when the Company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefit will be required to settle the obligation and that a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a borrowing cost.

Adoption of New and Revised Standards - Changes in accounting policies on initial application of accounting standards

In the year ended 30 June 2016, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Group's operations and effective for the current annual reporting period.

New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 July 2015, and have not been applied in preparing these financial statements. Those which may be relevant to the Group are set out below. The Group does not plan to adopt these standards early.

<u>AASB 9 Financial Instruments (2014)</u>

AASB 9 replaces the existing guidance in AASB 139 Financial Instruments: Recognition and Measurement. AASB 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from AASB 139.

AASB 9 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted.

The Group is assessing the potential impact on its financial statements resulting from the application of AASB 9.

<u>AASB 15 Revenue from Contracts with Customers</u>

AASB 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including AASB 118 Revenue, AASB 111 Construction Contracts and AASB Interpretation 13 Customer Loyalty Programmes.

AASB 15 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted. The Group is assessing the potential impact on its financial statements resulting from the application of AASB 15.

<u>AASB 16 Leases</u>

AASB 16 removes the lease classification test for lessees and requires all the leases (including operating leases) to be brought onto the balance sheet. The definition of a lease is also amended and is now the new on/off balance sheet test for lessees.

AASB is effective for annual reporting periods beginning on or after 1 January 2019, with early adoption permitted where AASB 15 Revenue from Contracts with Customers is adopted at the same time.

The Group is assessing the potential impact on its financial statements resulting from the application of AASB 16.

Note 2 Financial risk management

The Group has exposure to a variety of risks arising from its use of financial instruments. This note presents information about the Group's exposure to the specific risks, and the policies and processes for measuring and managing those risks. The Board of Directors has the overall responsibility for the risk management framework and has adopted a Risk Management Policy.

a) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from transactions with customers and investments. The Group's maximum exposure to credit risk is the carrying amount of relevant financial assets as recorded in the statement of financial position. The Group does not hold collateral.

i. ***Trade and other receivables***

The Group has no investments. The receivables that the Group does experience through its normal course of business are short term and the risk of non-recovery of receivables is considered to be negligible.

ii. ***Cash deposits***

The Group's primary banker is Bendigo Bank Limited. At balance date predominantly all operating accounts and funds held on deposit are with this bank. The Directors believe any risk associated with the use of only one bank is mitigated by their size and reputation. Except for this matter the Group currently has no significant concentrations of credit risk.

iii. ***Bonds and deposits***

The Group has bonds on deposit with Queensland State Government departments in respect of environmental and other exploration and mining related requirements. The Group considers assets held under these bond arrangements to be exposed to minimal credit risk.

b) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group currently has a working capital deficiency. Pursuant to a Deed of Company Arrangement (DOCA), the Group is proposing a restructure whereby related party creditors ($31,193,208 at 30 June 2016 comprising SPM payables of $5.29m, convertible notes of $15.46m and SPGC loan of $10.44m) will convert their debt into ordinary shares in the Company. Amounts payable to directors and director related entities will also be converted into equity. Unsecured and unrelated creditors will receive a payout from the $10 million deed funds provided by Cyan Stone Pty Ltd.

The Group will continue to manage its liquidity risk by monitoring its cash reserves and forecast spending. Management is cognisant of the future demands for liquid finance resources to finance the Group's current and future operations, and consideration is given to the liquid assets available to the Group before commitment is made to future expenditure or investment.

c) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, commodity prices, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising any return.

i. Interest rate risk

The Group has cash assets which may be susceptible to fluctuations in changes in interest rates. Whilst the Group requires the cash assets to be sufficiently liquid to cover any planned or unforeseen future expenditure, which prevents the cash assets being committed to long term fixed interest arrangements; the Group does mitigate potential interest rate risk by periodically entering into short to medium term fixed interest investments.

ii. Foreign exchange risk

The Group has metal sales contracts denominated in US dollars which will be susceptible to fluctuations in the US / AUD exchange rate.

d) Capital management

The Group considers its capital to comprise its ordinary share capital net of capital raising costs, equity compensation reserve and accumulated losses.

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board considers the balance between equity and borrowings before making funding decisions with the aim of maintaining a strong capital base. The Board of directors does not monitor the return on capital as in their opinion it does not reflect the measure of success of an exploring company. The Company does not plan to purchase its own shares on the market, pay or declare dividends to shareholders or make any other capital return, in its current phase.

Refer to the consolidated statement of financial position for the carrying amount of ordinary share capital, equity compensation reserve and accumulated losses. The Company is not exposed to externally imposed capital requirements.

Note 3 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Group and that are believed to be reasonable under the circumstances.

a) Exploration and evaluation assets

The Group's accounting policy is stated at Note 1. A regular review is undertaken of each area of interest to determine the reasonableness of the continuing carrying forward of costs in relation to that area of interest.

b) Deferred tax assets

The Group does not recognise net deferred tax assets as it is improbable in the short to medium term that these assets will be realised.

c) Rehabilitation provision

The calculation of rehabilitation and closure provisions rely on estimates of costs required to rehabilitate and restore disturbed land to its original condition. These estimates are regularly reviewed and adjusted in order to ensure that the most up to date data is used to calculate these balances.

Significant judgement is required in determining the provision for mine rehabilitation as there are many transactions and other factors that will affect the ultimate costs required to rehabilitate the mine site. Factors that will affect this liability include future development, changes in technology, price increases, changes in interest rates and changes in legislation.

Other than the provision for the Baal Gammon Project, the Group currently bases its rehabilitation provision on the value of the environmental bonds lodged with the Department of Natural Resources and Mines for each respective tenement.

Note 4 Segment information

The Group has identified its operating segments based on the internal reports that are reviewed and used by the board of directors (chief operating decision makers) in assessing performance and determining the allocation of resources.

The Group currently considers there to be only one reportable segment, that being mining and exploration within Australia.

All significant operating decisions are based upon analysis of the Group as a single segment. The financial results of this segment are represented by financial statements of the entity.

Note 5 Revenue

	2016 $	2015 $
Concentrate Sales	**3,553,193**	-
Management fee	**-**	2,328,218
Management costs recharged to related party	**-**	164,922
Other income	**-**	24,222
Total Revenue	**3,553,193**	2,517,362

Note 6 Expenses

	2016 $	2015 $
Loss before income tax includes the following specific expenses:		
Cost of Sales:		
Mt Garnet mining costs	**1,742,377**	-
Processing costs	**2,579,703**	-
Movement in inventories	**1,235,708**	-
Royalties	**3,933,939**	-
Total cost of sales	**9,491,727**	-
Care and maintenance costs:		
Mt Garnet	**232,594**	-
Baal Gammon	**279,775**	-
Surveyor	**257,966**	-
Total care and maintenance costs	**770,335**	-
Depreciation:		
Buildings	**44,721**	13,573
Office equipment	**18,937**	18,234
Motor vehicles	**14,755**	13,171
Plant and equipment	**605,744**	17,555
Total depreciation	**684,157**	62,533
Employee expenses:		
Wages, salaries and fees	**999,243**	1,933,893
Superannuation – defined contribution expense	**53,984**	128,287
Share based payments expense	**-**	51,014
Other employee expenses	**210,712**	235,212
Total employee expenses	**1,263,939**	2,348,046
Net finance expense:		
Interest received from financial institutions	**(36,789)**	(23,700)
Interest expense	**1,067,627**	-
Total net finance expense	**1,030,838**	(23,700)

Note 7 Income tax

	2016 $	2015 $
a) Income tax expense/(benefit)		
Current income tax:		
Current income tax benefit	**(2,312,333)**	(368,054)
Current income tax benefit not recognised	**3,906,266**	467,649
Deferred income tax:		
Relating to deductible and taxable temporary differences	**(1,593,933)**	(99,595)
Income tax (benefit)/expense	**-**	-
b) Reconciliation of prima facie tax benefit		
Loss before income tax	**(14,753,742)**	(1,609,844)
Tax at the Australian rate of 30% (2015: 30%)	**(4,426,123)**	(482,953)
Tax effect:		
Share based payments	**-**	15,304
Non-deductible expenses	**519,857**	-
Deferred tax asset not recognised	**3,906,266**	467,649
Income tax (benefit)/expense	**-**	-
c) Deferred tax		
Assets		
Tax losses available to offset against future taxable income	**7,782,634**	5,204,336
Accrued expenses	**1,825,065**	18,000
Employee leave liabilities	**377,275**	341,038
Superannuation payable	**329,216**	167,383
Rehabilitation provision	**4,030,888**	-
Non-deductible equity raising costs – recognised in equity	**8,735**	24,411
	14,353,813	5,755,168
Liabilities		
Capitalised exploration and evaluation expenditure	**(4,475,603)**	(3,646,154)
Prepaid expenses	**(106,932)**	-
	(4,582,535)	(3,646,154)
Subtotal deferred tax asset/(liability)	**9,771,278**	2,109,014
Deferred tax asset/(liability) not recognised [1]	**(9,771,278)**	(2,109,014)
Net deferred tax asset/(liability)	**-**	-

1. Deferred tax assets have not been recognised in respect of these items because it is not probable in the short to medium term that these assets will be realised.

2. The Group has total estimated tax losses at 30 June 2016 of $25,942,114 (2015: $17,347,786). The ability of the Group to utilise these tax losses will depend on whether the Group is determined to pass the Australian Tax Office rules of continuity of ownership and the same business test. The Group is undertaking an analysis of whether the tax losses will be available to the Group. At the date of this report the outcome of the analysis is yet to be determined.

Note 8 Current assets - Cash and cash equivalents

	2016 $	2015 $
Cash at bank and in hand	**39,002**	1,176,884
Deposits at call	**1,055,965**	46,000
Total	**1,094,967**	1,222,884

Reconciliation to cash and cash equivalents at the end of the year

The above figures are reconciled to cash and cash equivalents at the end of the financial year as shown in the statement of cash flows.

	2016 $	2015 $
Balances as above	**1,094,967**	1,222,884
Balance per statement of cash flows	**1,094,967**	1,222,884

Cash at bank and in hand and deposits at call earn interest at floating rates based on daily bank deposit rates and short term fixed rates.

Note 9 Current assets – Inventories

	2016 $	2015 $
Concentrate	**231,212**	-
Materials and stores	**13,757**	-
Total	**244,969**	-

Note 10 Current assets – Trade and other receivables

	2016 $	2015 $
Receivables:		
Trade debtors	**2,573**	-
GST receivable	**34,308**	-
Supplier deposits	**50,401**	-
Total	**87,282**	-

No receivables are impaired or past due.

Note 11 Non-current assets – Property, plant and equipment

	2016 $	2015 $
Carrying Values at 30 June:		
Land & Buildings		
At cost	**5,067,566**	862,013
Accumulated depreciation	**(118,951)**	(74,230)
	4,948,615	787,783
Office equipment and fittings		
At cost	**225,924**	176,440
Accumulated depreciation	**(108,368)**	(89,432)
	117,556	87,008
Motor vehicles		
At cost	**272,946**	155,912
Accumulated depreciation	**(131,154)**	(116,400)
	141,792	39,152
Plant and equipment		
At cost	**19,355,730**	142,642
Accumulated depreciation	**(686,252)**	(80,508)
	18,669,478	62,134
Total	**23,877,441**	976,437
Reconciliation of movements:		
Land & Buildings		
Carrying amount at start of the year	**787,783**	224,097
Additions	**126,429**	577,259
Acquisition of SPM assets	**3,720,277**	-
Reallocation of prior year cost from Exploration Expenditure (Note 12)	**358,847**	-
Depreciation	**(44,721)**	(13,573)
Carrying amount at end of the year	**4,948,615**	787,783
Office equipment and fittings		
Carrying amount at start of the year	**87,008**	86,543
Additions	**3,423**	18,698
Acquisition of SPM assets	**46,062**	-
Depreciation	**(18,937)**	(18,233)
Carrying amount at end of the year	**117,556**	87,008
Motor vehicles		
Carrying amount at start of the year	**39,512**	52,683
Acquisition of SPM assets	**117,035**	-
Depreciation	**(14,755)**	(13,171)
Carrying amount at end of the year	**141,792**	39,512
Plant and equipment		
Carrying amount at start of the year	**62,134**	79,689
Acquisition of SPM assets	**19,213,088**	-
Depreciation	**(605,744)**	(17,555)
Carrying amount at end of the year	**18,669,478**	62,134
Total	**23,877,441**	976,437

Note 12 Non-current assets – Exploration and evaluation assets

		2016 $	2015 $
Exploration and evaluation phase – at cost	(a)	**43,845,644**	10,374,446
Feasibility study – at cost	(b)	**4,188,639**	4,146,420
Cost contribution (net of cost) from Snow Peak International Investments Limited Pursuant to a project funding agreement approved by shareholders on 9 July 2012 (i)		**-**	(2,367,020)
Cost carried forward		**48,034,283**	12,153,846
(a) In the exploration and evaluation phase			
Cost brought forward		**10,374,446**	10,700,272
Exploration expenditure incurred during the year at cost		**1,303,698**	735,386
Acquisition from SPM		**33,115,609**	--
Reallocation of prior year expenditure to PPE (ii)		**(358,847)**	-
Research and development tax concessions		**-**	(568,170)
Impairment of exploration costs (iii)		**(589,262)**	(493,042)
Cost carried forward		**43,845,644**	10,374,446
(b) In the feasibility study phase			
Cost brought forward		**4,146,420**	3,217,309
Feasibility study incurred during the year at cost		**42,219**	929,111
Cost carried forward		**4,188,639**	4,146,420

(i) 30,000,000 repayment shares were issued to SPII at a deemed price of $0.10 to repay a cost contribution from SPII of $2,367,020.

(ii) Reclassification of previously acquired Cantoni land to Property, Plant and Equipment (Note 11)

(iii) At 30 June 2016, it was determined that the carrying value of a portion of exploration and evaluation expenditure exceeded the recoverable amount. In accordance with AASB 6 Exploration for and Evaluation of Mineral Resources an impairment loss was recorded. The impairment loss includes $291,970 write off of capitalised exploration on the surrender of EPM14580.

Exploration and evaluation assets acquired have been recorded at recoverable value per independent valuation reports (refer Note 19 for valuation methodology). The recoverability of exploration and evaluation assets carried at cost is dependent upon successful development and commercial exploitation, or alternatively sale of the respective areas of interest. No exploration assets have been pledged as security by the Group.

Tenement transfers from SPM have been delayed with the Group currently waiting on the release of documents from the Office of State Revenue. Whilst SPM remain the current holder of the legal title to the tenements, the Company has full beneficial ownership and control over the tenements. The transfer of the tenements is expected to be finalised in the second half of calendar year 2017.

Note 13 Non-current assets – Bonds and deposits

	2016 $	2015 $
Bonds and deposits	**23,644**	26,144
Financial Assurances acquired from SPM	**10,766,334**	-
Deposits acquired from SPM	**290,993**	-
Total	**11,080,971**	26,144

The bonds, assurances and deposits act as security for environmental bonds over tenements on which the Group has worked or is currently working.

Note 14 Current liabilities – Trade and other payables

	2016 $	2015 $
Trade payables and accruals	**22,443,575**	188,753
Employment related payables	**1,276,196**	1,129,726
Payables to the Snow Peak Group	**5,295,102**	577,259
Total	**29,014,873**	1,895,738

Trade payables and accruals are non-interest bearing. The Company went into Voluntary Administration in July 2016. In November 2016 creditors approved the Company enter into a Deed of Company Arrangement (Note 28). Pursuant to the terms of the DOCA and shareholder approval being obtained, the Company proposes to convert all current related party debt ($31,193,208 at 30 June 2016 comprising SPM payables of $5.29m, convertible notes of $15.46m and SPGC loan of $10.44m) into ordinary shares in the Company. Amounts payable to directors and director related entities will also be converted into equity. Unsecured and unrelated creditors will receive a payout from the $10 million deed funds provided by Cyan Stone Pty Ltd.

Details of the Group's exposure to interest rate and liquidity risks, and fair value in respect of its liabilities are set out in Note 22. As at 30 June 2016 there was one secured liability, Royal Gold Inc for $205,354. This was assumed from SPM during the Asset Sale Agreement.

Due to the short term nature of the Group's payables, the carrying amount is assumed to approximate their fair value.

Note 15 Employee leave liabilities

	2016 $	2015 $
a) <u>Current Liability</u>		
Annual leave liability	**830,807**	989,963
b) <u>Non – Current Liability</u>		
Long Service leave liability	**426,776**	146,830

Note 16 Current liabilities - Loans and borrowings

	2016 $	2015 $
Convertible Notes (i)	**15,459,750**	-
Loan including interest accrued to SPGC (ii)	**10,438,356**	-
Total	**25,898,106**	-

Note 16 Current liabilities - Loans and borrowings (continued)

(i) Convertible Notes

As part of the acquisition of SPM assets, 165,000,000 unsecured convertible notes were issued to SPM for the acquisition of tenements, mining information and records. The convertible notes have a face value of $0.10 per note, incur interest at 7% per annum, convert into 165,000,000 ordinary fully paid shares and mature 12 months from date of issue. The convertible notes have been valued using the Bloomberg methodology.

The carrying value of the convertible notes at 30 June 2016 is calculated as follows:

	$
Fair value of convertible notes at acquisition	16,046,835
Amount classified as equity	(1,062,457)
Interest accrued	475,372
Carrying value at 30 June 2016	**15,459,750**

The notes were issued on 18 April 2016. Any unconverted notes become payable on demand at the maturity date.

(ii) SPGC Loan

As part of the assumption of SPM liabilities, a $10m loan from Snow Peak Global Company Limited (SPGC) to SPM, was assumed by the Group. The loan is repayable 12 months from the date the final loan parcel is received, which was 22 October 2015. Interest accrues at 10%, is payable quarterly and any accrued interest is included in the outstanding balance of the loan owing. On the repayment date, SPGC has the option to convert the Loan into a 10% ownership of the assets acquired under the Asset Sale Agreement. The Company may buy-back from SPGC the 10% ownership in the assets by issuing 100,000,000 convertible notes to SPCG with a face value and purchase price of $0.10 per convertible note.

The convertible notes and SPGC loan, together totalling $25,898,106, form part of the $31,193,208 related party creditors balance at 30 June 2016. Under the Deed of Company Arrangement it is proposed to restructure the related party creditors and convert their debt into ordinary shares in the Company.

Note 17 Non-current liabilities - Provisions

	2016 **$**	2015 $
Rehabilitation provision	**13,436,295**	-

The rehabilitation provision relates to the estimated obligation in relation to the environmental rectification works on the Group's tenements. The Group currently bases its rehabilitation provision on the value of the environmental bonds lodged with the Department of Natural Resources and Mines for each respective tenement.

With regards to the provision for the Baal Gammon project, the Company was in discussions with Baal Gammon Copper Pty Ltd (BGC) and the Department of Environment and Heritage Protection (DEHP) regarding an alternative mine closure plan prior to the Company entering Voluntary Administration (VA). No decision had been made by DEHP prior to the Company entering VA. The Company estimated an additional cost of $2m to progressively rehabilitate and maintain the site.

Whilst the Company has received no further correspondence from DEHP with respect any requested increase, pursuant to the Australian Accounting Standards, this estimate has been included in the provision for Baal Gammon on acquisition of SPM assets and liabilities.

The value of this provision also closely aligns with the settlement agreement entered into by the Company with BGC in January 2017 (Note 28). However, the Company notes that the actual cost of rehabilitation may differ significantly (higher or lower) from the amount provisioned due to inherent uncertainties and may not be determined until such time rehabilitation works take place.

Note 17 Non-current liabilities – Provisions (continued)

Reconciliation of movements in rehabilitation provision:

	2016 $	2015 $
Balance at the beginning of the year	-	-
Assumed in a business combination	13,436,295	-
Balance at the end of the year	13,436,295	-

Note 18 Contributed equity

Share capital

		2016		2015	
		No.	$	No.	$
Ordinary shares – fully paid		889,970,521	35,749,050	279,770,521	18,235,050

Share movements during the year

	Issue price (cents)	2016		2015	
		No.	$	No.	$
At the beginning of the year		279,770,521	18,235,050	250,614,381	16,201,712
Shares issued in satisfaction of ARM (NQ) Pty Ltd loan facility of $2 million plus accrued interest	7.0	-	-	29,156,140	2,040,938
Shares issued on 11 August 2015 as an incentive to Validus Corporate Advisory Pty Ltd	7.0	200,000	14,000	-	-
Shares issued on 18 April 2016 to Snow Peak Mining Pty Ltd on completion of the Asset Sale Agreement (Note 19)	2.5	580,000,000	14,500,000	-	-
Shares issued on 18 April 2016 to Snow Peak International Investments Pty Ltd as repayment of a project funding advance	10.0	30,000,000	3,000,000	-	-
Less: costs related to shares issued	-	-	-	-	(7,590)
At the end of the year		889,970,521	35,749,050	279,770,521	18,235,050

Ordinary shares

Ordinary shares have no par value and the Company does not have a limited amount of authorised capital. The Company is a public company limited by shares. The Company was incorporated in Perth, Western Australia. The Company's shares are limited whereby the liability of its members is limited to the amount (if any) unpaid on the shares respectively held by them. Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the company in proportion to the number of and amounts paid on the shares held. On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

Option plan

Information relating to options issued by the Company is set out in Note 20.

Note 19 Asset Sale Agreement – Acquisition of Snow Peak Assets

On 12 January 2015 the Company's Shareholders approved the acquisition of the assets of Snow Peak Mining Pty Ltd (SPM), a Company associated with Mr Ralph De Lacey, Mr Alex Tsoi and Mr Martin Cai, and controlled by Mr Si He Tong.

The Asset Sale Agreement (Agreement) was for the acquisition of the assets, and associated liabilities, (together the Snow Peak Assets) of SPM by the Group.

Snow Peak Assets acquired pursuant to the Agreement include the Mt Garnet Concentrator and associated infrastructure, mining and exploration assets and mineral rights agreements, mining plant and equipment and the assumption of environmental bonds.

The Group acquired the assets of SPM as this allowed the Company to transition from a mineral explorer to a base metal producer.

The material terms of the Agreement are as follows:

Consideration for the acquisition included:

- Issue of 580,000,000 ordinary fully paid shares (Shares) to SPM, which are subject to a 2 year escrow period from date of issue; and
- Issue of a $16,500,000 convertible note to SPM, which is convertible into 165,000,000 ordinary fully paid shares. The convertible debt incurs interest at 7% per annum, payable quarterly in arrears, and mature 12 months from the date of issue.
- The Group assumed all liabilities of SPM that relate to the assets acquired.
- $2,000,000 to be paid to SPM in quarterly instalments of $500,000.
- Relinquishment of CSD's 10% free-carry interest in SPM.

Following completion of the conditions precedent under the Agreement, on 5 April 2016 a General Meeting of Shareholders approved the terms and conditions of the issue of securities pursuant to the Agreement.

The consideration payable pursuant to the Agreement was issued on 18 April 2016 with the ASA being completed on 19 April 2016 at which time the Company recognised the acquisition of the Snow Peak Assets.

On 19 April 2016, SPM provided verbal agreement that the Company will not be required to pay the $2,000,000 cash consideration. This agreement has subsequently been formalised in a deed dated 21 June 2017.

Consideration

The Group issued 580,000,000 Shares and a $16,500,000 convertible note as equity based consideration for the Snow Peak Assets. Independent advice was obtained regarding the fair value of the convertible notes, ordinary share and cash consideration. These items were valued in accordance with the Bloomberg method and are summarised below:

Details of Consideration		**Fair Value ($)**
Cash	$2,000,000 in equal quarterly instalments of $500,000 per quarter [1]	1,974,483
Shares	580,000,000 Shares at 2.5 cents per Share [2]	14,500,000
Convertible Note	Convertible notes with a face value of $16,500,000 convertible into 165,000,000 Shares	16,046,835
SPM shareholding	Existing 10% free-carry shareholding relinquished	0
Subtotal consideration		32,521,318
Reduced consideration [1]		(1,974,483)
Total consideration		**30,546,835**

1. Payment of the cash consideration owing to SPM was subsequently forgiven by SPM on 19 April 2016.
2. The fair value of the ordinary shares issued was based on the listed share price of the Company on the ASX at 19 April 2016.

Note 19 Asset Sale Agreement – Acquisition of Snow Peak Assets (continued)

Acquisition Related Costs

Any costs incurred in relation to the acquisition of the Snow Peak Assets have been included in the Statement of Profit or Loss and Other Comprehensive Income.

Acquisition related costs include $1,485,320 of stamp duty payable to the Office of State Revenue Queensland (OSR). At 30 June 2016, a balance of $1,271,028 remains owing to OSR.

Identifiable Assets Acquired and Liabilities Assumed

The fair values of the identifiable assets acquired and liabilities assumed as at the date of acquisition were:

	Fair Value $
Assets	
Cash and cash equivalents	1,032,210
Inventories & stockpiles	1,687,873
Trade and other receivables	837,561
Deposits and prepayments	635,697
Property, plant and equipment	23,096,462
Exploration and evaluation expenditure	33,115,609
Financial assurances	10,766,330
Other	111,170
Total assets acquired	71,282,912
Liabilities	
Trade and other payables	15,191,171
Employment related payables	1,037,175
Employee leave provisions	830,340
Loan (Note 16(ii))	10,241,096
Rehabilitation provision	13,436,295
Total liabilities assumed	40,736,077
Total identifiable net assets at fair value	30,546,835

Measurement of Fair Values

The valuation techniques used for measuring the fair value of material assets acquired were as follows:

Property, plant and equipment
The valuation model considers market prices for similar items (second hand working plant sold as a going concern) and depreciated replacement cost when appropriate.

Exploration expenditure
The valuation methodology employed depends on the stage of development of the tenements as follows:

i. Where mineral resources have not been defined – the Kilburn Method

The Kilburn method appraises four mineral property characteristics:

1) Off-property mineral occurrence or anomalies
2) On-property mineral occurrence or anomalies
3) Number and relative position of anomalies on the property being values
4) Geological models appropriate to the property being valued

Note 19 Asset Sale Agreement – Acquisition of Snow Peak Assets (continued)

Measurement of Fair Values (continued)

An independent expert assessed these characteristics for each individual tenement and assigned a multiplier to each factor based on the assessment. The multipliers were applied to a Basic Acquisition Cost of $275 / sq km, the average cost required to acquire and hold an exploration license per year in Queensland, to arrive at a technical value. The technical value is finally multiplied by a market factor to arrive at the market value.

In arriving at the valuation, the Group has adopted the technical assessments prepared by Auralia Mining Consultants Pty Ltd (Auralia) and published as part of the documents annexed to the Notice of Meeting published 1 December 2014. The Company has further applied a market factor of 70% to take into consideration the differing economic circumstances between the date the report was prepared by Auralia and settlement of the Asset Sale Agreement.

ii. Where mineral resources have been defined – the Comparable Transaction Method

This method values defined mineral resources by comparing to previous transactions of a similar size, type and nature.

Previous comparable transactions are normalised by the ratio of commodity prices at the time of the transaction and the commodity prices at the time of settlement of the Asset Sale Agreement.

A "yardstick value" per tonne of metal contained in mineral resource is derived and this is applied to the Mineral Resources required and being valued.

iii. Where active mining operations exist – the Income Approach

The Income Approach involves the forecast of annual cashflows projected over the expected life of the project. These cashflows are discounted at an appropriate rate over the project life to arrive at a Net Present Value ("NPV").

The Group's internal operations model was utilised to generate a cash flow forecast based on the commodity prices at the time of settlement of the Asset Sale Agreement.

As the cash flow forecasts also require use of the Mt Garnet Processing Plant, a contributory charge for the use of the plant and the depreciation of the plant was deducted over the period of the operations model to avoid double counting the value of the plant.

Inventories
The fair value is determined based on the estimated selling price in the ordinary course of business less the estimated costs of completion and sale, and a reasonable profit margin based on the effort required to complete and sell the inventories.

The fair value and gross contractual amounts receivable from trade receivables is $837,561. It is expected that the full contractual amounts can be collected.

The Group's operations are subject to specific environmental regulations. The Group has recognised a provisional amount for the Rehabilitation provision. The value of the provision has been based primarily on the value of environmental bonds lodged with the Department of Natural Resources and Mines ("DNRM") for each respective tenement.

As a result of the acquisition, $2,317,485 was contributed to revenue and $12,815,263 to loss before tax from continuing operations of the Group. If the combination had taken place at the beginning of the reporting period, the Group's revenue from continuing operations would have been $32,870,425 and the loss before tax from continuing operations would have been $20,846,131.

Note 20 Options and Performance Rights

The Company has an incentive option plan open to eligible employees and contractors. Options over unissued shares are issued at the discretion of the Board.

(i) Options

The options are granted free of charge and are exercisable at a fixed price in accordance with the terms of the grant.

a) Options granted, exercised and lapsed during the year

During the reporting period no options were granted.

During the reporting period the following options were cancelled having lapsed unexercised during the period:

Number	Exercise Price	Vesting Date	Expiry Date
2,200,000	40 cents	30 September 2015	31 December 2015
22,489,450	20 cents	n/a	31 December 2015

During the reporting period no options were exercised into fully paid ordinary shares:

b) Options on issue at the balance date

There are no options outstanding over unissued ordinary shares at 30 June 2016 (2015: 24,689,450).

Reconciliation of movement of options over unissued shares during the year including weighted average exercise price (WAEP)

	2016		2015	
	No.	**WAEP (cents)**	No.	WAEP (cents)
Options outstanding at the start of the year	**24,689,450**	**21.8**	4,400,000	35.0
Options granted during the year	**-**	**-**	22,489,450	20.0
Options exercised during the year	**-**	**-**	-	-
Options expired	**(24,689,450)**	**21.8**	(2,200,000)	30.0
Options outstanding at the end of the year	**-**	**-**	24,689,450	21.8

At 30 June 2016 there were no options on issue that were vested and fully exercisable (30 June 2015: Nil).

c) Subsequent to the balance date

No options have been exercised or expired since the end of the year.

d) Basis and assumptions used in the valuation of options granted in the reporting period

No options were granted as remuneration during the current financial year.

(ii) Performance Share Rights

a) Performance share rights Issued, Exercised and Expired during the Year

No performance share rights have been exercised or expired since the end of the year.

b) Performance share rights on Issue at the Balance Date

There were no share rights on issue at 30 June 2016 (2015: Nil).

c) Subsequent to the Balance Date

No share rights have been granted, exercised or cancelled subsequent to the reporting date.

Note 21 Reserves and accumulated losses

	2016			
	Accumulated Losses $	**Equity compensation reserve(i) $**	**Options reserve (ii) $**	**Convertible note reserve $**
Balance at the start of the financial year	**(7,062,952)**	**62,235**	**112,447**	**-**
Loss for year	**(14,753,742)**	**-**	**-**	**-**
Options expired	**174,682**	**(62,235)**	**(112,447)**	**-**
Convertible notes issued	**-**	**-**	**-**	**1,062,457**
Balance carried forward at the end of the financial year	**(21,642,012)**	**-**	**-**	**1,062,457**

	2015		
	Accumulated Losses (Restated) $	Equity compensation reserve(i) $	Options reserve (ii) $
Balance at the start of the financial year	(5,495,862)	53,975	-
Loss for year	(1,609,844)	-	-
Options expired	42,754	(42,754)	-
Options issued	-	51,014	112,447
Balance carried forward at the end of the financial year	(7,062,952)	62,235	112,447

(i) Equity compensation reserve

The equity compensation reserve is used to recognise the fair value of options granted to employees and others for goods and services rendered but not exercised. Included in the expense recognised for the year is an amount of $nil in respect of unlisted options granted to employees vesting during the year (2015: $51,014).

During the year an amount of $62,235 (2015: $ 42,754) was transferred from the equity remuneration reserve to accumulated losses in respect of options expiring.

(ii) Options reserve

During the financial year ended 30 June 2016 no options were issued.

During the year an amount of $112,447 (2015: $ nil) was transferred from the option reserve to accumulated losses in respect of options expiring.

(iii) Convertible notes reserve

The reserve for convertible notes comprises the amount allocated to the equity component for the convertible notes issued by the Group in April 2016 as part consideration under the Asset Sale Agreement (see Note 16(i) and Note 19).

Note 22 Financial instruments

a) Credit risk

The Directors do not consider that the Group's financial assets are subject to anything more than a negligible level of credit risk. Cash is held with a credit worthy high quality Australian financial institution. The Group has bonds on deposit with Queensland State Government departments in respect of environmental and other exploration and mining related requirements. The Group considers assets held under these bond arrangements to be exposed to minimal credit risk. The carrying amounts disclosed in the statement of financial position represent the maximum exposure to credit risk for the financial assets, Note 2(a).

b) Impairment losses

The Directors do not consider that any of the Group's financial assets are subject to impairment at the reporting date.

No impairment expense or reversal of impairment charge against financial assets has occurred during the reporting period, other than the write off or write down of deferred exploration assets at Note 12.

c) Liquidity risk

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements, Note 2(b):

2016	**Carrying amount $**	**Contractual cash flows $**	**6 months or less $**	**1-2 years $**	**2-5 years $**	**More than 5 years $**
Trade and other payables	**29,014,873**	**29,014,873**	**29,014,873**	**-**	**-**	**-**
Convertible notes	**15,459,750**	**17,655,000**	**17,655,000**	**-**		
Loan - SPGC	**10,438,356**	**10,750,000**	**10,750,000**	**-**	**-**	**-**
Total [1]	**54,912,979**	**57,419,873**	**57,419,873**	**-**	**-**	**-**

1. Under the Deed of Company Arrangement it is proposed to restructure related party creditors ($31,193,208 at 30 June 2016 comprising SPM payables of $5.29m, convertible notes of $15.46m and SPGC loan of $10.44m) into ordinary shares in the Company. Amounts payable to directors and director related entities will also be converted into equity. Unsecured and unrelated creditors will receive a payout from the $10 million deed funds provided by Cyan Stone Pty Ltd.

2015	Carrying amount $	Contractual cash flows $	6 months or less $	1-2 years $	2-5 years $	More than 5 years $
Trade and other payables	1,895,739	1,895,739	1,895,739	-	-	-
Loan from related parties	-	-	-			
Total	1,895,739	1,895,739	1,895,739	-	-	-

Note 22 Financial instruments (continued)

d) Interest rate risk

At the reporting date the interest profile of the Group's interest-bearing financial instruments was, Note 2(c):

	Carrying amount ($)	
	2016	2015
	$	$
Variable rate instruments		
Cash and cash equivalents	**1,094,967**	1,222,884
Fixed rate instruments		
Convertible notes	**15,459,750**	-
Loan	**10,438,356**	-

e) Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased/(decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

2016	**Profit or loss**		**Equity**	
	100bp increase $	**100bp decrease $**	**100bp increase $**	**100bp decrease $**
Variable rate instruments	**10,950**	**(10,950)**	**10,950**	**(10,950)**

2015	Profit or loss		Equity	
	100bp increase $	100bp decrease $	100bp increase $	100bp decrease $
Variable rate instruments	12,229	(12,229)	12,229	(12,229)

f) Fair values

Fair values versus carrying amounts

The carrying amount of the Group's financial assets and liabilities approximates to the corresponding fair value.

Note 23 Dividends

No dividends were paid or proposed during the financial year (2015: Nil). The Company has no franking credits available as at 30 June 2016 (2015: Nil).

Note 24 Remuneration of auditors

	2016 $	2015 $
Audit and review of financial statements:		
Auditors of the Group - KPMG	**225,532**	-
Other auditors	**-**	74,000
	225,532	74,000
Other services:		
Auditors of the Group – KPMG	**-**	-
Other auditors (i)	**4,243**	9,020
	229,775	83,020

(i) Other services were provided by BDO (NQ) Pty Ltd in relation to auditor succession advice and other services.

Note 25 Contingencies

a) Contingent liabilities

There were no material contingent liabilities of the Group as at 30 June 2015 or 30 June 2016 other than:

Environmental Clean-up Notice

The Department of Environment and Heritage Protection (DEHP) has issued a clean-up notice to Baal Gammon Copper Pty Ltd (BGC), Snow Peak Mining Pty and CSD. The Company is in compliance with the Clean-Up Notice.

The Company, the Company's wholly owned subsidiary Colinacobre Pty Ltd (Colinacobre) and SPM entered into an agreement with BGC whereby CSD, Colinacobre and SPM agreed to relinquish their rights under a Mineral Rights Agreement, and BGC agreed to assume responsibility and liability (including any environmental liabilities) for and in respect of the Baal Gammon Project. However, should BGC fail to perform its obligation, or be placed into insolvency, the environmental liability may revert back to the Group.

Native Title and Aboriginal Heritage

Native title claims have been made with respect to areas which include tenements in which the Group has an interest. The Company is unable to determine the prospects for success or otherwise of the claims and, in any event, whether or not and to what extent the claims may significantly affect the Company or its projects. Agreement is being or has been reached with various native title claimants in relation to Aboriginal Heritage issues regarding certain areas in which the Company has an interest.

Baal Gaamon Copper Action

On 19 May 2017, Baal Gammon Copper Pty Ltd initiated legal action in the Supreme Court of Queensland against Blair Pleash and Kathleen Vouris, (the former Administrators of the Company), the Company, SPM and Cyan Stone Pty Ltd seeking orders that the Deed of Company Arrangement be terminated and the Company and SPM be placed into liquidation. The Company will strongly defend this action and have appointed King & Wood Mallesons as the Company's solicitors. Should BGC be successful in their action, the Company will be placed into liquidation.

b) Contingent assets

There were no material contingent assets of the Group as at 30 June 2015 or 30 June 2016.

Note 26 Commitments

a) Future exploration

The Group has certain obligations to expend minimum amounts on exploration in tenement areas. These obligations may be varied from time to time and are expected to be fulfilled in the normal course of operations of the Group.

The commitments to be undertaken are as follows:

	2016 $	2015 $
Payable:		
- not later than 12 months	**2,961,250**	1,560,000
- between 12 months and 5 years	**4,016,500**	4,570,000
- greater than 5 years	**-**	-
	6,977,750	6,130,000

To keep tenements in good standing, work programs should meet certain minimum expenditure requirements. If the minimum expenditure requirements are not met, the Group has the option to negotiate new terms or relinquish the tenements. The Group also has the ability to meet expenditure requirements by joint venture or farm-in agreements.

b) Operating lease commitments

The Group has no commitments under operating leases.

c) Contractual capital commitments

There are no contractual capital commitments as at 30 June 2015 or 30 June 2016.

Note 27 Related party transactions

a) Related party remuneration – Key management personnel

A summary of total compensation paid to Key Management Personnel, during the year is as follows:

	Key Management Compensation	
	2016 $	2015 $
Short-term employee benefits – salary, fees	**1,107,286**	802,615
Short term employee benefits - bonuses	**-**	-
Other long term employee benefits	**139.672**	94,822
Post-employment benefits	**113,021**	87,916
Share based payments	**-**	51,014
	1,359,979	1,036,367

Note 27 Related party transactions (continued)

b) Other 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.

Transactions with related parties:

- During the year the Group incurred costs of $90,560 (2015: $65,614) from NQ Mining Enterprise Pty Ltd, a company associated with Mr Ralph De Lacey, for occupancy costs, the provision of technical assistance and mining consulting services. All services provided by NQ Mining Enterprise Pty Ltd were done so at an arm's length basis and on normal commercial terms. There is a balance of $49,460 owing to the director related entity as at 30 June 2016 (2015: $14,722).
- During the year, the Group incurred no costs (2015: $3,506) from Bremworth & Associates, a company associated with Mr Darryl Harris, for consulting services. All services provided by Bremworth & Associates were done so at an arm's length basis and on normal commercial terms. There is no balance owing to the director related entity as at 30 June 2016 (2015: nil).
- During the year, ARM (NQ) Pty Ltd, a company associated with Mr De Lacey, Mr Tsoi and Mr Cai, purchased in an off market trade 3,219,917 ordinary fully paid shares. From the settlement of the ASA on 19 April 2016, the Group incurred costs of $46,169 from ARM (NQ) Pty Ltd primarily for rent on the Mt Garnet residential properties. All services provided by ARM (NQ) Pty Ltd were done so at an arm's length basis and on normal commercial terms. There is a balance of $118,169 owing as at 30 June 2016 which includes $72,000 acquired balance on assumption of liabilities under the ASA.
- Workforce One Pty Ltd is a company associated with Mr De Lacey, Mr Cai, Mr Tsoi and Mr Banning, From the date of settlement of the ASA, the Group incurred costs of $375,771 for labour hire expenses. All services provided by Workforce One Pty Ltd were done so at an arm's length basis and on normal commercial terms. There is a balance of $812,776 owing as at 30 June 2016 which includes $575,605 acquired balance on assumption of SPM liabilities under the ASA.
- The Group incurred costs of $19,605 (2015: $1,497) from Preston Law, a company associated with Mr Andrew Kerr. These professional services costs were incurred up to 11 September 2015, this being the date that Mr Kerr resigned as a director of the Company. All services provided by Preston Law were done so at an arm's length basis and on normal commercial terms. There is a balance of $13,339 owing to the director related entity as at 30 June 2016 (2015: $461).
- During the year, the Group completed an Asset Sale Agreement (ASA) with Snow Peak Mining Pty Ltd (SPM) and Snow Peak International Investments Limited, entities associated with Mr Si He Tong, a Non-Executive Director of Consolidated Tin Mines Limited. Mr Tsoi and Mr Cai are directors for SPM. Details of the Asset Sale Agreement are included at Note 19.
- As at 30 June 2016, the Group had payables of $5,295,102 (2015: $577,259) owing to SPM and Snow Peak International Investments Limited and loans owing to Snow Peak Global Company Limited of $10,438,356 including accrued interest (2015: nil).

Except as stated above, there were no other related party transactions during the year.

Note 28 Events occurring after the balance date

- On 13 July 2016 Darryl Harris resigned as Non-executive Director of the Company.

- On 19 July 2016, after continual delays in obtaining funding for its working capital requirements, the Company appointed Blair Pleash and Kathleen Vouris of Hall Chadwick as Administrators in accordance with Section 436A of the Corporations Act 2001. While the Administrators undertook a review and assessment of the Company's operations, the Company continued to run its mining operations in a care and maintenance capacity.

  In a report to creditors in November 2016, the Administrators recommended that the Company execute a Deed of Company Arrangement (DOCA). At a major meeting of creditors on 23 November 2016, it was resolved for the Company to execute a Joint DOCA with its related entity, Snow Peak Mining Pty Ltd (SPM) and at that meeting, the terms of the proposed DOCA were accepted.

  The DOCA was proposed by Cyan Stone Pty Ltd (Cyan), an Australian private company with interests in property development, building construction and viticulture. Cyan is majority owned by Hong Kong based Jianyuan Investment Limited which in turn is held with 100% ownership by Chinese businessman, Mr Ching.

  The joint DOCA was executed on 8 December 2016 and, upon execution of the DOCA, control of the Company was returned to the Directors, subject to the DOCA.

  The DOCA established a fund of $10,000,000 for payment of the Company's and SPM's creditors. Subject to the necessary resolutions being passed, the DOCA provided that the Company and SPM would effect a restructure by:

  a) Converting all current related party pre-administration debt and all current related party debt incurred during the course of the Company's voluntary administration, to equity, resulting in the issue of 1,456,050,770 fully paid ordinary shares (Shares) to the related party Creditors or their nominees;
  b) Issuing up to 2,700,000,000 Shares at an issue price of $0.012615 per Share to Cyan to raise up to $34,060,500 pursuant to the terms of a subscription agreement entered into with Cyan on 10 November 2016 (Subscription Agreement); and
  c) Granting Cyan an option to subscribe for 198,167,774 Shares (on a pre-Consolidation basis) at an issue price of $0.012615 per Share which if exercised will raise an additional $2,500,000.

  The issue of Shares to Cyan pursuant to the terms of the Subscription Agreement will require Shareholder approval and may result in Cyan obtaining a voting power in the Company of up to 60%.

  Pursuant to the Subscription Agreement (as varied), Cyan agreed to a scheduled prepayment of the subscription funds, and commencing 16 January 2017 has already prepaid $29,713,744 (as at the date of signing these financial statements) of the total subscription amount (inclusive of the DOCA funds and funds for care and maintenance paid by Cyan to the Administrators) up to the date of this report. Cyan has agreed to prepay an additional $4,346,756 by the end of July 2017.

  Under the terms of the DOCA and the Subscription Agreement, the subscription funds will be used for the following purposes:

  a) To establish a $10m creditors trust to be operated by the Administrators;
  b) To repay care and maintenance loans totalling $3,937,649, provided by Cyan and Ming Huang Trading Limited (a company registered in Hong Kong) during the period of voluntary administration; and
  c) For working capital purposes.

  Funds that are set aside for working capital purposes will allow the Company to instigate the restart of mining and processing operations and other planned exploration activities including the establishment of an exploration budget.

  The DOCA was subject to a number of conditions subsequent, being the receipt of Foreign Investment Review Board (FIRB) approval and receipt of various Shareholder approvals (Conditions Subsequent). The Conditions Subsequent were required to be met by 23 January 2017.

Note 28 Events occurring after the balance date (continued)

FIRB approval was obtained on 21 December 2016 for:

1. the acquisition of various mining tenements and associated infrastructure from SPM pursuant to the Asset Sale Agreement; and
2. the issue of shares to Cyan which may result in Cyan holding a voting power of up to 60%.

Due to Shareholder approvals not being obtained by 23 January 2017, Cyan agreed to waive the Conditions Subsequent. An effect of this waiver is that in the event that Shareholders do not approve the issue of the Shares to Cyan, the total amount that has been prepaid by Cyan will automatically be converted into an interest bearing loan which will be secured by a general security agreement over the Company, will be subject to interest at 10% per annum and will be due and payable immediately. As a result of this waiver, under Section 445C (c) of the Corporations Act 2001 on 12 January 2017 the DOCA was wholly effectuated by its terms and the Administrator is no longer involved with the Company.

In order to obtain Shareholder approvals an Extraordinary General Meeting (EGM) will be held with the full details of the proposed restructure being explained in a Notice of General Meeting and an Independent Experts Report. Both of these documents have been lodged with the ASX on 12 December 2016. Approval by ASX of the Notice of Meeting is pending the lodgement of these Financial Statements for 30 June 2016 and financial statements for the half year to 31 December 2016.

- On 31 January 2017, the Company, the Company's wholly owned subsidiary Colinacobre Pty Ltd (Colinacobre) and SPM entered into an agreement with Baal Gammon Copper Pty Ltd (BGC) whereby CSD, Colinacobre and SPM agreed to relinquish their rights under a Mineral Rights Agreement, and BGC agreed to assume responsibility and liability (including any environmental liabilities) for and in respect of the Baal Gammon Project, including the assumption of the Companies' obligation under the Clean-Up Notice.

  Under the settlement agreement, the Company agreed to pay BGC an amount of $1,800,000 and transfer the financial assurances held with respect to the Baal Gammon Mine to BGC ($3.75 million as at 30 June 2016). The payment to BGC is to be made over several instalments, as at 17 July 2017, $1,400,000 has been paid to BGC.

  As a result of settlement deed, and in return for the payments and transfer of financial assurance, on 1 February 2017, the Company transferred all rehabilitation obligations associated with the Baal Gammon Mine ($5.75 million provisioned as at 30 June 2016) to BGC. The Company has estimated the provision in accordance with the Australian Accounting Standards and this estimation has considered the subsequent settlement agreement with BGC. The actual cost of rehabilitation may differ significantly (higher or lower) from the amount provisioned due to inherent uncertainties and may not be determined until such time rehabilitation works take place.

  On 1 March 2017 BGC lodged a proof of debt against the creditors trust operated by Blair Pleash and Kathleen Vouris (the Administrators) as trustees. On 6 March 2017, BGC were advised of the rejection of this proof of debt by the trustees. The Company has been informed that BGC has initiated legal action against trustees as a result of this rejection and this action remains on-going as at 17 July 2017. This action will delay the distribution from the trust fund and the Company's re-instatement to trading on the Australian Stock Exchange.

  On 19 May 2017, BGC initiated legal action in the Supreme Court of Queensland against the Administrators, the Company, SPM and Cyan seeking orders that the Deed of Company Arrangement be terminated and the Company and SPM be placed into liquidation. The Company will strongly defend this action and have appointed King & Wood Mallesons as the Company's solicitors. Should BGC be successful in their action, the Company will be placed into liquidation.

Other than the information provided above, there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Group, to affect substantially the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent financial years.

Note 29 Cash Flow Information

	Year Ended 30 June 2016 $	Year Ended 30 June 2015 $
Loss after income tax	**(14,753,742)**	(1,609,844)
Non-cash items:		
Depreciation and amortisation	**684,157**	62,532
Share based payments expense	**-**	51,014
Impairment of exploration assets	**589,262**	493,042
Change in operating assets and liabilities:		
Decrease/(increase) in receivables	**818,153**	41,150
Decrease/(increase) in prepaid expenses	**(355,201)**	10,370
Decrease/(increase) in inventories	**1,554,078**	-
Increase/(decrease) in payables	**12,140,012**	1,532,531
Increase/(decrease)in employee liabilities	**(709,550)**	983,391
Net cash inflow / (outflow) from operating activities	**(32,831)**	1,564,186

Non cash financing and investing activities

In August 2015, 200,000 fully paid ordinary shares were issued to nominees of the Company's corporate and investor relations advisers, Validus Corporate Advisory Pty Ltd

During the 2016 financial year, on the completion of the Asset Sale Agreement (ASA) with Snow Peak Mining Pty Ltd (SPM), 580,000,000 fully paid ordinary shares and 165,000,000 convertible notes were issued to SPM as part consideration to acquire the assets of SPM (Note 19).

As part of the ASA, 30,000,000 fully paid ordinary shares were issued to Snow Peak International Investments Pty Ltd as repayment of a project funding advance of $2,367,020. The repayment shares issued to SPII are subject to a 2 year escrow period from date of issue.

There are no other transactions which had material non cash components.

Note 30 Earnings per share

	Year Ended 30 June 2016 Cents	Year Ended 30 June 2015 Cents
a) Basic earnings per share		
Loss attributable to ordinary equity holders of the Company	**(3.67)**	(0.6)
b) Diluted earnings per share		
Loss attributable to ordinary equity holders of the Company	**(3.67)**	(0.6)
c) Loss used in calculation of basic and diluted loss per share	**$**	$
Loss after tax	**(14,753,742)**	(1,609,844)
d) Weighted average number of shares used as the denominator	**#**	#
Weighted average number of shares used as the denominator in calculating basic and diluted earnings per share	**401,948,055**	267,469,026

Note 30 Earnings per share (continued)

Options to acquire ordinary shares granted by the Company and not exercised at the reporting date are considered to be potential ordinary shares and are included in the determination of diluted earnings per share to the extent to which they are dilutive.

As at 30 June 2016 there are no options on issue (2015: 24,689,450) which are not considered to be dilutive to the reported loss.

Note 31 Subsidiary company details and consolidation information

Name of Subsidiary	Country of Incorporation and operation	Ownership interest 2016	Ownership interest 2015
CTM Alluvial Mining Pty Ltd	Australia	100%	100%
Colinacobre Pty Ltd	Australia	100%	100%
Surveyor Mining Pty Ltd	Australia	100%	100%

Colinacobre Pty Ltd and Surveyor Mining Pty Ltd were parties to the Asset Sale Agreement with Snow Peak Mining Pty Ltd and Snow Peak International Investments Ltd, under which both subsidiaries acquired assets (Note 19).

Note 32 Parent entity disclosures

As at, and throughout, the financial year ended 30 June 2016 the parent entity of the Group was Consolidated Tin Mines Limited.

(a) Result of parent entity

	2016 $	2015 $
Loss for the period	**(14,753,742)**	(1,609,844)
Other comprehensive income	**-**	-
Total comprehensive income/(loss) for the year	**(14,753,742)**	(1,609,844)

(b) Financial position of parent entity at year end

	2016 $	2015 $
Current assets	**1,783,657**	1,222,884
Total assets	**80,835,280**	14,379,311
Current liabilities	**55,743,786**	2,885,702
Total liabilities	**65,665,785**	3,032,532
Total equity comprising of:		
Share capital	**35,749,050**	18,235,050
Accumulated losses	**(21,642,012)**	(7,062,952)
Equity compensation reserve	**-**	62,234
Option reserve	**-**	112,447
Convertible note reserve	**1,062,457**	-
Total equity	**15,169,495**	11,346,779

Note 32 Parent entity disclosures (continued)

(c) Contingencies

The Company is not aware of any significant contingencies as at the end of the financial year other than those mentioned in Note 25.

(d) Guarantees

The Company has not entered into any guarantees in relation to the debts of its subsidiaries.

(e) Contractual commitments

Other than the Asset Sale Agreement entered into with Snow Peak Mining Pty Ltd (Note 19), the Company has not entered into any contractual commitments for the acquisition of property, plant and equipment.

DIRECTORS' DECLARATION

The Directors of Consolidated Tin Mines Limited ("the Company") declare that:

(a) The accompanying financial statements and notes are in accordance with the Corporations Act 2001, including:

  (i) complying with Accounting Standards and the Corporations Regulations 2001 and other mandatory professional reporting requirements; and

  (ii) giving a true and fair view of the financial position of the Company as at 30 June 2016 and of its performance, as represented by the results of its operations, changes in equity and cash flows, for the financial year ended on that date.

(b) The Company has included in the notes to the financial statements an explicit and unreserved statement of compliance with International Financial Reporting Standards.

(c) In the directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

(d) The remuneration disclosures included in the Directors' Report (as part of the audited Remuneration Report) for the year ended 30 June 2016, comply with section 300A of the Corporations Act 2001.

The Directors have been given the declarations required by Section 295A of the Corporations Act 2001 from the Managing Director and Company Secretary for the financial year ended 30 June 2016.

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

Dated at Cairns this 17th day of July 2017.

Ralph De Lacey

Ralph De Lacey

Joint Executive Chairman

INDEPENDENT AUDIT REPORT

KPMG

Independent auditor's report to the members of Consolidated Tin Mines Limited

Report on the financial report

We have audited the accompanying financial report of Consolidated Tin Mines Limited (the company), which comprises the consolidated statement of financial position as at 30 June 2016, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year ended on that date, note 1 comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the Group comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement whether due to fraud or error. In note 1, the directors also state, in accordance with Australian Accounting Standard AASB 101 *Preparation of Financial Statements,* that the financial statements of the Group comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001* and Australian Accounting Standards, a true and fair view which is consistent with our understanding of the Group's financial position and of its performance.

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

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

KPMG

Auditor's opinion

In our opinion:

(a) the financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the Group's financial position as at 30 June 2016 and of its performance for the year ended on that date; and
- (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

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

Emphasis of Matter

Without modifying our opinion expressed above, we draw attention to directors' assessment of going concern in note 1 of the financial statements. The matters outlined in note 1 indicate the existence of a material uncertainty that may cast doubt on the Group's ability to continue as a going concern, and therefore the Group may be unable to realise its assets and extinguish its liabilities in the normal course of business and amounts stated in the financial report.

Report on the remuneration report

We have audited the Remuneration Report included in 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 auditing standards.

Auditor's opinion

In our opinion, the remuneration report of Consolidated Tin Mines Limited for the year ended 30 June 2016, complies with Section 300A of the *Corporations Act 2001.*

KPMG

KPMG

Daniel Camilleri
Partner

Sydney
17 July 2017

71

ADDITIONAL INFORMATION

Pursuant to the Listing Requirements of the Australian Securities Exchange, the shareholder information set out below was applicable as at 30th May 2017.

a. Distribution of Equity Securities

Analysis of numbers of security holders by size of holding:

Distribution	Number of shareholders
1 – 1,000	36
1,001 – 5,000	64
5,001 – 10,000	133
10,001- 100,000	556
More than 100,000	241
Totals	**1,030**

There were 338 shareholders holding less than a marketable parcel of ordinary shares.

b. Substantial Shareholders

An extract of the Company's Register of Substantial Shareholders (who hold 5% or more of the issued capital) is set out below:

Shareholder Name	Issued Ordinary Shares	
	Number of shares	Percentage of shares %
SNOW PEAK MINING PL	580,000,000	65.17%
SNOW PEAK INTNL INV LTD	93,700,000	10.53%

c. Twenty Largest Shareholders

The names of the twenty largest holders of quoted shares are listed below:

Shareholder Name	Issued Ordinary Shares	
	Number of shares	Percentage of shares %
SNOW PEAK MINING PL	580,000,000	65.17%
SNOW PEAK INTNL INV LTD	93,700,000	10.53%
ARM (NQ) PTY LTD	32,376,057	3.64%
DE LACEY RALPH + RYAN M	16,250,000	1.83%
CITICORP NOM PL	7,018,960	0.79%
COUSINS LEE ANDREW + A E	5,126,799	0.58%
SUCCESS SEA DVLMT CO LTD	5,000,000	0.56%
PROVIDENT INV STRATEGY PL	4,440,000	0.50%
JI BAOXIAN	4,000,000	0.45%
BANYARD RJ + HOLTEN PS	3,981,831	0.45%
SILVA PL	3,350,000	0.38%
JP MORGAN NOM AUST LTD	3,186,217	0.36%
SCOTT RONALD JAMES	2,930,000	0.33%
SHARMA RUDRA	2,646,154	0.30%
CAPRARO PL	2,580,000	0.29%
MADDEN PAUL JAMES	2,291,777	0.26%
DEMPSEY PAUL JOHN	2,200,000	0.25%
UKICH EDO + CHRISTINE L	2,107,035	0.24%
TEUMA LUKE JOHN	2,047,775	0.23%
THOM MALCOLM	2,000,000	0.22%
Top 20 total	**777,232,605**	**87.36%**

d. Voting Rights

In accordance with the Company's Constitution, voting rights in respect of ordinary shares are on a show of hands whereby each member present in person or by proxy shall have one vote and upon a poll, each share will have one vote.

e. Restricted Securities

There are 580,000,000 ordinary shares on issue which are subject to a voluntary escrow. The escrow period ends on 5 April 2018.

SCHEDULE OF MINERAL TENEMENTS

Schedule of Tenements as at 31 May 2017

Registered Holder	Tenement No.	Tenement Name	Interest at start	Interest at end	Status
Consolidated Tin Mines	MDL 38	Gillian	100%	100%	Granted
	MDL 381	Windermere	100%	100%	Granted
	MDL 448	Herberton Deep Lead	100%	100%	Granted
	MDL 482	Jeannie River	100%	100%	Granted
	EPM 14185	Mt Garnet	100%	100%	Granted
	EPM 15611	Lynd River	100%	100%	Granted
	EPM 17073	Mt Garnet Extended	100%	100%	Granted
	EPM 17547	Tate River Extended	100%	100%	Granted
	EPM 17548	Petford East	100%	0%	Expired
	EPM 17550	Herberton Extended	100%	0%	Expired
	EPM 17551	Smiths Creek	100%	0%	Expired
	EPM 17623	Mt Garnet West	100%	100%	Granted
	EPM 17753	Mt Garnet Nth West	100%	100%	Granted
	EPM 17875	Lynd River Extended	100%	100%	Granted
	EPM 17917	Smith's Creek Extended	100%	100%	Granted
	EPM 18000	Mt Garnet East	100%	100%	Granted
	EPM 18118	Bolwarra	100%	100%	Granted
	EPM 18321	Mt Garnet South	100%	100%	Granted
	EPM 18795	Gillian	100%	100%	Granted
	EPM 19105	Jimbilly North	100%	100%	Granted
	EPM 19204	Nettle Creek South	100%	100%	Granted
	EPM 19323	Kangaroo Creek	100%	100%	Granted
	EPM 19468	Jeannie River Extended	100%	100%	Granted
	EPM 19603	Dinner Creek	100%	100%	Granted
	EPM 25386	Spring Creek	100%	100%	Granted
	EPM 25427	Nettle Creek	100%	100%	Granted
	EPM 25428	Reedy Creek	100%	100%	Granted
	EPM 25689	Twelve Mile	100%	100%	Granted
	EPM 25702	Soda	1000%	100%	Granted
	EPM 25711	Brownville	0%	100%	Granted
	EPM 25939	Torwood	0%	100%	Granted
	EPMA 26087	Einasleigh Extended	0%	0%	Application
	EPMA 26540	Silver Valley	0%	0%	Application
	MLA 20583	Mid Battle Creek	0%	0%	Application
	MLA 20584	Nettle Creek Extended	0%	0%	Application
	MLA 20585	Upper Battle Creek	0%	0%	Application
	MLA 20693	Pinnacles	0%	0%	Application
	MLA 20694	Windermere	0%	0%	Application
	ML 20743	Gillian	100%	100%	Granted
	MLA 100022	Maitland	0%	0%	Application

Registered Holder	Tenement No.	Tenement Name	Interest at start	Interest at end	Status
CTM Alluvial Pty Ltd	ML 4069	Nettle Creek	100%	100%	Granted
	ML 4073	Nettle Creek	100%	100%	Granted
	ML 4074	Nettle Creek	100%	100%	Granted
	MLA 20544	Return Creek	0%	0%	Application
	MLA 20721	Kangaroo Creek	0%	0%	Application
	MLA 20722	Martins Terrace	0%	0%	Application
	MLA 20723	Martins Hill	0%	0%	Application
	MLA 100023	Boomerang	0%	0%	Application
	EPMA 26453	Lynd Regional	0%	0%	Application

Registered Holder	Tenement No.	Tenement Name	Interest at start	Interest at end	Status	Pending Transfer Holder *
Snow Peak Mining Pty Ltd	EPM 9323	Balcooma	100%	100%	Granted	SM PL
	EPM 12510	Horse Mountain	100%	100%	Granted	CSD
	EPM 12513	Ironstone Knob	100%	100%	Granted	CSD
	EPM 13072	Einasleigh	100%	100%	Granted	SM PL
	EPM 13229	Balcooma East	100%	100%	Granted	SM PL
	EPM 13272	Mount Garnet West	100%	100%	Granted	CSD
	EPM 14107	Balcooma Extended 2	100%	100%	Granted	SM PL
	EPM 14626	Mount Garnet Ext	100%	100%	Granted	CSD
	EPM 16024	Expedition Creek	100%	100%	Granted	CSD
	EPM 16072	Mount Garnet	100%	100%	Granted	CSD
	EPM 18093	Newcastle	100%	100%	Granted	SM PL
	EPM 18165	Caldera	100%	100%	Granted	SM PL
	EPM 18257	Coolabah	100%	100%	Granted	SM PL
	EPM 18284	Nine Mile	100%	100%	Granted	SM PL
	EPM 18558	Blacksoil	100%	100%	Granted	SM PL
	EPM 25199	Fish Hole Creek	100%	100%	Granted	SM PL
	EPM 25200	Telegraph Creek	100%	100%	Granted	SM PL
	EPM 25202	Mt Juliet	100%	100%	Granted	SM PL
	EPM 25211	Tooth Dam	100%	100%	Granted	SM PL
	EPM 25259	Surveyor Two	100%	100%	Granted	SM PL
	EPM 25276	Catepillar	100%	100%	Granted	SM PL
	EPM 25277	Mt Garnet South	100%	100%	Granted	CSD
	EPM 25424	Railway	100%	100%	Granted	SM PL
	EPMA 25451	Stockman	0%	0%	Application	SM PL
	EPM 25498	Balcooma West	100%	100%	Granted	SM PL
	EPMA 25522	Telegraph Extended	0%	0%	Application	SM PL
	ML 1393	Balcooma	100%	100%	Granted	CSD
	ML 4042	Mount Garnet No 2	100%	100%	Granted	CSD
	ML 4043	Mount Garnet No 3	100%	100%	Granted	CSD
	ML 4044	Mount Garnet No 4	100%	100%	Granted	CSD
	ML 4130	Mount Garnet No 5	100%	100%	Granted	CSD
	MLA 20005	Mount Garnet Ext Nth	0%	0%	Application	CSD
	ML 20016	Mount Garnet No 6	100%	100%	Granted	CSD
	MLA 20105	Mount Garnet Sth Wst	0%	0%	Application	CSD
	ML 30156	Balcooma 95	100%	100%	Granted	CSD
	MLA 30211	Kaiser Bill	0%	0%	Application	SM PL
	MLA 30212	Einasleigh	0%	0%	Application	SM PL
	MLA 30214	Transport MLA	0%	0%	Application	SM PL
	MLA 30217	Chloe	0%	0%	Application	SM PL
	MLA 100001	Mount Garnet South	0%	0%	Application	CSD

*Pending transfer holder = CSD – Consolidated Tin Mines Limited, SM PL – Surveyor Mining Pty Ltd

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CONSOLIDATED TIN MINES LTD

ABN 57 126 634 606