



A world class specialty metals producer



Annual Financial Report **2017**

Corporate Directory



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WOLF MINERALS LIMITED

ABN: 11 121 831 472

NON EXECUTIVE CHAIRMAN

John Hopkins OAM

INTERIM MANAGING DIRECTOR

Richard Lucas

NON EXECUTIVE DIRECTORS

Ronnie Beevor

Nick Clarke

Chris Corbett

Don Newport

Michael Wolley

ALTERNATE DIRECTOR

Jacob Roorda

INTERIM CHIEF FINANCIAL OFFICER

Stephen Hill

COMPANY SECRETARY

Pauline Carr

PRINCIPAL & REGISTERED OFFICE

Suite 25, Level 3, 22 Railway Road
SUBIACO WA 6008

AUDITORS

PKF Mack

Level 4, 35 Havelock Street
WEST PERTH WA 6005

LAWYERS

Hogan Lovells

Level 13, St Georges Square
225 St Georges Terrace
PERTH WA 6000

SHARE REGISTRAR

Security Transfer Australia

770 Canning Hwy
APPLECROSS WA 6153
www.securitytransfer.com.au

UK DEPOSITORY

Computershare Investor Services PLC

The Pavilions, Bridgwater Road
Bristol BS99 6ZZ
www.computershare.com

STOCK EXCHANGE LISTINGS

Australian Securities Exchange

(Home Exchange: Perth, Western Australia)
Code: WLF

Alternative Investment Market

London Stock Exchange
Code: WLFE

BANKERS

National Australia Bank

50 St Georges Terrace
PERTH WA 6000

WEBSITE

www.wolfminerals.com

Chairman's Letter



John Hopkins OAM
Non Executive Chairman

The 2017 financial year has seen an important transition for Wolf Minerals Limited (**Wolf** or the **Company**) with its core project, the Drakelands open pit mine (**Drakelands**) at the Hemerdon tungsten and tin project (the **Project**) completing commissioning and ramping up production during its first full year of operation.

Wolf remains committed to developing Drakelands in a corporate and socially responsible manner, with considerable efforts being made to ensure community, safety and environmental considerations are addressed positively and proactively for the benefit of all stakeholders.

The Company has continued to develop its understanding of the orebody and the performance of the processing plant, including completion of a drilling programme. The drilling programme provided both further clarity on the ore characteristics, as the mine moved through the softer oxide levels into harder granite, and samples for metallurgical analysis necessary to forecast metal recoveries. The updated geo-met modelling highlighted potential improvements in the processing plant, culminating in the development of an operating turnaround plan in May 2017 intended to achieve sustainable production at Drakelands.

The initial trial period of the operating turnaround plan in June 2017 provided encouraging results, with several production indicators demonstrating immediate improvements. The Managing Director's review of operations discusses the operating turnaround plan in greater detail.

In similar fashion, the tungsten market improved slowly during the first half of the year before building momentum at the end of the financial year. In July 2016, the price of ammonium paratungstate (**APT**), the primary pricing point for tungsten, was US\$185/mtu (metric tonne unit), and remained steady through to December 2016. However, by June 2017 the price had increased to US\$220/mtu, a 19% improvement, and has continued on a strong upward trend since then to reach US\$310/mtu in September 2017. Whilst demand for tungsten was steady throughout the year, the recent price rise is a result of reduced supply from China, the world's largest producer and consumer of tungsten, which has been constrained by increasing costs of production and environmental management. The very limited new supply of tungsten coming to market in recent years is expected to support prices at higher levels as demand continues to grow.

The Board is encouraged by the recent price strength and the potential for longer term market equilibrium at these higher prices, providing Wolf with the opportunity to maximise its strategic value.

Whilst the tungsten price remained low for much of the year, it was necessary in October 2016 for Wolf to strengthen its balance sheet by restructuring its senior debt facilities and establishing a bridge loan facility with Resource Capital Fund VI L.P. (along with Resource Capital Fund V L.P. and its associates, collectively **RCF**) to support working capital requirements. As at September 2017, a total of £45 million of additional funding had been provided through the bridge loan facility to ensure the Company is able to deliver the operating turnaround plan and take advantage of the improving tungsten market. The Board acknowledges the ongoing contributions of RCF, the Company's lenders and major offtake customers to ensure Wolf has a strong platform to build a successful future.

Chairman's Letter (cont.)



On behalf of the Board I also thank our interim Managing Director, Richard Lucas, and his teams in Perth and in the UK for their continuing efforts to establish Wolf as an important producer in the tungsten market. Further, I acknowledge the contribution during the year from Russell Clark and wish him the very best for his future endeavours, and welcome Calum Semple as Chief Operating Officer and Stephen Hill as interim Chief Financial Officer.

We look forward to a successful year ahead, with Wolf realising its potential as a significant tungsten producer in the western world.



Yours sincerely

Mr John Hopkins OAM
Chairman of the Board

Directors' Report



Your Directors present their report on Wolf Minerals Limited (**Wolf** or the **Company**) and its controlled entities (the **Group**) for the financial year ended 30 June 2017.

DIRECTORS

The names of Directors in office at any time during or since the end of the financial year are:

John Hopkins OAM *Non-Executive Chairman*

Russell Clark *Executive Managing Director (resigned 14 May 2017)*

Richard Lucas *Interim Managing Director (appointed 8 May 2017)*

Ronnie Beevor *Non-Executive Director*

Nick Clarke *Non-Executive Director*

Chris Corbett *Non-Executive Director*

Don Newport *Non-Executive Director*

Michael Wolley *Non-Executive Director*

Jacob Roorda *Alternate Director for Mr Wolley (appointed 29 August 2016)*

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.



PRINCIPAL ACTIVITIES

The principal activity of the Group during the financial year was tungsten and tin mining, conducted through the wholly owned subsidiary, Wolf Minerals (UK) Limited.

There were no significant changes in the nature of the Group's principal activities during the year.

OPERATING RESULTS

The consolidated loss of the Group after providing for income tax amounted to \$74,536,641 (2016: \$63,094,075).

DIVIDENDS PAID OR RECOMMENDED

The Directors do not recommend the payment of a dividend and no amount has been paid or declared by way of a dividend to the date of this report.

Directors' Report (cont.)

Managing Director's Review of Operations

This year has seen a number of changes during the first full year of operations at Drakelands, with Wolf rising to the challenge of becoming a leading tungsten producer.

SUSTAINABILITY

Wolf's corporate values emphasise the importance of safety, the environment and community engagement, with a commitment to continuous improvement for the benefit of all stakeholders.

There are over 250 people working at Drakelands on a daily basis, including 100 contractors, many of whom live in the local area. The Company is committed to supporting employment and economic growth in the wider community, with many services sourced from local businesses. Wolf is also in regular contact with community leaders, including Parish Councils and local business groups and agencies, to provide updates on activity at the site. The Company has most recently sponsored a 'Wolf Academy' in partnership with a local secondary school to support careers advice and guidance for young people.

The safety of all people working with or visiting Wolf is of core importance and a critical driver of success. The Company achieved an injury free period of 169 days, however the Lost Time Injury Frequency Rate (**LTIFR**) increased from 4 to 12 over the year (with 11 lost time incidents, up from three in 2015/16). In response, the Company has renewed its emphasis on safety across all areas of the business and, as part of its intensified focus on a safety-first philosophy, has recruited additional safety specialists, provided further training and introduced a behavioural based program to encourage greater personal awareness and preventative action amongst all team members.

Following an annual audit in May 2017, Wolf retained the ISO 14001 certification for its Environmental Management System for the third successive year.



Certification of the Environmental Management System at Drakelands provides confidence that the Company has procedures and practices in place to manage the environment to international standards. There have been no significant environmental incidents during the year.

Wolf's application to extend the Drakelands planning permission expiry date from 2021 to 2036 and to implement permanent seven day operational working was approved in November 2016. This approval has the potential to increase production and reduce unit costs, in addition to generating additional employment opportunities and helping to ensure the longevity of the operation. The revised planning permission was subsequently issued following agreement of a Unilateral Undertaking which included the additional monitoring requirements of Wolf.

Work has continued to focus on reducing noise from the processing plant, in particular low frequency noise (**LFN**), to minimise the impact on the community.

Wolf has established a community working group to communicate the progress of technical solutions being pursued on LFN in an action plan agreed with the Environment Agency (**EA**). The working group is chaired by an independent community mediator and includes representatives from the EA and local residents. The Company values its relationship with the community and is committed to delivering a comprehensive LFN solution whilst meeting operational requirements during this important period of production improvements. Subsequent to the year end, the Company implemented temporary changes to our weekend operating arrangements while we work through technical solutions to address this issue.

Ground vibrations and noise levels from blasting remain well below prescribed levels, however Wolf continues to work with an independent expert in the field of blasting, along with County, District and Parish Councils on best practice blast design to minimise impact on the community.

Directors' Report *(cont.)*

Managing Director's Review of Operations *(cont.)*

PRODUCTION

Mining

The open pit mining activities at Drakelands are undertaken using a mining contractor, CA Blackwell owned by Hargreaves Services plc. Hargreaves is an AIM listed supplier of solid fuels and bulk material logistics and is one of the largest developers and operators of surface mines in the UK.

Mining has continued to drop the working levels in the open pit, with a corresponding improvement in harder ore feed for the processing plant. The Company completed a resource definition drilling program to provide more detailed information on the next two years of ore feed, which has been utilised to enhance the ore body geological model and further optimise the mine plan.

A total of 2,266,958 tonnes of ore and 1,440,921 bank cubic metres (**BCM**) of waste was mined during the year with the open pit dropping approximately 15 metres.

There are 4-5 blasts being undertaken each week, reflecting the transition into harder granite. The particle size distribution within the ore feed is improving, assisting efforts in the processing plant to enhance recoveries, and the reconciliation of the grade of ore ($\%WO_3$) extracted to date continues to be positive when compared to the grade expected from the ore reserve.

Good progress has been made at the Mining Waste Facility (**MWF**) throughout the year with a total of 1.9 million cubic metres of material placed to provide the necessary storage capacity. Construction of a new public road to replace a section of Lee Moor Road located at the base of the MWF has been completed and was opened in April 2017, allowing the next stage of the MWF to commence development.

Processing

The processing plant at Drakelands was developed through an Engineering-Procurement Construction (**EPC**) contract with GR Engineering Services (**GRES**). Run time and recovery were identified as the fundamental areas for further performance improvements during the year, with the change of ore feed into the processing plant having a positive impact on run time in the crushing and screening circuit. However, recovering fine tungsten in the ore and generated in circuit, along with downstream processing of recovered fines, remain key challenges.

An operating turnaround plan was developed, utilising a range of leading specialists on gravity recovery methods and refinery systems to obtain a consensus on effective solutions to reach or exceed name plate production. The operating turnaround plan was centred upon three trial periods in June, August and October 2017, initially targeting baseline production improvements from the current processing plant, followed by specific equipment changes. The first trial period in June provided encouraging production results through improved operating procedures and process control.

The operating turnaround plan is on schedule, with further changes to come targeting availability and recoveries in the dense media separation and gravity fines circuits and availability and throughput in the refinery.

The processing plant treated 1,918,170 tonnes of ore during the year at an average tungsten grade of 0.22% WO_3 and produced 112,270 mtu of tungsten in concentrate and 194 tonnes of tin in concentrate.



Directors' Report (cont.)

Managing Director's Review of Operations (cont.)

CORPORATE

On 7 April 2017, the Board announced a leadership transition with the appointment of Company CFO and executive team member, Richard Lucas, as interim Managing Director to replace Russell Clark. The Board also announced the appointment of Calum Semple, a highly experienced chartered engineer, on a short-term contract based into the new role of Chief Operating Officer.

Subsequently, Mr Lucas has relocated to the UK and is based in Plymouth. These changes have provided a greater onsite executive team commitment to ensure the long term successful operation at Drakelands.

SENIOR DEBT RESTRUCTURE AND BRIDGE LOAN FACILITY

In October 2016, the Company agreed a standstill and restructure of the Senior Debt. The standstill provides that a limited number of events of default shall apply under the Senior Debt, along with certain waivers of, and amendments to, the Senior Debt conditions for any non-compliance and grants relief from financial and other covenants. The terms of the debt restructure provide that all Senior Debt principal repayments are deferred until January 2018 and the tenor of the Senior Debt is extended until June 2023.

In conjunction with the debt restructure, the Company agreed a £20 million 12 month secured bridge loan facility (Bridge Loan Facility) with Resource Capital Fund VI L.P. (RCF VI), a major shareholder and an associate of Wolf's other major shareholders, Resource Capital Fund V L.P. and RCF V Annex Fund. After further negotiations, the Bridge Loan Facility was subsequently increased to £30 million in March 2017, £40 million in June 2017 and £45 million in September 2017.



During its term, the Bridge Facility will be fully secured and rank *pari passu* with the Senior Lenders on substantially the same form and terms as existing under the Senior Debt. Interest may be paid in cash or capitalised each quarter at Wolf's discretion.

The Company may prepay the Bridge Facility in certain limited circumstances, but if not prepaid at the conclusion of the 12 month term, the Bridge Facility will mandatorily switch to a three year subordinated convertible loan, if certain conditions precedent are satisfied, or a three year subordinated loan if those conditions are not satisfied.

EXPECTATIONS FOR 2018

The ramp up of the Project to its nameplate capacity is continuing and our initial focus in the 2018 financial year will be to complete the operating turnaround plan to improve availability, throughput and recoveries in a safe and sustainable manner. The additional experience and knowledge gained through this process will be invaluable for developing further operational improvements in the processing plant.

The site is also investigating additional opportunities to improve the mine plan and ore feed quality through further optimisation programs, along with cost reduction initiatives across the business.

We are also working with the EA and the community to resolve LFN and return to 7 days per week operations to maximise the production capability at Drakelands, lower the costs of production and take advantage of the improving tungsten market.

The Company will secure further funding of £10 million to support the operating turnaround plan and progress further plans to meet any remaining funding requirements over the next 12 months, including potential opportunities to improve operational cash flows through additional revenue streams, cost reduction initiatives and release of cash escrowed amounts on the balance sheet. In addition, rescheduling of the Senior Debt principal repayments is to be addressed with the Lenders to ensure ongoing compliance with Senior Debt financial ratios.

Directors' Report (cont.)

Reserves and Resources Statement 2017

The 2017 Ore Reserves and Mineral Resources of Wolf Minerals Limited are summarised in the table below along with the 2016 Ore Reserves and Mineral Resources for comparison.

The mining of ore throughout the year has focused on blending from the northern and southern ends of the pit in order to provide consistent feed for the processing plant. Both the Mineral Resource and Ore Reserves have decreased since the previous estimate at 30 June 2016 as a result of depletion for mine production.

Mineral Resources and Ore Reserves are categorised in accordance with the Australasian Code for Exploration Results, Mineral Resources and Ore Reserves of 2012 (JORC Code, 2012). Estimated Measured and Indicated Mineral Resources include those Mineral Resources modified to produce the estimated Ore Reserves. Mineral Resources which are not included in the Ore Reserves did not meet the required economic viability hurdle at the time of last review.



Category	2017			2016		
	Tonnes (Mt)	WO ₃ Grade (%)	Sn Grade (%)	Tonnes (Mt)	WO ₃ Grade (%)	Sn Grade (%)
Mineral Resources						
Measured	36.4	0.14	0.02	38.2	0.18	0.02
Indicated	18.7	0.13	0.02	18.7	0.16	0.02
Subtotal: (Meas+Ind)	55.1	0.13	0.02	56.9	0.17	0.02
Inferred	86.6	0.11	0.02	86.6	0.14	0.02
Total: (Meas+Ind+Inf)	141.7	0.12	0.02	143.5	0.15	0.02
Mineral Reserves						
Proved	24.4	0.18	0.03	26.2	0.19	0.03
Probable	7.8	0.15	0.02	7.8	0.15	0.02
Total:	32.2	0.17	0.03	34.0	0.18	0.03

All figures reported above a 0.063% WO₃ cut-off, table subject to rounding errors.

A detailed statement of the Mineral Resources and Ore Reserves can be found in the ASX announcement dated 25 March 2015. Wolf confirms in reproducing the Mineral Resources and Ore Reserves in this subsequent report, that it is not aware of any new information or data that materially affects the information included and all the material assumptions and technical parameters underpinning the estimates in this report continue to apply and have not materially changed.

Directors' Report (cont.)

Corporate Governance

Wolf Minerals Limited and its controlled entities are committed to robust corporate governance practices which are appropriate to its size and life stage and which facilitate the Group's long term performance and sustainability as well as protect and enhance the interests of our shareholders.

We regularly review our governance arrangements and monitor developments in market practice, expectations and regulation.

The Group supports the 3rd Edition of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations and has prepared a Corporate Governance Statement which discloses the extent to which the Company has followed these recommendations.

A copy of the Corporate Governance Statement can be found on the Company's website at <http://www.wolfminerals.com/irm/content/corporate-governance.aspx>



Information on Directors

Mr John Hopkins OAM

Non Executive Chairman (Age 67 years)

Qualifications

LLB, FAICD

Experience

Mr Hopkins is a professional company director and chairman and joined the Wolf Board in 2010. He is a graduate in law of the University of Western Australia and has been admitted to practice as a barrister and solicitor for more than 40 years. He is also a Fellow of the Australian Institute of Company Directors. In 2015 Mr Hopkins was awarded the Medal of the Order of Australia (OAM) for his services to the minerals and resources sector.

Mr Hopkins has been a board member or chairman of more than 20 public listed companies across Australia and Canada since 1985. Many of these positions have seen him involved in the financing and development of gold, base metal, energy, mineral sands and other resource projects in Australia and overseas.

Interest in Shares and Options

1,243,097 fully paid Ordinary Shares.

Directorships held in other listed entities

Mr Hopkins is currently the Non Executive Chairman of Universal Coal Plc, an ASX listed resources company.

His recent former listed company directorships include Alara Resources Ltd (from 2013 to 2015).

In the not for profit sector he has been Chairman of Golf Australia Ltd (the national governing body) since 2011.

Directors' Report (cont.)

Information on Directors (cont.)

Mr Richard Lucas

Interim Managing Director (Age 42 years)

Qualifications

BCom, Chartered Accountant

Experience

Mr Lucas was appointed as Interim Managing Director on 7 April 2017 and joined the Board as a Director on 8 May 2017.

Mr Lucas is a Chartered Accountant with over 18 years of financial experience in various sectors, including mining, construction, property development and professional services sectors. Since joining Wolf in 2011 as the Company's Chief Financial Officer, Mr Lucas has established the Group's integrated finance function and has been instrumental in managing all elements of the Company's equity financings, relationships with off-takers as well as co-ordinating and managing the Company's debt.

Prior to joining Wolf, Mr Lucas reached Director level at PwC and was seconded to Lihir Gold as Commercial Manager where he managed the accounting and finance function. He was more recently with the Geotech Group as Chief Financial Officer.

Interest in Shares, Options and Rights

75,467 fully paid Ordinary Shares.
1,724,673 Performance Rights.

Directorships held in other listed entities

Mr Lucas is not a Director of any other listed companies.

Mr Ronald (Ronnie) Beevor

Non Executive Director (Age 70 years)

Qualifications

B.A. Hons (Oxon)

Experience

Mr Beevor joined the Board in September 2013 and has had more than 30 years' experience in investment banking, including being the Head of Investment Banking at NM Rothschild & Sons (Australia) Limited between 1997 and 2002.

During his career Mr Beevor has had an extensive involvement in the natural resources industry, both in Australia and internationally. He has significant experience working with companies transitioning from exploration and development to construction and production.

Mr Beevor qualified as a Chartered Accountant in London. He is Chairman of the Company's Audit, Risk and Compliance Committee, Chairman of its Remuneration Committee and a member of its Nomination Committee.

Interest in Shares and Options

804,552 fully paid Ordinary Shares.

Directorships held in other listed entities

Mr Beevor is currently Non Executive Chairman of Bannerman Resources Limited and a Director of MZI Resources Limited. He is also a Director of Riversdale Resources Limited, an unlisted public company.

His former recent listed company directorships include Unity Mining Limited (from 2002 until 2015).

Mr Nick Clarke

Non Executive Director (Age 65 years)

Qualifications

C Eng. , ACSM, MIMMM

Experience

Mr Clarke joined the Board in January 2014 and has 40 years of mining experience, including 16 years spent within senior management positions in production and technical services in South Africa, Ghana and Saudi Arabia. He served as the Managing Director of Oriel Resources plc until its acquisition by OAO Mechel for \$1.5 billion in 2008. From 1994 to 2004, he was managing director at Wardell Armstrong International Ltd, where he managed numerous multidisciplinary consulting projects in the resource sector.

Mr Clarke is currently the Executive Chairman of London AIM listed Central Asia Metals plc, a copper producing company with assets in Kazakhstan, Mongolia and Chile.

Mr Clarke is a graduate of Camborne School of Mines and a Chartered Engineer and was named CEO of the year at the Mining Journal outstanding achievements awards in 2013.

Interest in Shares and Options

454,552 fully paid Ordinary Shares.

Directorships held in other listed entities

Mr Clarke is currently the Executive Chairman of AIM listed Central Asia Metals plc. Other recent former listed company directorships include Columbus Copper Corporation (from 2010 to 2015).

Directors' Report (cont.)

Information on Directors (cont.)

Mr Chris Corbett

Non Executive Director (Age 43 years)

Qualifications

BEng (Hons Mech), BCom, GradDipAppFin, GradDipMine, CPEng

Experience

Mr Corbett has more than 20 years' experience in mining, corporate business development and investment management. He joined the Wolf Board in 2009.

He is currently employed by Resource Capital Funds, having gained prior experience in mine development, production and construction with contractor Byrnes Mining Pty Ltd and corporate and divisional business development roles with Wesfarmers Limited.

Mr Corbett is a member of Engineers Australia and the Australian Institute of Company Directors. He is a graduate of the University of Western Australia with degrees in engineering and commerce, and has postgraduate qualifications in mining and applied finance.

Interest in Shares and Options

Nil.

Directorships held in other listed entities

Mr Corbett does not currently hold any other listed company directorships.

Mr Don Newport

Non Executive Director (Age 63 years)

Qualifications

ACIB, CDipAF

Experience

Mr Newport brings a wealth of mining finance experience to the company.

He is based in the UK and has over 35 years of banking experience, of which 25 years were spent in the mining and metals sector.

Mr Newport retired at the end of 2008 as the head of Standard Bank's Global Mining Finance Business. Prior to moving to Standard Bank, he led the Barclays Capital Mining Sector Team. He has led or been closely associated with a number of significant mining corporate and project financings and has undertaken a variety of financial advisory roles.

Mr Newport is an Associate of the Chartered Institute of Bankers and holds the Certified Accountant's Diploma in Accounting and Finance.

He has been a Director of the Company since 2009.

Interest in Shares and Options

454,552 fully paid Ordinary Shares.

Directorships held in other listed entities

Mr Newport does not currently hold any other listed company directorships.

Mr Michael Wolley

Non Executive Director (Age 57 years)

Qualifications

BE (Hons) Chemical and Materials Engineering, M Mgmt

Experience

Mr Wolley has 15 years' experience with Mobil Oil Australia in a range of roles including engineering, operations, strategic planning and business development in Australia and New Zealand. He joined the Wolf Board in June 2013.

In 1995, he left Mobil to pursue opportunities in Asia Pacific and worked in a number of senior executive roles in the manufacturing and industrial sectors including a period as President BlueScope Steel China.

In 2007, Mr Wolley returned to the resources sector as Chief Operating Officer for Lynas Corporation, and subsequently into the gold sector where he held senior roles in several gold development businesses.

Mr Wolley currently holds the position of Vice President Minerals for the Todd Corporation. He is a member of both the Australian and New Zealand Institutes of Company Directors.

Mr Wolley holds a first class honours degree in chemical and materials engineering from the University of Auckland, and a Masters of Management from Macquarie Graduate School of Management.

Interest in Shares and Options

Nil.

Directorships held in other listed entities

Mr Wolley is a Non Executive Director of ASX listed iron ore developer, Flinders Mines Limited.

Mr Wolley's recent former listed company directorships include Red Mountain Mining Limited (ceased 2016).

Directors' Report *(cont.)*

Information on Directors *(cont.)*

Mr Jacob Roorda

Alternate Director for Mr Michael Wolley (age 60)

Mr Jacob Roorda acts as Mr Wolley's Alternate Director at any meeting of Directors which Mr Wolley is not able to attend. The appointment of Mr Roorda will continue until Mr Roorda either resigns, Mr Wolley revokes the appointment or until Mr Wolley ceases to be a Director, whichever occurs first.

Qualifications

BSc Mechanical Engineering, MBA

Experience

Mr. Roorda is a Professional Engineer with over 35 years of experience in the oil and gas industry. He is presently the Executive Vice President of Todd Energy International Limited, a private company focusing on developing an unconventional gas resource in north eastern British Columbia, Canada and developing a methanol production facility in southern Louisiana, United States.

Previously Mr Roorda was the Vice Chairman of Canoe Financial Corp., the President and VP Corporate for Harvest Operations Corp., VP Corporate and Director for PrimeWest Energy Trust, and Managing Director for Research Capital Corporation.

He also founded three oil and gas companies and has acted in senior roles responsible for operational and development management, financial management and business development.

Interest in Shares and Options

Nil.

Directorships held in other listed entities

Mr. Roorda is currently a director of Todd Energy Canada, Northcliff Resources Ltd., Epsilon Energy Inc., Petroshale Inc as well as South Louisiana Methanol LP.

He is also a Managing Director of Windward Capital Limited, a private investment company.

Mr Roorda's former listed company directorships include Angle Energy Inc., Enervest Diversified Income Trust, Canoe Financial Corporation, Argosy Energy Inc., TXCO Resources Inc., North Peace Energy Corp. and PrimeWest Energy Trust.

Mr Russell Clark

Former Managing Director (Age 59 years) (resigned 14 May 2017)

Qualifications

BSc, Grad Dip, ARSM, MIMMM, MAusIMM, CE, FAICD

Experience

Mr Clark is a chartered engineer and mining professional with over 37 years' experience in senior corporate, operational and project management roles in gold, industrial minerals, iron ore and base metal mines and has worked in Australia, the USA, Africa, South America and PNG. Prior to joining Wolf as Managing Director in October 2013, Mr Clark was CEO of Azimuth Resources and, before that, Managing Director of Grange Resources Limited.

Directorships held in other listed entities

As at the date of his resignation Mr Clark did not hold any other directorships in listed companies. From 2014 to 2015 Mr Clark was the Non Executive Chairman of ASX listed coal explorer, Attila Resources Limited.

Information on Company Secretary

Ms Pauline Carr

Company Secretary

Qualifications

BEC, MBA, FAICD, FGIA, FCIS

Experience

Ms Carr is a qualified chartered secretary and experienced executive with over 30 years management and commercial experience in the resources industry with both Australian and international companies. In addition, she has over 25 years of comprehensive hands-on company secretarial, compliance and governance experience with listed company boards. She also provides governance, management support, project management and business improvement services to organizations in a range of sectors and is a Director of several organizations.

Directors' Report (cont.)

Remuneration Report – Audited

The names and positions held by consolidated and parent entity key management personnel in office at any time during the financial year are:

Group Key Management Personnel	Position held as at 30 June 2017 and any change during the year	Contract details (duration and termination)	Proportion of elements of remuneration related to performance			Proportion of elements of remuneration not related to performance
			Non-Salary Cash-Based Incentives	Shares/ Units	Rights	Fixed Salary/ Fees
			%	%	%	%
John Hopkins OAM	Non Executive Chairman	No fixed term. No notice required to terminate.	-	-	-	100
Richard Lucas ¹	Interim Executive Managing Director	No fixed term. 3 months notice required to terminate.	14	-	5	81
Ronnie Beevor	Non Executive Director	No fixed term. No notice required to terminate.	-	-	-	100
Nick Clarke	Non Executive Director	No fixed term. No notice required to terminate.	-	-	-	100
Chris Corbett	Non Executive Director	No fixed term. No notice required to terminate.	-	-	-	100
Don Newport	Non Executive Director	No fixed term. No notice required to terminate.	-	-	-	100
Michael Wolley	Non Executive Director	No fixed term. No notice required to terminate.	-	-	-	100
Russell Clark ²	Former Executive Managing Director	No fixed term. 3 months notice required to terminate.	44	-	11	45

¹ Appointed as Interim Managing Director on 7 April 2017

² Ceased as an employee on 12 May 2017

This report details the nature and amount of remuneration for each key management person of the Group and executives receiving the highest remuneration.

REMUNERATION POLICY

The remuneration policy of the Group has been designed to align key management personnel objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific short and long-term incentives based on key performance areas affecting the Group's financial results. The Board believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best key management personnel to run and manage the Group, as well as create goal congruence between directors, executives and shareholders.

The Board's policy for determining the nature and amount of remuneration for key management personnel of the Group is as follows:

- » The remuneration policy, setting the terms and conditions for the key management personnel, was developed by the Board and is reviewed annually by the Remuneration Committee.
- » All executive key management personnel receive a base salary (which is based on factors such as experience and market demand for comparable roles), superannuation, fringe benefits and performance incentives.
- » All Non Executive Directors receive base fees and Committee fees (inclusive of superannuation).
- » The Board reviews key management personnel packages annually by reference to the Group's performance, executive performance and comparable information from industry sectors.

The Remuneration Committee's responsibilities include reviewing the Group's remuneration framework, evaluating the performance of the Managing Director and monitoring performance of the executive team.

Directors' Report (cont.)

Remuneration Report – Audited (cont.)

Executive key management personnel

The performance of key management personnel is measured against criteria agreed annually with each executive and is based predominantly on key performance indicators (KPIs) which are aligned to strategic imperatives and the maximisation of shareholder value. All bonuses and incentives are linked to predetermined performance criteria. The Board may, however, exercise its discretion in relation to approving incentives, bonuses and share based payments. The policy is designed to attract the highest calibre of executives and reward them for performance that results in long-term growth in shareholder wealth.

Key management personnel are also entitled to participate in the employee share performance rights arrangements.

The key management personnel received a superannuation guarantee contribution of 9.5% for 2017 (2016: 9.5%), and do not receive any other retirement benefits.

All remuneration paid to key management personnel is valued at the cost to the Company and expensed. Performance rights are valued using the Black-Scholes or Monte Carlo methodology depending on the vesting criteria.

Non Executive Directors

The Board policy is to remunerate Non Executive Directors at market rates for time, commitment and responsibilities. The Board determines payments to the Non Executive Directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. The maximum aggregate amount of fees that can be paid to Non Executive Directors is subject to approval by shareholders at the Annual General Meeting.

Fees for Non Executive Directors are not linked to the performance of the Group. However, on 16 November 2015 shareholders approved a Directors' Share Plan whereby Non Executive Directors receive a fixed component of their fees in the form of fully paid Wolf shares. The Directors' Share Plan is designed to retain cash reserves and better align Non Executive Directors' remuneration with the performance of the Group.

The total base fees and Committee fees paid for the year ended 30 June 2017 did not exceed the shareholder approved limit of \$800,000.

The Non Executive Director remuneration packages (inclusive of superannuation) from 1 July 2016 are as follows:

	Remuneration Committee			Audit, Risk and Compliance Committee		Nomination Committee		Project Steering Committee		Non Cash	Total
	Base	Chair	Member	Chair	Member	Chair	Member	Chair	Member		
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
John Hopkins OAM	111,500	-	-	-	5,475	5,475	-	-	-	48,000	170,450
Ronnie Beevor	55,750	10,950	-	10,950	-	-	2,737	-	-	24,000	104,387
Nick Clarke	55,750	-	5,475	-	-	-	-	-	5,475	24,000	90,700
Chris Corbett	55,750	-	5,475	-	-	-	2,737	10,950	-	24,000	98,912
Don Newport	55,750	-	5,475	-	5,475	-	-	-	-	24,000	90,700
Michael Wolley	55,750	-	5,475	-	-	-	2,737	-	5,475	24,000	93,437
	390,250	10,950	21,900	10,950	10,950	5,475	8,211	10,950	10,950	168,000	648,586

Directors' Report (cont.)

Remuneration Report – Audited (cont.)

PERFORMANCE-BASED REMUNERATION

The Company is an operating entity moving toward full production status. Consistent with attracting and retaining talented executives, directors and senior executives are paid market rates associated with individuals in similar positions, within the same industry.

Short term incentives

The Company has a Short Term Incentive Plan (**STI**) in place for senior management personnel. The STI measurement is based on KPIs that are set and agreed each year by the Remuneration Committee and the Board.

Based on individual and Company performance, the STI will be paid in cash on a pro-rata basis of the fixed salary remuneration, as follows:

	2018	2017
	Target	Target
Managing Director	60%	60%
Executive Key Management Personnel	N/A ¹	36-50%
Senior Operations Management	10%	10%

¹ As at the date of this report there are no executive KMP participants in the STI other than the Interim Managing Director.

The Board has kept the percentages of the STI targets unchanged for 2018 in recognition of the challenges faced during the past financial year, and the need to focus on the short term to get the processing plant at Drakelands working at or beyond nameplate production levels.

Long term incentives

The Performance Rights Plan (**PRP**) is the Company's long term incentive arrangement (**LTI**). Under the PRP the Board may grant eligible Wolf employees rights, known as Performance Rights, which are subject to the satisfaction of performance conditions (**Vesting Conditions**) and then convertible into fully paid Wolf ordinary shares. The Vesting Conditions relate to the relative share price performance versus the AIM Basic Resources Index (for 50% of the rights) and the Total Shareholder Return performance over the vesting period (for 50% of the rights).

The Wolf Board of Directors has ultimate discretion in determining the issue of Performance Rights and other securities under the Company's Performance Rights Plan.

The proposed LTI on a pro-rata basis of the fixed salary remuneration is as follows:

	2018	2017
	Target	Target
Managing Director	40%	40%
Executive Key Management Personnel	N/A ¹	24-30%

¹ As at the date of this report there are no executive KMP participants in the LTI other than the Interim Managing Director.

The Board has kept the percentages of the LTI target for 2018 the same.

On 1 July 2016 the Board announced that it had approved an extension to the vesting period of the Performance Rights Plan's performance rights for an additional two years to a maximum of five years. Vesting assessments will be conducted by the Remuneration Committee at predetermined intervals during the additional two year period and, subject to the outcome of the review, performance rights may vest prior to their new expiry date. Approval for the requisite elements of the extension arrangements was granted by shareholders at the Company's 2016 Annual General Meeting.

The proposed LTI for the Interim Managing Director is subject to shareholder approval and will be included in the notice of meeting for the 2017 Annual General Meeting.

KEY MANAGEMENT PERSONNEL EMPLOYMENT POLICY

The contracts for service between the Company and key management personnel are on a continuing basis, the terms of which are not expected to change in the immediate future. The employment conditions of the Interim Managing Director, Richard Lucas, and other key management personnel are formalised in contracts of employment. All key management personnel are permanent employees of Wolf Minerals Limited.

The standard employment contract states a three-month notice period for key management personnel. The Company may terminate an employment contract without cause by providing one to three months' written notice or making payment in lieu of notice, based on the individual's salary component.

Directors' Report (cont.)

Remuneration Report – Audited (cont.)

KEY MANAGEMENT PERSONNEL EMPLOYMENT POLICY (cont.)

(a) Key management personnel remuneration

	Short Term Benefits			Share Based Payments	Post Employment Benefits		Total
	Salary and Fees	Non Cash Benefits	Bonuses	Shares, Rights & Options	Super-annuation	Termination Benefits	
	\$	\$	\$	\$	\$	\$	
2017							
John Hopkins OAM	111,827	-	-	48,000	10,623	-	170,450
Richard Lucas	338,090	-	62,736	21,348	28,975	-	451,149
Ronnie Beevor	80,387	-	-	24,000	-	-	104,387
Nick Clarke	66,700	-	-	24,000	-	-	90,700
Chris Corbett ¹	74,912	-	-	24,000	-	-	98,912
Don Newport	66,700	-	-	24,000	-	-	90,700
Michael Wolley ²	69,437	-	-	24,000	-	-	93,437
Russell Clark ³	392,308	63,143	40,176	107,252	42,205	321,013	966,097
	1,200,361	63,143	102,912	296,600	81,803	321,013	2,065,832

2016

John Hopkins OAM	111,826	-	-	39,389	10,623	-	161,838
Richard Lucas	305,000	36,127	77,793	45,591	28,975	-	493,486
Ronnie Beevor	80,387	-	-	19,695	-	-	100,082
Nick Clarke	66,700	-	-	19,695	-	-	86,395
Chris Corbett ¹	74,912	-	-	19,695	-	-	94,607
Don Newport	66,700	-	-	19,695	-	-	86,395
Michael Wolley ²	69,437	-	-	19,695	-	-	89,132
Russell Clark	450,000	56,722	110,817	111,522	42,750	-	771,811
	1,224,962	92,849	188,610	294,977	82,348	-	1,883,746

¹ Chris Corbett's remuneration is paid to RCF Capital Funds Management Pty Ltd. Mr Corbett is Resource Capital Fund V L.P.'s and Resource Capital Fund VI L.P.'s representative director on the Board.

² Michael Wolley's remuneration is paid to TTI (NZ) Limited. Mr Wolley is TTI (NZ) Limited's representative director on the Board.

³ Russell Clark ceased being a director and resigned from the Company on 14 May 2017.

Performance income as a proportion of total income

For the year ended 30 June 2017, an assessment was made of performance against the agreed KPIs. Payments totalling \$102,912 were approved by the Remuneration Committee and the Board to be paid in cash, with the following amounts being paid to key management personnel:

	STI (\$)	% Base Salary
Richard Lucas	62,736	19%
Russell Clark	40,176	10%

Directors' Report (cont.)

Remuneration Report – Audited (cont.)

KEY MANAGEMENT PERSONNEL EMPLOYMENT POLICY (cont.)

(b) Performance rights issued as part of remuneration for the year ended 30 June 2017

During the year the Company issued performance rights to executive management under the LTI plan. The issue was calculated based on the employee's fixed salary remuneration for the 2017 financial year. The rights were issued to the following key management personnel:

	Performance rights	
	Number	Value (\$)
Richard Lucas	746,939	43,696
Russell Clark	1,469,388	85,959

The rights have been valued using the Monte Carlo valuation method (refer Note 26). The total value of the performance rights will be recognised in the statement of profit or loss and other comprehensive income on a pro-rata basis over the life of the respective performance rights.

The total amount of performance rights relating to key management personnel recognised in the statement of profit or loss and other comprehensive income during the financial year is as follows:

	LTI (\$)	% Base Salary
Richard Lucas	21,348	6%
Russell Clark	107,252	27%

(c) Shares issued on exercise of compensation rights

There were 2,693,977 rights granted as compensation that vested during the year ended 30 June 2017. The rights were originally granted on a range of dates as detailed below and were exercised throughout the year.

Original Grant date of Rights	Number of Rights which Vested During Year
1 December 2011	214,167
29 November 2014	1,855,659
20 November 2015	624,151

(d) Shareholdings

2017	Balance 1.7.2016	Received as Compensation	Options/ Rights Exercised	Balance on (Resignation)/ Appointment	Balance 30.6.2017
Number of shares held by key management personnel:					
John Hopkins	653,309	589,788	-	-	1,243,097
Richard Lucas	75,467	-	-	-	75,467
Ronnie Beevor	509,657	294,895	-	-	804,552
Nick Clarke	159,657	294,895	-	-	454,552
Don Newport	159,657	294,895	-	-	454,552
Russell Clark	83,333	-	-	(83,333)	-
Total	1,641,080	1,474,473	-	(83,333)	3,032,220

Directors' Report (cont.)

Remuneration Report – Audited (cont.)

KEY MANAGEMENT PERSONNEL EMPLOYMENT POLICY (cont.)

(e) Options and rights holdings

2017	Balance 1.7.2016	Granted as Compensation ¹	Options / Rights Exercised	Net Change Other	Balance 30.6.2017	Total Vested 30.6.2017	Total Exercisable 30.6.2017
Number of options and rights held by key management personnel:							
Richard Lucas	977,734	746,939	-	-	1,724,673	-	-
Russell Clark	2,114,211	1,469,388	-	(3,583,599)	-	-	-
Total	3,091,945	2,216,327	-	(3,583,599)	1,724,673	-	-

¹ Performance rights and options issued as part of remuneration.

Key management personnel who do not hold any options or rights at 30 June 2017 nor have held any during the year are not included in the above tables.

The Net Change Other reflected above includes those options or rights that have expired without being exercised during the year.

(f) Additional information

Performance over the Past 5 Years

The objective of the LTI plan is to reward and incentivise executives in a manner which aligns with the creation of shareholder wealth. The Company's performance over the 2017 financial year and the previous four financial years is tabulated below:

Year ended 30 June	2017	2016	2015	2014	2013
Net loss after tax (\$'000)	(74,537)	(63,094)	(8,762)	(3,732)	(4,711)
Net assets (\$'000)	109,358	190,327	240,892	221,067	40,192
Market capitalisation (\$ million) at 30 June	63	125	340	226	44
Closing share price (\$)	0.058	0.115	0.42	0.28	0.22

END OF REMUNERATION REPORT – AUDITED

Directors' Report (cont.)

MEETINGS OF DIRECTORS

The numbers of meetings of the Company's Board of Directors and of each Board Committee held during the year ended 30 June 2017, and the numbers of meetings attended by each Director were:

	Directors' Meetings		Audit, Risk and Compliance Committee		Project Steering Committee		Remuneration Committee		Nomination Committee	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended
John Hopkins	16	16	6	6	-	-	-	-	2	2
Ronnie Beevor	16	16	6	6	-	-	4	4	2	2
Russell Clark	13	11	-	-	11	9	-	-	-	-
Nick Clarke	16	15	-	-	11	8	4	2	-	-
Chris Corbett	16	15	-	-	11	9	4	4	2	2
Don Newport	16	16	6	6	-	-	4	3	-	-
Richard Lucas	4	4	-	-	2	2	-	-	-	-
Michael Wolley	16	7	-	-	11	8	4	1	2	-
Jacob Roorda	9	6	-	-	3	1	3	-	2	1

INDEMNIFYING OFFICERS

During or since the end of the financial year the Company has given an indemnity or entered into an agreement to indemnify, or paid or agreed to pay insurance premiums as follows:

The Company has paid premiums to insure each of the following directors against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of Director of the Company, other than conduct involving a willful breach of duty in relation to the Company. The amount of the premium was approximately \$9,048 for each Director.

- » John Hopkins
- » Richard Lucas
- » Russell Clark
- » Ronnie Beevor
- » Chris Corbett
- » Nick Clarke
- » Don Newport
- » Michael Wolley

The Company has not indemnified the auditor or paid any insurance premium on behalf of the auditor.

RIGHTS

At the date of this report, the unissued ordinary shares of Wolf Minerals Limited under rights are as follows:

Grant Date	Date of Expiry	Exercise Price	Number of Rights
21/11/14	30/06/18	\$0.00	273,350
21/11/14	30/06/19	\$0.00	261,130
16/11/15	30/06/20	\$0.00	1,086,394
04/11/11	22/12/20	\$0.00	152,778
29/11/16	30/06/21	\$0.00	760,897
			2,534,549

No person entitled to exercise right had or has any right by virtue of the right to participate in any share issue of any other body corporate.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

There were no significant changes in the state of affairs of the Group during the financial year.

Directors' Report (cont.)

EVENTS AFTER THE REPORTING PERIOD

On 17 August 2017, the Company provided an update on the operating turnaround plan at Drakelands which included improvements in processing plant reliability in the crushing circuit and performance of the refinery to enhance production levels, along with providing temporary changes to weekend operating arrangements whilst technical solutions are being implemented to address LFN emissions. In addition, The Company had decided to notify GRES of its intention to recover the costs of the LFN rectification work from the Performance Bond under the construction contract if GRES did not take all necessary actions to do so at its own cost. That remains the current position.

On 31 August 2017, the Company announced that RCF VI had agreed to release a further £5 million tranche of the Bridge Loan Facility to support short term working capital. The funds were subsequently received on 11 September 2017.

PROCEEDINGS ON BEHALF OF COMPANY

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

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

NON-AUDIT SERVICES

The Board is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The Directors are satisfied that the services disclosed below did not compromise the external auditor's independence for the following reasons:

- » all non-audit services are reviewed and approved by the board prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- » the nature of the services provided do not compromise the general principles relating to auditor independence in accordance with APES 110: Code of Ethics for Professional Accountants set by the Accounting Professional and Ethical Standards Board.

AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration for the year ended 30 June 2017 has been received and can be found on page 20.

This report is made in accordance with a resolution of the Board of Directors. These financial statements were authorised for issue on 28 September 2017 by the Directors of the Company.



Richard Lucas
Director

28 September 2017

Auditor's Independence Declaration



AUDITOR'S INDEPENDENCE DECLARATION TO THE DIRECTORS OF WOLF MINERALS LIMITED

In relation to our audit of the financial report of Wolf Minerals Limited for the year ended 30 June 2017, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.

PKF Mack

PKF MACK

Simon Fermanis

SIMON FERMANIS
PARTNER

28 SEPTEMBER 2017
WEST PERTH
WESTERN AUSTRALIA

PKF Mack
ABN 64 591 268 274
Liability limited by a scheme
approved under Professional
Standards Legislation
www.pkfmack.com.au

Perth
Level 4, 35 Havelock St
West Perth WA 6005 Australia
PO Box 609 West Perth WA 6872
p +61 8 9426 8999
f +61 8 9426 8900

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Directors' Declaration

The Directors of the Company declare that:

1. The financial statements and notes, as set out on pages 26 to 60, and the remuneration disclosures in the Directors Report designated audited are in accordance with the *Corporations Act 2001* and:
 - a. comply with Accounting Standards and the Corporations Regulations 2001; and
 - b. give a true and fair view of the financial position as at 30 June 2017 and of the performance for the year ended on that date of the Company and Consolidated Entity;
 - c. the financial statements are in compliance with International Financial Reporting Standards, as stated in Note 1 to the financial statements.
2. The Managing Director and Chief Financial Officer have each declared that:
 - a. the financial records of the Company for the financial year have been properly maintained in accordance with section 286 of the *Corporations Act 2001*;
 - b. the financial statements and notes for the financial year comply with the Accounting Standards; and
 - c. the financial statements and notes for the financial year give a true and fair view.
3. 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.

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



Richard Lucas
Director

28 September 2017

Independent Auditor's Report



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WOLF MINERALS LIMITED

Report on the Financial Report

Opinion

We have audited the accompanying financial report of Wolf Minerals Limited (the company), which comprises the consolidated statement of financial position as at 30 June 2017, 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 then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the company and the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

In our opinion the financial report of Wolf Minerals Limited is in accordance with the Corporations Act 2001, including:

- i) Giving a true and fair view of the consolidated entity's financial position as at 30 June 2017 and of its performance for the year ended on that date; and
- ii) Complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement. Our responsibilities under those standards are further described in the Auditor's Responsibility section of our report.

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

Emphasis of matter

Without modifying our opinion, we draw attention to Note 1 in the financial report which highlights that the consolidated entity incurred a net loss after tax of \$(74,536,641) during the year ended 30 June 2017 (2016: \$(63,094,075)). In addition, the consolidated entity has a working capital deficit of \$(72,958,414) as at 30 June 2017 (2016: \$(14,020,440)). These conditions, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty that may cast significant doubt about the company and consolidated entity's ability to continue as a going concerns and therefore, the company and consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business.

The financial report of the company and consolidated entity do not include any adjustments in relation to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the company and consolidated entity not continue as going concerns.

PKF Mack
ABN 64 591 268 274
Liability limited by a scheme
approved under Professional
Standards Legislation
www.pkfmack.com.au

Perth
Level 4, 35 Havelock St
West Perth WA 6005 Australia
PO Box 609 West Perth WA 6872
p +61 8 9426 8999
f +61 8 9426 8900

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Independent Auditor's Report (cont.)



Independence

We are independent of the consolidated entity in accordance with the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Key Audit Matters

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

Impairment of Property, Plant and Equipment and Mine Properties and Development

Why significant

Property, Plant and Equipment and Mine Properties and Development total \$263,749,966 (Note 16) and \$5,582,197 (Note 17) respectively. These non-current assets represent 90% of total assets. Notes 1(e) and 1(f) detail the consolidated entity's accounting policy on these assets.

Under Australian Accounting Standards, an entity shall assess whether at the end of the reporting period there is any indication that its assets are impaired. If any such indication exists, the entity shall estimate the recoverable amount of the asset. At year end, the consolidated entity has concluded that recoverable amount of the related cash generating unit ("CGU") is in excess of the carrying value of non-current assets. As a result no impairment was recognised during the year. The assumptions of indicators of impairment are highly judgemental and include modelling key assumptions and estimates based on past and current performance that may be impacted by future performance and economic conditions.

Key assumptions, judgements and estimates used in the consolidated entity's assessment of impairment of non-current assets are set out in the financial report in Note 1 (b) (iii).

How our audit addressed the key audit matter

Our audit work included:

- Considering whether triggers of impairment were evident and the appropriateness of the CGU designation adopted by management;

- Evaluating the significant assumptions, methodologies and conclusions used by the consolidated entity in particular, those relating to the forecast inflows and inputs used to formulate them;

- Assessing the reasonableness of the significant assumptions including the commodity prices, production quantities, costs of production, foreign exchange rates utilised and discount factor;

- Performing sensitivity analysis; and

- Assessing the reasonableness of the anticipated future inflows from the CGU.

We also considered the adequacy of the financial report disclosure concerning the judgemental nature of the consolidated entity's assessment of impairment of these non-current assets. These key assumptions, judgements and estimates are set out in the financial report in Note 1 (b) (iii).

Other Information

Other information is financial and non-financial information in the annual report of the consolidated entity which is provided in addition to the financial report and the auditor's report. The directors are responsible for other information in the annual report.

Independent Auditor's Report (cont.)



The other information we obtained prior to the date of this auditor's report was the Director's Report, Chairman's Letter and Additional Information for Listed Public Companies. The remaining other information, if any is expected to be made available to us after the date of the auditor's report. Our opinion on the financial report does not cover the other information and, accordingly, the auditor does not and will not express an audit opinion or any form of assurance conclusion thereon, with the exception of the remuneration report.

In connection with our audit of the financial report, our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this other information in the financial report and based on the work we have performed on the other information that we obtained prior the date of this auditor's report we have nothing to report.

Directors' Responsibilities for the Financial Report

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

In preparing the financial report, the Directors are responsible for assessing the consolidated entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using a going concern basis of accounting unless the Directors either intend to liquidate the consolidated entity or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

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

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit.

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 judgement, including 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.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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.

Independent Auditor's Report (cont.)



We conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the consolidated entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the consolidated entity to cease to continue as a going concern.

We evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the consolidated entity to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

The Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements. We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2017.

Opinion

In our opinion, the Remuneration Report of Wolf Minerals Limited for the year ended 30 June 2017 complies with section 300A of the Corporations Act 2001.

Responsibilities

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

PKF MACK

SIMON FERMANIS
PARTNER

28 SEPTEMBER 2017
WEST PERTH,
WESTERN AUSTRALIA

Profit or Loss and Other Comprehensive Income

for the Financial Year Ended 30 June 2017

		2017	2016
	Note	\$	\$
Revenue	3	24,700,004	8,568,961
Cost of sales	4	(76,396,715)	(50,030,633)
Gross loss		(51,696,711)	(41,461,672)
Other income		1,317,709	12,191
Corporate and technical services	5	(8,233,903)	(5,376,517)
Financial instrument gain/(loss)		(7,607,347)	(5,992,401)
Operating loss		(66,220,252)	(52,818,399)
Finance income		125,921	340,858
Finance costs	6	(8,442,310)	(10,616,534)
Total finance costs		(8,316,389)	(10,275,676)
Loss before income tax		(74,536,641)	(63,094,075)
Income tax expense	7	-	-
Loss for the year after income tax		(74,536,641)	(63,094,075)
Other comprehensive income for the year			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		(11,064,618)	(22,875,023)
Movement in the cash flow hedge reserve (net of tax)		4,287,276	(11,324,746)
Other comprehensive income for the year (net of tax)		(6,777,342)	(34,199,769)
Total comprehensive income/(loss) for the year attributable to members of the parent		(81,313,983)	(97,293,844)
LOSS PER SHARE			
Basic loss per share (cents)	10	(6.87)	(7.53)
Diluted loss per share (cents)	10	(6.87)	(7.53)

The accompanying notes form part of these financial statements.

These financial statements are presented in Australian dollars being the Group's functional and presentation currency.

Consolidated Statement of Financial Position *as at 30 June 2017*

		2017	2016
	Note	\$	\$
CURRENT ASSETS			
Cash and cash equivalents	11	8,333,662	35,010,327
Trade and other receivables	12	2,328,126	5,671,617
Inventories	13	3,098,154	1,791,640
Derivative financial instruments	14	-	-
Other current assets	15	531,497	627,959
TOTAL CURRENT ASSETS		14,291,439	43,101,543
NON CURRENT ASSETS			
Property, plant and equipment	16	263,749,966	276,841,685
Mine properties and development	17	5,582,197	5,474,647
Derivative financial instruments	14	-	-
Other non-current assets	15	17,189,663	17,787,186
TOTAL NON CURRENT ASSETS		286,521,826	300,103,518
TOTAL ASSETS		300,813,265	343,205,061
CURRENT LIABILITIES			
Trade and other payables	18	22,978,838	22,500,206
Provisions	19	193,960	197,387
Borrowings	20	59,874,424	25,480,837
Derivative financial instruments	14	4,202,631	8,943,553
TOTAL CURRENT LIABILITIES		87,249,853	57,121,983
NON CURRENT LIABILITIES			
Provisions	19	6,778,765	6,162,775
Borrowings	20	97,060,134	84,971,049
Derivative financial instruments	14	366,877	4,622,730
TOTAL NON CURRENT LIABILITIES		104,205,776	95,756,554
TOTAL LIABILITIES		191,455,629	152,878,537
NET ASSETS		109,357,636	190,326,524
EQUITY			
Issued capital	21	274,080,313	273,544,711
Reserves	22	(6,642,857)	324,992
Accumulated losses		(158,079,820)	(83,543,179)
TOTAL EQUITY		109,357,636	190,326,524

The accompanying notes form part of these financial statements.

These financial statements are presented in Australian dollars being the Group's functional and presentation currency.

Consolidated Statement of

Changes in Equity *for the Financial Year Ended 30 June 2017*

	Ordinary shares	Accumulated losses	Option reserve	Cash flow hedge reserve	Foreign currency translation reserve	Total
	\$	\$	\$	\$	\$	\$
Balance at 30 June 2015	226,982,428	(20,449,104)	1,576,880	653,715	32,127,749	240,891,668
Loss for the year	-	(63,094,075)	-	-	-	(63,094,075)
<i>Other comprehensive income</i>						
Foreign currency translation differences	-	-	-	-	(22,875,023)	(22,875,023)
Other comprehensive income for the year	-	-	-	(11,324,746)	-	(11,324,746)
Total comprehensive income for the year	-	-	-	(11,324,746)	(22,875,023)	(34,199,769)
<i>Transactions with owners, recorded directly in equity</i>						
Issue of share capital	47,042,500	-	-	-	-	47,042,500
Transaction costs	(706,232)	-	-	-	-	(706,232)
Options & rights exercised during the year	88,153	-	(88,153)	-	-	-
Options expired during the year	-	-	-	-	-	-
Options & rights expensed during the year	-	-	254,570	-	-	254,570
Equity compensation benefit	137,862	-	-	-	-	137,862
Balance at 30 June 2016	273,544,711	(83,543,179)	1,743,297	(10,671,031)	9,252,726	190,326,524
Loss for the year	-	(74,536,641)	-	-	-	(74,536,641)
<i>Other comprehensive income</i>						
Foreign currency translation differences	-	-	-	-	(11,064,618)	(11,064,618)
Other comprehensive income for the year	-	-	-	4,287,276	-	4,287,276
Total comprehensive income for the year	-	-	-	4,287,276	(11,064,618)	(6,777,342)
<i>Transactions with owners, recorded directly in equity</i>						
Issue of share capital	-	-	-	-	-	-
Transaction costs	(41,043)	-	-	-	-	(41,043)
Options & rights exercised during the year	408,645	-	(408,645)	-	-	-
Options & rights expensed during the year	-	-	218,138	-	-	218,138
Equity compensation benefit	168,000	-	-	-	-	168,000
Balance at 30 June 2017	274,080,313	(158,079,820)	1,552,790	(6,383,755)	(1,811,892)	109,357,636

The accompanying notes form part of these financial statements.

These financial statements are presented in Australian dollars being the Group's functional and presentation currency.

Consolidated Statement of Cash Flows *for the Financial Year Ended 30 June 2017*

		2017	2016
	Note	\$	\$
Cash Flows from Operating Activities			
Receipts from customers		23,395,420	8,361,290
Payments to suppliers and employees		(63,301,078)	(33,478,591)
Other income		1,317,709	12,191
Interest received		262,783	192,578
Net cash used in operating activities	25	(38,325,166)	(24,912,532)
Cash Flows from Investing Activities			
Payments for exploration and development		-	(30,272,248)
Payments made in respect on bonds and collateral deposits		(547,659)	-
Payments for property, plant & equipment		(17,929,458)	(312,153)
Net cash used in investing activities		(18,477,117)	(30,584,401)
Cash Flows from Financing Activities			
Proceeds from issue of shares		-	47,042,500
Payments for share issue costs		(41,043)	(706,232)
Proceeds from borrowings		55,882,200	26,929,500
Repayment of borrowings		(4,658,543)	(5,831,134)
Payments for borrowing costs		(7,202,257)	(8,095,566)
Financial instrument payments		(11,546,913)	(2,610,450)
Net cash generated from financing activities		32,433,444	56,728,618
Net increase/(decrease) in cash and cash equivalents		(24,368,839)	1,231,685
Effects of exchange rate changes on the balance of cash held in foreign currencies		(2,307,826)	(638,812)
Cash and cash equivalents at beginning of financial year	11	35,010,327	34,417,454
Closing cash and cash equivalents carried forward	11	8,333,662	35,010,327

The accompanying notes form part of these financial statements.

These financial statements are presented in Australian dollars being the Group's functional and presentation currency.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

This financial report includes the consolidated financial statements and notes of Wolf Minerals Limited and its controlled entities (**Consolidated Entity or Group**), and the parent entity disclosure for Wolf Minerals Limited as an individual parent entity (**Parent Entity**).

Wolf Minerals Limited is a listed public company, trading on the Australian Securities Exchange and Alternative Investment Market of the London Stock Exchange, limited by shares, incorporated and domiciled in Australia.

Basis of Preparation

The accounting policies set out below have been consistently applied to all years presented.

Statement of Compliance

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards (**AASBs**) including Australian Interpretations and other pronouncements adopted by the Australian Accounting Standards Board (**AASB**) and the Corporations Act 2001 for "for profit" oriented entities. The consolidated financial report of the Group and the financial report of the Company comply with International Financial Reporting Standards (**IFRSs**) and interpretations adopted by the International Accounting Standards Board (**IASB**).

The consolidated financial statements were authorised for issue by the Board of Directors on 28 September 2017. The Board has the power to amend and reissue the financial statements.

Basis of Measurement

The consolidated financial statements have been prepared on the historical cost basis except for the following material items in the statement of financial position if applicable:

- » derivative financial instruments are measured at fair value
- » financial instruments at fair value through profit or loss are measured at fair value
- » available-for-sale financial assets are measured at fair value
- » liabilities for cash-settled share-based payment arrangements are measured at fair value
- » the defined benefit asset is measured as the net total of the plan assets, plus unrecognised past service cost and unrecognised actuarial losses, less unrecognised actuarial gains and the present value of the defined benefit obligation.

Use of Estimates and Judgements

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

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are set out in Note 1 (b). Estimates and assumptions are continually evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets and liabilities affected in future periods.

Going Concern

The consolidated financial report has been prepared on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the normal course of business. The Consolidated Entity incurred a loss after tax of A\$74,536,641 for the year ended 30 June 2017 (2016: A\$63,094,075). Furthermore the Consolidated Entity has a working capital deficit of A\$72,958,414 as at 30 June 2017 (2016: A\$14,020,440).

The ability of the Company and the Consolidated Entity to maintain compliance with its debt obligations and covenants and continue to pay its debts as and when they fall due is dependent upon receiving additional funding support, successfully ramping up production to nameplate capacity and rescheduling fixed debt repayments with senior debt lenders.

On 31 August 2017, the Company announced that RCF VI has agreed to release a further £5 million tranche of the Bridge Loan Facility to support short term working capital. Following the utilisation of the £5 million of the Bridge Loan Facility, further funding of £10 million is required early in the December 2017 quarter to complete the operating turnaround plan and negotiations are advanced in this regard.

In addition to the further funding amount of £10 million, the Directors have appropriate plans in place to meet the remaining funding shortfall over the next 12 months. This potentially includes opportunities to improve operational cash flows through additional revenue streams, cost reduction initiatives and release of cash escrowed amounts on the balance sheet. This plan will also require the Directors to reschedule fixed debt repayments with the senior debt lenders to avoid any non compliance with senior debt conditions and financial ratios.

The Directors believe it is appropriate to prepare the consolidated financial report on a going concern basis. The Directors believe the Company is able to raise the additional funds as required, based on the improvement in the operating performance of the Drakelands mine and the strength of the APT price, along with the continued support from Wolf's major shareholders and its offtakers and Lenders and a proven track record of being able to raise funding as and when required.

Notes to the Financial Statements *for the Financial Year Ended 30 June 2017 (cont.)*

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

Going Concern (cont.)

In the event that the Company and Consolidated Entity do not achieve the above outcomes, there exists a material uncertainty that casts significant doubt as to whether the Company and Consolidated Entity will be able to continue as going concerns and realise their assets and extinguish their liabilities in the normal course of business.

The consolidated financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the Company and Consolidated Entity not continue as going concerns.

Accounting Policies

a. Principles of Consolidation

The consolidated financial statements incorporate the assets and liabilities of all entities controlled by the Consolidated Entity as at 30 June 2017 and the results of all controlled entities for the year then ended.

Subsidiaries are all those entities over which the Consolidated Entity has control. The Consolidated Entity controls an entity when the Consolidated Entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Consolidated Entity. They are de-consolidated from the date that control ceases.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group. All controlled entities have a June financial year end.

A list of controlled entities is contained in Note 2 to the financial statements.

b. Significant Accounting Estimates, Judgments and Assumptions

The preparation of consolidated financial statements requires management to make judgments and estimates relating to the carrying amounts of certain assets and liabilities. Actual results may differ from the estimates made. Estimates and assumptions are reviewed on an ongoing basis.

The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next accounting period are:

(i) Share based payment transactions

The Consolidated Entity measures the cost of equity settled transactions by reference to the fair value of the equity instruments at the date at which they are granted. The fair value of share options and performance rights is determined by an external valuer using an appropriate valuation model.

(ii) Impairment of investments in and loans to subsidiaries

The ultimate recoupment of the Parent Entity's investment in subsidiaries, and loans to subsidiaries is dependent on the successful development and commercial exploitation, or alternatively, sale, of the development assets. Impairment tests are carried out on a regular basis to identify whether the asset carrying values exceed their recoverable amounts. There is significant estimation and judgement in determining the inputs and assumptions used in determining the recoverable amounts.

The key areas of judgement and estimation include:

- » Recent development results and mineral resource estimates;
- » Environmental issues that may impact on the underlying tenements;
- » Fundamental economic factors that impact the operations and carrying values of assets and liabilities.

(iii) Estimated impairment of mine properties and property, plant and equipment (Note 16 and 17)

The Company tests annually whether the mine properties and property, plant and equipment has suffered any impairment. The recoverable amount of the cash generating unit (CGU) has been determined based on value in use calculations which require the use of estimates and assumptions such as long-term commodity prices, discount rates, operating costs, future capital requirements and mineral resource estimates (see below). These estimates and assumptions are subject to risk and uncertainty and therefore there is a possibility that changes in circumstances will impact the recoverable amount. The Project is the Company's only CGU.

In assessing the carrying amounts of its mine properties and property, plant and equipment at the Project, the Directors have used an updated financial model based upon the original DFS prepared by the parent undertaking in conjunction with a number of independent experts. The study has been approved by the Directors.

The assessment period used in the report is the updated life of the mine of 10 years from the increased reserves, plus the remaining period for commissioning and preparation for full production. Tungsten revenues have been estimated over that period at a price range of US\$220 – US\$320 per mtu. Tin revenues have been estimated over that period at a price of US\$20,000/tonne. These conservative estimates are based on, and are consistent with, external sources of information.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

b. Significant Accounting Estimates, Judgments and Assumptions (cont.)

(iii) Estimated impairment of mine properties and property, plant and equipment (Note 16 and 17) (cont.)

The calculation assumes average annual tungsten and tin production of 367,647 mtu and 563 tonnes respectively. The life of mine operating cost estimate has been updated to match the mine plan for the new reserves. Royalties have been calculated at 2% of gross sales revenues and corporate income tax at 21%. A discount rate of 8% has been utilised. Based on the calculations, the net present value as at 30 June 2017 after the recoupment of the remaining capital costs of the Project exceeds the carrying value of the mine properties and property, plant and equipment, therefore no impairment has been recorded.

The recoverable amount is sensitive to possible changes in the key assumptions which would cause the carrying amount to exceed the recoverable amount. The value in use calculations have been updated to reflect the successful application to extend the current planning permission to enable the full ore body to be mined, together with obtaining the requisite permission to operate 7 days a week.

The Financial Statements have been prepared on the basis that the entity can meet its commitments as and when they fall due and can therefore continue normal business activities, and the realisation of assets and liabilities in the ordinary course of business (refer Going Concern section of Note 1).

(iv) Mine environmental rehabilitation and restoration provision (Note 19)

Rehabilitation costs will be incurred by the Group at the end of the operating life of the Project. The Group assesses its rehabilitation provision at each reporting date. The ultimate rehabilitation costs are uncertain and cost estimates can vary in response to various factors, including estimates of the extent and costs of rehabilitation activities, regulatory changes, inflation rates and changes in discount rates. These uncertainties may result in future actual expenditure differing from the amounts currently provided and there could be significant adjustments to the provisions established which would affect future financial results. The provision as at 30 June 2017 represents management's best estimate of the present value of future rehabilitation costs required.

(v) Income tax expenses

Judgement is required in assessing whether deferred tax assets and liabilities are recognised on the consolidated statement of financial position. Deferred tax assets, including those arising from temporary differences, are recognised only when it is considered more likely than not that they will be recovered, which is dependent on the generation of future assessable income of a nature and of an amount sufficient to enable the benefits to be utilised.

c. Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of 12 months or less, and bank overdrafts.

d. Receivables

Collectability of trade debtors is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for impairment is raised when some doubt as to collection exists.

e. Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation and impairment losses.

(i) Freehold land

Freehold land is recognised at historic cost and is not depreciated as it has an indefinite useful life.

(ii) Plant and equipment

Plant and equipment is measured on the cost basis.

The cost of fixed assets constructed within the Group includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the consolidated statement of profit or loss and other comprehensive income during the financial period in which they are incurred.

(iii) Depreciation

Items of property, plant and equipment are depreciated over their estimated useful lives. The Company uses the unit-of-production basis when depreciating mine specific assets which results in a depreciation/amortisation charge proportional to the depletion of the anticipated remaining life of mine. Each item's economic life has due regard to both its physical life limitations and to present assessments of economically recoverable reserves and resources of the mine property at which it is located.

For the remainder of assets the reducing balance method is used, resulting in estimated useful lives between 3 to 10 years, the duration of which reflects the useful life depending on the nature of the asset. Estimates of remaining useful lives and depreciation methods are reviewed annually for all major items of plant and equipment.

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

Notes to the Financial Statements *for the Financial Year Ended 30 June 2017 (cont.)*

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

f. Development Assets

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

Amortisation of mining development is computed by the units of production basis over the estimated proved and probable reserves. Proved and probable mineral reserves reflect estimated quantities of economically recoverable reserves which can be recovered in the future from known mineral deposits. These reserves are amortised from the date on which production commences. The amortisation is calculated from recoverable proven and probable reserves and a predetermined percentage of the recoverable measured, indicated and inferred resource. This percentage is reviewed annually.

g. Financial Instruments

(i) Financial assets at fair value through profit or loss

This category has two sub-categories; financial assets held for trading, and those designated at fair value through profit or loss on initial recognition. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. The policy of management is to designate a financial asset if there exists the possibility it will be sold in the short term and the asset is subject to frequent changes in fair value. Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within 12 months of the reporting date.

(ii) Loans and receivables

Loans and receivables are non derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the consolidated entity provides money, goods or services directly to a debtor with no intention of selling the receivable. They are included in current assets, except for those with maturities greater than 12 months after the reporting date which are classified as non-current assets. Loans and receivables are included in receivables in the consolidated statement of financial position.

(iii) Available-for-sale financial assets

Available-for-sale financial assets, comprising principally marketable equity securities, are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the reporting date.

Purchases and sales of investments are recognised on trade-date being the date on which the Consolidated Entity commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Consolidated Entity has transferred substantially all the risks and rewards of ownership.

Available-for-sale financial assets and financial assets at fair value through profit and loss are subsequently carried at fair value. Loans and receivables are carried at amortised cost using the effective interest method. Realised and unrealised gains and losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are included in the consolidated statement of comprehensive income in the period in which they arise. Unrealised gains and losses arising from changes in the fair value of non-monetary securities classified as available-for-sale investments are recognised in equity in the "available for sale revaluation reserve". When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments are included in the consolidated statement of comprehensive income as gains and losses from investment securities.

(iv) Fair value

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Consolidated Entity establishes fair value by using valuation techniques. These include reference to the fair values of recent arm's length transactions, involving the same instruments or other instruments that are substantially the same, discounted cash flow analysis, and option pricing methods refined to reflect the issuer's specific circumstances.

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the reporting date. The quoted market price used for financial assets held by the Consolidated Entity is the current bid price; the appropriate quoted market price for financial liabilities is the current ask price.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques. The Consolidated Entity uses a variety of methods and makes assumptions that are based on market conditions existing at each reporting date. Quoted market prices or dealer quotes for similar instruments are used for long-term debt instruments held. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments.

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Consolidated Entity for similar financial instruments.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

g. Financial Instruments (cont.)

(v) Derivative financial instruments

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured to their fair value at each reporting date. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

Derivatives are classified as current or non-current depending on the expected period of realisation.

(vi) Cash flow hedges

Cash flow hedges are used to cover the Consolidated Entity's exposure to variability in cash flows that is attributable to particular risk associated with a recognised asset or liability or a firm commitment which could affect profit or loss. The effective portion of the gain or loss on the hedging instrument is recognised directly in equity, whilst the ineffective portion is recognised in profit or loss. Amounts taken to equity are transferred out of equity and included in the measurement of the hedged transaction when the forecast transaction occurs.

Cash flow hedges are tested for effectiveness on a regular basis both retrospectively and prospectively to ensure that each hedge is highly effective and continues to be designated as a cash flow hedge. If the forecast transaction is no longer expected to occur, amounts recognised in equity are transferred to profit or loss.

If the hedging instrument is sold, terminated, expires, exercised without replacement or rollover, or if the hedge becomes ineffective and is no longer a designated hedge, amounts previously recognised in equity remain in equity until the forecast transaction occurs.

h. Investments

Interests in listed and unlisted securities are initially brought to account at cost.

Controlled entities are accounted for in the consolidated financial statements as set out in Note 1 (a).

Other securities are included at fair value at reporting date. Unrealised gains/losses on securities held for short term investment are accounted for as set out in Note 1 (g) (i) financial assets at fair value through profit or loss. Unrealised gains/losses on securities held for long term investment are accounted for as set out in Note 1 (g) (iii) available for sale financial assets.

i. Acquisition of Assets

The purchase method of accounting is used for all acquisitions of assets regardless of whether equity instruments or other assets are acquired. Cost is determined as the fair value of the assets given up, shares issued or liabilities undertaken at the date of acquisition plus incidental costs directly attributable to the acquisition.

j. Impairment

(i) Financial Assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the effective interest rate.

An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its fair value. Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised either in the consolidated statement of comprehensive income or revaluation reserves in the period in which the impairment arises.

(ii) Non-financial Assets

The carrying amounts of the Consolidated Entity's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite lives or that are not yet available for use, the recoverable amount is estimated at each reporting date.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the consolidated statement of comprehensive income. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units, then to reduce the carrying amount of the other assets in the unit on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss has been recognised.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

k. Provisions

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

The Group recognises a restoration and rehabilitation provision where it has a legal and constructive obligation as a result of past events, and it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. The nature of these restoration activities includes dismantling and removing structures; rehabilitating the mine; dismantling operating facilities; and restoring, reclaiming and revegetating affected areas.

On initial recognition, the present value of the estimated costs is capitalised by increasing the carrying amount of the related mining asset to the extent that it was incurred as a result of the development or construction of the mine. Any changes to or additional rehabilitation costs are recognised as additions or charges to the corresponding asset and rehabilitation liability when they occur.

Over time, the discounted liability is increased for the change in present value based on the discount rate that reflects current market assessments and the risks specific to the liability. The annual unwinding of the discount is recognised in profit or loss as part of finance costs.

The Group does not recognise the deferred tax asset in respect of the temporary difference on the rehabilitation liability nor the corresponding deferred tax liability in respect of the temporary difference on the rehabilitation asset.

l. Inventory

Recognition and measurement

Consumable materials for plant and equipment are recognised as inventory. Consumable stocks are carried at the lower of cost and net realisable value.

m. Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use (a qualifying asset) are capitalised as part of the cost of the respective asset until the asset is substantially ready for its intended use. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Where funds are borrowed specifically to finance a project, the amount capitalised represents the actual borrowing costs incurred under the effective interest method. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating borrowing costs over the relevant period. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

n. Contributed Equity

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares, options or performance rights are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares, options or performance rights, or for the acquisition of a business, are included in the cost of the acquisition as part of the purchase consideration.

o. EPS

(i) Basic loss per share

Basic loss per share is determined by dividing the net loss after income tax attributable to members of the Group, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

(ii) Diluted loss per share

Diluted earnings per share adjusts the figures used in the determination of basic loss 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.

p. Foreign Currency Transactions and Balances

(i) Functional and presentation currency

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

(ii) Transactions and balances

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

Exchange differences arising on the translation of monetary items are recognised in the consolidated statement of comprehensive income, except where deferred in equity as a qualifying cash flow or net investment hedge.

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

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

p. Foreign Currency Transactions and Balances (cont.)

(iii) Group companies

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

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

Exchange differences arising on translation of foreign operations are transferred directly to the Group's foreign currency translation reserve in the consolidated statement of financial position. These differences are recognised in the consolidated statement of comprehensive income in the period in which the operation is disposed.

q. Current/Non-current Classification

Assets and liabilities are presented in the consolidated statement of financial position based on current and non-current classification.

An asset is current when: it is expected to be realised or intended to be sold or consumed in normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within twelve months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period. All other assets are classified as non-current.

A liability is current when: it is expected to be settled in normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within twelve months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

r. Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods and disposal of other assets is recognised when persuasive evidence, usually in the form of an executed sales agreement, or an arrangement exists, indicating there has been a transfer of risks and rewards to the customer, no further work or processing is required by the Group, the quantity and quality of the goods has been determined with reasonable accuracy, the price is fixed or determinable and collectability is reasonably assured. This is generally when title passes.

s. Employee Benefits

(i) Wages, salaries and annual leave

Liabilities for wages, salaries and annual leave expected to be settled within one year of the reporting date are recognised in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

(ii) Employee benefits payable later than one year

Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

(iii) Superannuation

Contributions are made by the consolidated entity to superannuation funds as stipulated by statutory requirements and are charged as expenses when incurred.

(iv) Employee benefit on costs

Employee benefit on costs, including payroll tax, are recognised and included in employee benefits liabilities and costs when the employee benefits to which they relate are recognised as liabilities.

t. Equity Settled Compensation

The group operates equity-settled share-based payment employee share option and performance rights schemes. The fair value of the equity to which employees become entitled is measured at grant date and recognised as an expense over the vesting period, with a corresponding increase to an equity account. The fair value of shares is ascertained as the market bid price. The fair value of options is ascertained using a Monte Carlo pricing model which takes into account the exercise price, the term of the option or right, the vesting and performance criteria, the impact of dilution, the non-tradeable nature of the option or right, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option or right. The number of share option and performance rights expected to vest is reviewed and adjusted at each reporting date such that the amount recognised for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

u. Income Tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

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 that are enacted or substantively enacted, except for:

- » When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- » When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

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 amount of recognised and unrecognised deferred tax assets are reviewed each reporting date.

Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entity's which intend to settle simultaneously.

Research and development tax offsets are accounted for on receipt and under the requirements of AASB 112.

v. Goods and Services Tax (GST)

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

w. Comparative Figures

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

x. New, Revised or Amending Accounting Standards and Interpretations Adopted

The Consolidated Entity has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the AASB that are mandatory for the current reporting period.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the consolidated entity.

Notes to the Financial Statements *for the Financial Year Ended 30 June 2017 (cont.)*

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

y. New and amended standards and interpretations issued but not yet effective for the financial year beginning 1 July 2016 and not early adopted

The following Australian Accounting Standards have been issued or amended and are applicable to the annual financial statements of the Consolidated Entity (or the Company) but are not yet effective. This assumes the following have not been adopted in preparation of the financial statements at the reporting date.

AASB No.	Title	Application date of standard	Issue date
AASB 9	Financial Instruments	1 January 2018	December 2014
AASB 2010-7	Amendments arising from Accounting Standards arising from AASB 9 (December 2010)	1 January 2018	September 2012
AASB 2014-1	Amendments to Australian Accounting Standards Part E - Financial Instruments	Part E - 1 January 2018	June 2014
AASB 2014-5	Amendments to Australian Accounting Standard Arising From AASB 15	1 January 2018	December 2014
AASB 2014-7	Amendments to Australian Accounting Standard Arising From AASB 9 (December 2014)	1 January 2018	December 2014
AASB 2014-10	Amendments to Australian Accounting Standard - Sale of Contribution of Assets Between Investors and its Associates or Joint Venture	1 January 2018	December 2014
AASB 2015-8	Amendments to Australian Accounting Standards – Effective Date of AASB 15	1 January 2018	October 2015
AASB 2015-10	Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128.	1 January 2018	December 2015
AASB 2016-1	Amendments to Australian Accounting Standards – Recognition of Deferred Tax Assets for Unrealised Losses [AASB 112]	1 January 2017	February 2016
AASB 2016-2	Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107	1 January 2017	March 2016
AASB 2016-3	Amendments to Australian Accounting Standards – Clarifications to AASB 15	1 January 2018	May 2016
AASB 2016-5	Amendments to Australian Accounting Standards – Classification and Measurement of Share-based Payment Transactions [AASB 2]	1 January 2018	July 2016
AASB 2016-6	Amendments to Australian Accounting Standards – Applying AASB 9 Financial Instruments with AASB 4 Insurance Contracts [AASB 4]	1 January 2018	October 2016
AASB 2017-1	Amendments to Australian Accounting Standards – Transfers of Investment Property, Annual Improvements 2014-2016 Cycle and Other Amendments	1 January 2018	February 2017
AASB 2017-2	Amendments to Australian Accounting Standards – Further Annual Improvements 2014-2016 Cycle	1 January 2017	February 2017
AASB 2017-3	Amendments to Australian Accounting Standards – Clarifications to AASB 4	1 January 2018	July 2017
AASB 15	Revenues from Contracts with Customers	1 January 2018	October 2015
AASB 16	Leases	1 January 2019	February 2016
AASB Interpretation 22	Foreign Currency Transactions and Advance Consideration	1 January 2018	February 2017
IFRIC 23	Uncertainty over Income Tax Treatments	1 January 2019	June 2017

The potential impact of those standards and interpretations above that are material to the Consolidated Entity are yet to be assessed.

Notes to the Financial Statements *for the Financial Year Ended 30 June 2017 (cont.)*

NOTE 2: CONTROLLED ENTITIES

	Country of incorporation	2017		2016	
		% owned	Investment (\$)	% owned	Investment (\$)
Subsidiaries of Wolf Minerals Limited:					
Wolf Minerals (UK) Limited	United Kingdom	100	313,711,847	100	297,798,047
Wolf Minerals Finance Pty Ltd	Australia	100	124	100	124
Wolf Minerals LLP	United Kingdom	100	-	100	-

During the year Wolf Minerals (UK) Limited repaid a loan to Wolf Minerals Limited through the issue of shares.

NOTE 3: REVENUE

	2017	2016
	\$	\$
Revenue – tungsten	20,615,254	7,912,923
Revenue – tin	4,084,750	656,038
	24,700,004	8,568,961

NOTE 4: COST OF SALES

	2017	2016
	\$	\$
Mining	18,722,495	13,496,110
Processing	30,995,537	16,145,351
Site administration	9,457,142	8,889,220
Depreciation	17,221,541	11,499,952
	76,396,715	50,030,633

NOTE 5: CORPORATE AND TECHNICAL SERVICES

	2017	2016
	\$	\$
Administration expenses	5,617,022	2,732,611
Depreciation & amortisation expense	26,793	35,804
Directors' fees	480,586	480,586
Equity compensation benefits	311,234	359,455
Employee benefits expense		
- superannuation contributions	113,552	126,682
- transfer to/(from) provision for annual leave	(3,427)	24,544
- transfer to/(from) provision for long service leave	(20,326)	28,670
- salary and wages and other employee benefits	1,708,469	1,588,165
	8,233,903	5,376,517

Notes to the Financial Statements *for the Financial Year Ended 30 June 2017 (cont.)*

NOTE 6: FINANCE COSTS

	2017	2016
	\$	\$
Bank charges	9,636	6,281
Interest expense	6,897,615	9,132,039
Borrowing costs	1,364,291	1,243,063
Unwinding of discount on rehabilitation provision	170,768	235,151
	8,442,310	10,616,534

NOTE 7: INCOME TAX EXPENSE

	2017	2016
	\$	\$
a. The components of tax expense comprise:		
Current tax	-	-
Deferred tax	-	-
	-	-

b. The prima facie tax on loss from ordinary activities before income tax is reconciled to the income tax as follows:

Prima facie tax payable on loss from ordinary activities before income tax at 30% (2016: 30%)

Consolidated group	(22,224,742)	(18,928,223)
Add:		
Tax effect of:		
- Share based payments	116,670	118,451
- Other non-allowable items	4,820	8,417
- Provisions and accruals	289,046	13,973
- Property, plant and equipment	-	-
- Rehabilitation expense and amortisation	167,678	-
- Other assessable items	28,558	149
- Revenue losses not recognised	238,634	410,288
- Overseas revenue losses not recognised	14,262,432	12,270,969
- Lower tax rate in foreign jurisdictions on overseas revenue losses	7,131,216	6,135,484
	22,239,054	18,957,731
Less:		
Tax effect of:		
- Provisions and accruals	-	-
- Capital raising costs	4,368	(29,384)
- Other non-assessable items	(9,944)	(124)
- Research and development tax concession rebate	-	-
	(14,312)	(29,508)
Income tax expense/(benefit)	-	-

Notes to the Financial Statements *for the Financial Year Ended 30 June 2017 (cont.)*

NOTE 7: INCOME TAX EXPENSE (cont.)

	2017	2016
The applicable average weighted tax rates are as follows:	0%	0%

	2017	2016
	\$	\$

c. The following deferred tax balances have not been accounted for:

Deferred tax assets:

At 30%

Carried forward revenue losses	2,179,027	1,366,596
Capital raising costs	9,850	1,905
Provisions and accruals	99,976	87,974
	2,288,853	1,456,475

At 20% (United Kingdom)

Property, plant and equipment	24,381	24,381
Unrealised Foreign Exchange Loss	19,039	-
Rehabilitation Asset	226,904	-
Provisions and accruals	177,935	-
Carried forward overseas revenue losses	32,138,349	17,875,918
	32,586,608	17,900,299

The tax benefits of the above Deferred Tax Assets will only be obtained if:

- The company derives future assessable income of a nature and an amount sufficient to enable the benefits to be utilised; and
- The company continues to comply with the deductibility conditions imposed by the Income Tax Assessment Act 1997 and its overseas equivalent; and
- No change in income tax legislation adversely affects the company in utilising the benefits.

Deferred tax liabilities:

At 30%

Accrued income	108	125
	108	125

At 20% (United Kingdom)

Accrued income	6,640	-
	6,640	-

The above deferred tax liabilities have not been recognised as they have given rise to the carry forward revenue losses for which the deferred tax asset has not been recognised.

No deferred tax liability or deferred tax asset is recognised on the development asset as the current net effect is minimal. This will change when the Group commences production.

Notes to the Financial Statements *for the Financial Year Ended 30 June 2017 (cont.)*

NOTE 8: KEY MANAGEMENT PERSONNEL COMPENSATION

	2017	2016
	\$	\$
a. Key management personnel compensation		
The key management personnel compensation comprised:		
Short term employment benefits	1,366,416	1,506,421
Share based payments	296,600	294,977
Post employment benefits	402,816	82,348
	2,065,832	1,883,746

b. Individual directors' and executives' compensation disclosure

Information regarding individual directors' and executives' compensation and some equity instruments disclosures as required by Corporation Regulation 2M.3.03 is provided in the remuneration report section of the directors' report.

Apart from the details disclosed in this note, no director has entered into a material contract with the Group since the end of the previous financial year and there were no material contracts involving directors' interest existing at the year end.

c. Parent entity

The ultimate parent entity within the Group is Wolf Minerals Limited.

NOTE 9: AUDITORS' REMUNERATION

	2017	2016
	\$	\$
Remuneration of the auditor of the parent entity for:		
- Auditing and reviewing the financial report	108,000	115,400
- Taxation services	7,660	4,510
Remuneration of the auditors of the subsidiary for:		
- Auditing and reviewing the financial report	62,063	93,897
	177,723	213,807

NOTE 10: LOSS PER SHARE

	2017	2016
	\$	\$
a. Loss used to calculate basic and dilutive EPS	(74,536,641)	(63,094,075)
	2017	2016
	\$	\$
b. Weighted average number of ordinary shares on issue during the year used in the calculation of basic EPS	1,084,425,200	837,478,563
c. Weighted average number of ordinary shares outstanding during the year used in calculating dilutive EPS	1,084,425,200	837,478,563

Notes to the Financial Statements *for the Financial Year Ended 30 June 2017 (cont.)*

NOTE 11: CASH AND CASH EQUIVALENTS

	2017	2016
	\$	\$
Cash at bank and on hand	8,255,188	34,894,928
Short term bank deposits	78,474	115,399
	8,333,662	35,010,327

The effective interest rate on cash at bank and on hand and short-term bank deposits was 1.45% (2016: 0.51%) these deposits have an average maturity of 180 days.

Reconciliation of cash

Cash at the end of the financial year as shown in the statement of cash flows is reconciled to items in the statement of financial position as follows:

Cash and cash equivalents	8,333,662	35,010,327
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NOTE 12: TRADE AND OTHER RECEIVABLES

	2017	2016
	\$	\$
Current		
Trade Debtors	1,484,799	2,825,538
GST receivable	20,351	22,502
VAT receivable	822,976	2,823,577
	2,328,126	5,671,617

Provision for impairment of receivables

Current trade and term receivables are generally on 30 day terms. Non-current trade and term receivables are assessed for recoverability based on the underlying terms of the contract. A provision for impairment is recognised when there is objective evidence that an individual trade or term receivable is impaired.

There are no balances within trade and other receivables that are impaired and are past due. It is expected these balances will be received when due.

NOTE 13: INVENTORIES

	2017	2016
	\$	\$
Consumables – at cost	3,098,154	1,791,640
	3,098,154	1,791,640

Notes to the Financial Statements *for the Financial Year Ended 30 June 2017 (cont.)*

NOTE 14: DERIVATIVE FINANCIAL INSTRUMENTS

	2017		2016	
	Fair value of asset	Fair value of liability	Fair value of asset	Fair value of liability
Current				
Amortising interest rate swaps	-	-	-	-
Forward foreign exchange contracts - cash flow hedges	-	4,202,631	-	8,943,553
Total Current	-	4,202,631	-	8,943,553
Non-Current				
Amortising interest rate swaps	-	366,877	-	1,237,623
Forward foreign exchange contracts - cash flow hedges	-	-	-	3,385,107
Total Non-Current	-	366,877	-	4,622,730

The maximum notional principal amount of the outstanding interest rate swap contracts during the year ended 30 June 2017 was £34,291,667 (~A\$58,069,509) (30 June 2016: £35,000,000).

During the year ended 30 June 2017 the fixed interest rates were 2.05% (30 June 2016: 1.175% to 2.05%), and the main floating rate is LIBOR.

NOTE 15: OTHER ASSETS

	2017	2016
	\$	\$
Current		
Prepayments	495,370	589,242
Accrued interest	-	416
Other assets	36,127	38,301
	531,497	627,959
Non-Current		
Other assets ¹	17,189,663	17,787,186

¹ Other assets comprise a bond agreement and cash collateral deposits the Company has provided as security to various parties in connection with environmental restoration obligations. The bond and collateral deposits are not released until the underlying obligations have been fulfilled by the Company to the satisfaction of the UK authorities. The two major non-current collateral deposits are a £9.05 million restoration bond and a £0.75 million financial provision for the environmental waste permit.

Notes to the Financial Statements *for the Financial Year Ended 30 June 2017 (cont.)*

NOTE 16: PROPERTY, PLANT & EQUIPMENT

	2017	2016
	\$	\$
Plant and equipment:		
At cost	162,660,199	167,564,573
Accumulated depreciation	(18,067,950)	(7,127,986)
Total plant and equipment	144,592,249	160,436,587
Motor vehicles:		
At cost	614,526	651,505
Accumulated depreciation	(445,882)	(353,518)
Total motor vehicles	168,644	297,987
Land and buildings		
At cost	127,758,344	119,119,934
Accumulated depreciation	(8,769,271)	(3,012,823)
Total mining asset	118,989,073	116,107,111
Total property, plant and equipment	263,749,966	276,841,685

	Motor vehicles	Plant and equipment	Land and buildings	Total
	\$	\$	\$	\$
Balance at 30 June 2015	415,990	198,756	-	614,746
Additions	114,169	197,984	-	312,153
Transferred from mine properties and development	-	167,031,060	119,119,934	286,150,994
Depreciation expense	(205,615)	(7,910,697)	(3,419,444)	(11,535,756)
Effect of foreign currency exchange differences	(26,557)	919,484	406,621	1,299,548
Balance at 30 June 2016	297,987	160,436,587	116,107,111	276,841,685
Additions	-	4,595,618	15,399,576	19,995,194
Depreciation expense	(111,586)	(11,253,748)	(5,883,000)	(17,248,334)
Effect of foreign currency exchange differences	(17,757)	(9,186,208)	(6,634,614)	(15,838,579)
Balance at 30 June 2017	168,644	144,592,249	118,989,073	263,749,966

Notes to the Financial Statements *for the Financial Year Ended 30 June 2017 (cont.)*

NOTE 17: MINE PROPERTIES AND DEVELOPMENT

	2017	2016
	\$	\$
Mine properties:		
At cost	6,349,227	5,927,001
Accumulated amortisation	(767,030)	(452,354)
Total mine development expenditure	5,582,197	5,474,647

	Mine properties	Mine development	Total
	\$	\$	\$
Balance at 30 June 2015	-	296,983,129	296,983,129
Expenditure capitalised during the year	-	31,456,414	31,456,414
Transferred to plant and equipment	-	(167,031,060)	(167,031,060)
Transferred to land and buildings	-	(119,119,934)	(119,119,934)
Transferred to mine properties	5,873,210	(5,873,210)	-
Amortisation	(452,354)	-	(452,354)
Effect of foreign currency exchange differences	53,791	(36,415,339)	(36,361,548)
Balance at 30 June 2016	5,474,647	-	5,474,647
Expenditure capitalised during the year	809,377	-	809,377
Amortisation	(388,158)	-	(388,158)
Effect of foreign currency exchange differences	(313,669)	-	(313,669)
Balance at 30 June 2017	5,582,197	-	5,582,197

Mine properties relates to the rehabilitation asset of the Drakelands Mine. The amortisation is recognised as part of cost of sales in the Statement of Profit or Loss and Other Comprehensive Income.

NOTE 18: TRADE AND OTHER PAYABLES

	2017	2016
	\$	\$
Current		
Trade payables ¹	13,662,144	12,382,539
Accrued borrowing costs	1,003,222	1,092,157
Sundry payables and accrued expenses ²	8,313,472	9,025,510
	22,978,838	22,500,206

¹ Trade and other payable are generally settled within 30 days.

² Accrued expenses at 30 June 2017 include work performed by suppliers during June but not invoiced at period end. Included in the accrued expenses amount is an amount owed to the mining services contractor, CA Blackwell (Contracts) Limited, for £1,312,885 (≈ \$2,223,239).

Notes to the Financial Statements *for the Financial Year Ended 30 June 2017 (cont.)*

NOTE 19: PROVISIONS

	Mine rehabilitation ¹	Employee benefits	Total
	\$	\$	\$
Opening balance at 1 July 2016	6,080,399	279,763	6,360,162
Additional provisions	636,316	(23,753)	612,563
Balance at 30 June 2017	6,716,715	256,010	6,972,725

	2017	2016
	\$	\$
Analysis of total provisions		
Current	193,960	197,387
Non current	6,778,765	6,162,775
	6,972,725	6,360,162

¹ The Group makes full provision for the future cost of rehabilitating mine sites and associated production facilities on a discounted basis at the time of constructing the mine and installing those facilities.

The rehabilitation provision represents the present value of rehabilitation costs relating to the Project site which are expected to be incurred up to and following the expiration date of the mining licence. The provision has been created based upon the updated Definitive Feasibility Study. Assumptions based upon the current economic environment and development work completed at the Project have been made, which management believes are a reasonable basis upon which to estimate the future liability, and will be reviewed regularly to take into account any material changes to the assumptions. The actual rehabilitation costs and works required will ultimately depend upon future market prices for the necessary rehabilitation works required, changes in future regulatory requirements and the timing on when the mine ceases to operate commercially.

The discount rate used in the calculation of the provision as at 30 June 2017 is 3% per annum. The value of the undiscounted provision is \$8,906,661 (2016: \$8,290,460).

NOTE 20: BORROWINGS

	2017	2016
	\$	\$
Current		
Bridge loan facility	56,315,448	-
Senior secured loan	3,558,976	25,480,837
	59,874,424	25,480,837
Non-current		
Senior secured loan	97,060,134	84,971,049
Details of the bridge loan facility at 30 June		
Bridge loan facility	57,278,513	-
Less: unamortised transaction costs	(963,065)	-
	56,315,448	-
Details of the senior secured loan at 30 June		
Senior secured loan – Tranche A	49,544,820	54,783,939
Senior secured loan – Tranche B	58,834,474	65,055,927
Less: unamortised transaction costs	(7,760,184)	(9,387,980)
	100,619,110	110,451,886

Notes to the Financial Statements *for the Financial Year Ended 30 June 2017 (cont.)*

NOTE 20: BORROWINGS (cont.)

	Total
	\$
Reconciliation of transaction costs	
Bridge loan facility	
Opening balance at 1 July 2016	-
Capitalised transaction costs	3,040,031
Amortisation of transaction costs	(2,076,966)
Balance at 30 June 2017	963,065
 Senior secured loan	
Opening balance at 1 July 2016	9,387,980
Capitalised transaction costs	-
Amortisation of transaction costs	(1,086,729)
Effect of foreign currency exchange differences	(541,067)
Balance at 30 June 2017	7,760,184

Senior Secured Loan and Bond Facility

On 10 May 2014 the Company signed documentation with UniCredit Bank AG, London Branch; ING Bank N.V.; and Caterpillar Financial SARL (together the **Lenders**) for £75 million in senior debt finance facilities, incorporating a £70 million term loan facility and a £5 million bond facility. The term loan facility comprises two tranches, A and B, amounting to £32 million and £38 million respectively.

The senior debt facility is secured by mortgages and charges over the Company's Mine Properties asset and Property, Plant and Equipment.

On 24 October 2016 the Company announced it has executed binding agreements with its existing senior lenders (**Senior Lenders**) for a standstill and restructure of the senior debt currently outstanding. The standstill provides that a limited number of events of default shall apply under the Senior Debt, along with certain waivers of, and amendments to, the Senior Debt conditions for any non-compliance and grants relief from financial and other covenants. Since the Company entered into the standstill there have been no breaches of the debt covenants.

The terms of the Debt Restructure provide that all Senior Debt principal repayments are deferred until January 2018 and the tenor of the Senior Debt is extended until June 2023.

Bridge Loan Facility

In conjunction with the debt restructure, the Company agreed a £20 million 12 month secured bridge loan facility (**Bridge Loan Facility**) with Resource Capital Fund VI L.P. (**RCF VI**), a major shareholder and an associate of Wolf's other major shareholders, Resource Capital Fund V L.P. and RCF V Annex Fund. After further negotiations, the Bridge Loan Facility was subsequently increased to £30 million in March 2017, £40 million in June 2017 and £45 million in September 2017. As at 30 June, £33 million of the available loan had been utilised.

During its term, the Bridge Facility will be fully secured and rank pari passu with the Senior Lenders on substantially the same form and terms as existing under the Senior Debt. Interest may be paid in cash or capitalised each quarter at Wolf's discretion.

The Company may prepay the Bridge Facility in certain limited circumstances, but if not prepaid at the conclusion of the 12 month term, the Bridge Facility will mandatorily switch to a three year subordinated convertible loan, if certain conditions precedent are satisfied, or a three year subordinated loan if those conditions are not satisfied.

Financing Arrangements

The following financing arrangements were in place at the reporting date:

Name	Currency	Availability	Maturity	Interest	Limit	Drawn/ Utilised	Repaid
Senior Debt Term Loan	GBP	10 May 2013	10 years	LIBOR + 4.25%	£70 million	£70 million	£6 million
Bond Facility	GBP	10 May 2013	10 years	2.75%	£5 million	£5 million	-
Bridge Loan Facility	GBP	24 October 2016	1 year	LIBOR + 4.25%	£45 million	£33 million	-

Notes to the Financial Statements *for the Financial Year Ended 30 June 2017 (cont.)*

NOTE 21: ISSUED CAPITAL

	2017		2016	
	\$		\$	
1,087,645,948 (2016: 1,082,887,708) fully paid ordinary shares	274,080,313		273,544,711	

	2017		2016	
	No	\$	No	\$
a. Ordinary shares				
At the beginning of reporting period	1,082,887,708	273,544,711	809,422,200	226,982,428
Shares issued during the year				
- 20 November 2015	-	-	124,593	28,656
- 8 January 2016	-	-	177,967	32,924
- 4 May 2016	-	-	174,102,285	30,884,800
- 10 May 2016	-	-	251,649	40,264
- 30 June 2016	-	-	98,245,735	16,193,718
- Options/Rights exercised during the year	-	-	563,279	88,153
- 22 December 2016	352,645	42,000	-	-
- 30 December 2016	506,638	42,000	-	-
- 3 April 2017	563,759	42,000	-	-
- 30 June 2017	641,221	42,000	-	-
- Options/Rights exercised during the year	2,693,977	408,645	-	-
Share issue expenses	-	(41,043)	-	(706,232)
At reporting date	1,087,645,948	274,080,313	1,082,887,708	273,544,711

Ordinary shares participate in dividends and the proceeds on winding up of the Parent Entity in proportion to the number of shares held. Ordinary shares have no par value.

At the shareholders' meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

Capital Management

When managing capital, the Board's objective is to ensure the entity continues as a going concern as well as to obtain optimal returns to shareholders and benefits for other stakeholders. The Board also aims to maintain a capital structure which assists to ensure the lowest possible cost of capital available to the Group.

During the term of the senior secured loan facility, the Group will have the following capital restrictions imposed:

- » The Parent Entity may only issue shares where the net proceeds of such issuance are applied towards funding project costs; and
- » Pursuant to an issuance of shares for corporate activities of the Group, limited to 25% of the market capitalisation of the Parent Entity in accordance with the rules of the Australian Securities Exchange and which does not require notification to or a resolution of, the shareholders of the Parent Entity.

Options and performance rights

For information relating to the Wolf Minerals Limited employee option plan and performance rights plan, including details of options and performance rights issued, exercised and lapsed during the financial year and the options and performance rights outstanding at year end, refer to Note 26 Share-based Payments.

For information relating to share options and performance rights issued to key management personnel during the financial year, refer to Note 26 Share-based Payments.

Notes to the Financial Statements *for the Financial Year Ended 30 June 2017 (cont.)*

NOTE 22: RESERVES

Share based payments reserve

The share based payments reserve records items recognised as expenses on valuation of share options and performance rights.

	2017		2016	
	No	\$	No	\$
Balance 1 July	4,792,992	1,743,297	9,129,320	1,576,880
Issued during the year to key management personnel	3,447,368	218,138	2,035,908	254,570
Exercised during the year	(2,693,977)	(408,645)	(563,279)	(88,153)
Cancelled during the year	(3,011,834)	-	-	-
Expired during the year	-	-	(5,808,957)	-
Balance 30 June	2,534,549	1,552,790	4,792,992	1,743,297

Foreign currency translation reserve

The foreign currency translation reserve records the effect of exchange differences on the translation of foreign currency financial statements of subsidiaries.

	2017	2016
	\$	\$
Balance 1 July	9,252,726	32,127,749
Foreign currency differences during the year	(11,064,618)	(22,875,023)
Balance 30 June	(1,811,892)	9,252,726

Cash flow hedge reserve

The cash flow hedge reserve records the effect of exchange and interest differences on the translation of hedged instruments.

	2017	2016
	\$	\$
Balance 1 July	(10,671,031)	653,715
Cash flow hedge, net of tax	4,287,276	(11,324,746)
Balance 30 June	(6,383,755)	(10,671,031)

NOTE 23: COMMITMENTS

(a) Development commitments

Under the terms of the forty year lease for the minerals and rights at the Project the Company has to pay an annual rent of ~\$117,236 (£69,231) indexed annually. The option lapses if the Company fails to maintain its obligations under the lease.

Under the same option agreement the Company is required to procure security for various parties in the event that it is not able to meet its contractual obligations in terms of environmental rehabilitation and restoration at the conclusion of the Project. Included within other receivables are deposits and cash collateral amounting to~ \$17,173,975 (£10,141,712) (2016: ~\$17,626,774 (£9,818,289)) in respect of the bonds in place at year end.

(b) Lease expenditure commitments

	2017	2016
	\$	\$
Not longer than one year	140,133	133,051
Longer than one year, but not longer than five years	145,738	282,282
	285,871	415,333

Notes to the Financial Statements *for the Financial Year Ended 30 June 2017 (cont.)*

NOTE 23: COMMITMENTS (cont.)

The Group has entered into the following leases on commercial terms for office accommodation:

Location	Term	Expiry
22 Railway Road, Subiaco	4 years	19 June 2019

(c) Other contractual commitments

Mining Services Contract

In 2013 Wolf Minerals (UK) Limited awarded an £85 million Mining Services Contract (**MSC**) for the Project to CA Blackwell (Contracts) Limited.

The MSC is rates-based and made up of two parts:

- » Phase 1, Mining pre-strip and Mine development,
- » Phase 2, Mine production.

The MSC term for phase one finished on 31 March 2016. Phase 2 has a five year term from completion of phase 1 work. The MSC is able to be terminated by Wolf at any time with 60 days' notice.

Supply agreements

The Group has signed supply agreements for the future sale of mining outputs from the Project. These agreements are contingent on the Company meeting certain milestones in the project and contracted quantities being met; if these conditions are not met the agreements are terminable at the discretion of the buyer.

NOTE 24: SEGMENT REPORTING

The Consolidated Entity has identified its operating segments based on the internal reports that are reviewed and used by the chief operating decision maker to make decisions about resources to be allocated to the segments and assess their performance.

The financial information presented in the profit or loss and statement of financial position is the same as that presented to the chief operating decision makers.

The Consolidated Entity predominately operates in the tungsten and tin industry of the mining and materials sector in the United Kingdom.

NOTE 25: CASH FLOW INFORMATION

	2017	2016
	\$	\$
a. Reconciliation of cash flow from operations with loss after income tax		
Net loss	(74,536,641)	(63,094,075)
Non cash flows in profit		
Depreciation	17,248,334	11,535,756
Financial instrument expense	7,607,347	5,992,401
Equity compensation benefits	388,900	359,455
Foreign exchange differences	296,783	(7,821)
Finance cost	8,442,310	10,616,534
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries		
(Increase)/decrease in trade and term receivables	1,071,974	(3,169,049)
(Increase)/decrease in inventories	(1,408,207)	(1,791,639)
(Increase)/decrease in prepayments	64,640	(476,876)
Increase/(decrease) in trade payables and accruals	2,523,147	14,671,005
Increase/(decrease) in provisions	(23,753)	451,777
Cash flow used in operations	(38,325,166)	(24,912,532)

Notes to the Financial Statements *for the Financial Year Ended 30 June 2017 (cont.)*

NOTE 26: SHARE BASED PAYMENTS

Included under Corporate and technical services expense in the statement of profit or loss and other comprehensive income is \$311,234 (2016: \$359,455), and relates, in full, to equity-settled share-based payment transactions.

All options granted to key management personnel are for ordinary shares in Wolf Minerals Limited, which confer a right of one ordinary share for every option held.

	2017		2016	
	Number of options/rights	Weighted average exercise price	Number of options/rights	Weighted average exercise price
	No	\$	No	\$
Options issued to key management personnel				
Outstanding at the beginning of the year	-	-	850,000	0.34
Options exercised	-	-	-	-
Granted	-	-	-	-
Options expired	-	-	(850,000)	0.34
Outstanding at year end	-	-	-	-
Exercisable at year end	-	-	-	-
Options issued to shareholders				
Outstanding at the beginning of the year	-	-	4,958,957	0.29
Granted	-	-	-	-
Exercised	-	-	-	-
Expired	-	-	(4,958,957)	0.29
Outstanding at year end	-	-	-	-
Exercisable at year end	-	-	-	-
Rights issued to key management personnel				
Outstanding at the beginning of the year	4,792,992	-	3,320,363	-
Rights exercised	(2,693,977)	-	(563,279)	-
Granted	3,447,368	-	2,035,908	-
Rights lapsed	(3,011,834)	-	-	-
Outstanding at year end	2,534,549	-	4,792,992	-
Exercisable at year end	2,534,549	-	4,792,992	-

When key management personnel cease employment the options or rights are deemed to have lapsed.

The weighted average contract life remaining at 30 June 2017 was:

Rights	4.75 years
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Notes to the Financial Statements *for the Financial Year Ended 30 June 2017 (cont.)*

NOTE 26: SHARE BASED PAYMENTS (cont.)

Performance Rights issued during the year

During the year ended 30 June 2017, the Company issued one tranche of performance rights, Issue 5. Issue 5 was granted on 22 December 2016 and consisted of 3,447,368 performance rights. The tranche was issued to employees in accordance with the Wolf Minerals Limited Performance Rights Plan as readopted by shareholders at the Annual General Meeting held on 29 November 2016.

The vesting of the performance rights is subject to the following conditions:

- 50% of performance rights will vest based on the Company's relative share price performance versus the AIM Basic Resources Index in accordance with a defined scale; and
- 50% of performance rights will vest based upon the Company's Total Shareholder Return (TSR) performance as measured over the vesting period.

The performance rights were valued by an independent third party using industry standard valuation techniques. The key inputs and valuations are summarised in the table below.

Vesting conditions	Issue 5	
	a)	b)
Underlying security spot price	\$0.085	\$0.085
Exercise price	Nil	Nil
Valuation date	22/12/16	22/12/16
Expiration date	30/06/21	30/06/21
Performance period (years)	4.52	4.52
Volatility	80.00%	80.00%
Risk free rate	2.31%	2.31%
Dividend Yield	Nil	Nil
Number of performance rights	1,723,684	1,723,684
Valuation per performance right	\$0.063	\$0.054
Valuation per tranche	\$108,592	\$93,079

As at 30 June 2017, the unissued ordinary shares of Wolf Minerals Limited under options or rights are as follows:

Grant Date	Date of Expiry	Exercise Price	Number of Rights
28/11/14	30/06/18	\$0.00	273,350
28/11/14	30/06/19	\$0.00	261,130
16/11/15	30/06/20	\$0.00	1,086,394
04/11/11	22/12/20	\$0.00	152,778
22/12/16	30/06/21	\$0.00	760,897
			2,534,549

NOTE 27: RELATED PARTY DISCLOSURES

- Interests in controlled entities are disclosed in Note 2.
- No amounts in addition to those disclosed in Note 8 to the financial statements were paid or payable to Directors of the Company at the end of the year.
- During the year, Wolf Minerals Limited invoiced Wolf Minerals (UK) Limited \$6,471,040 for management fees (2016: \$4,179,532). At 30 June 2017 \$1,532,877 of management charges remained unpaid.

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

Notes to the Financial Statements *for the Financial Year Ended 30 June 2017 (cont.)*

NOTE 28: FINANCIAL RISK MANAGEMENT

a. Financial Risk Management Policies

The Consolidated Entity's financial instruments consist mainly of deposits with banks, other receivables, trade and other payables, loans to the UK based subsidiary and derivative financial instruments.

i. Treasury Risk Management

The Board meets on a regular basis to analyse financial risk exposure and to evaluate treasury management strategies in the context of the most recent economic conditions and forecasts.

The Board's overall risk management strategy seeks to assist the Group in meeting its financial targets, whilst minimising potential adverse effects on financial performance.

Risk management policies are approved and reviewed by the Board on a regular basis. These include the use of credit risk policies and future cash flow requirements.

ii. Financial Risk Exposures and Management

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

Foreign currency risk

The Group undertakes certain transactions denominated in foreign currencies and is exposed to foreign currency risk through foreign exchange rate fluctuations, primarily with respect to pounds sterling and US Dollar.

Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity's functional currency. These currencies are reasonably stable, and the risk is managed by maintaining bank accounts denominated in those currencies.

During previous periods the Consolidated Entity entered into forward foreign exchange contracts. These contracts are to hedge the variability in the highly probable cash flows associated with the US\$ receipts from future tungsten sales. The Consolidated Entity expects that there will be a close relationship between the hedge instrument (the FX forward contract) and the hedged item (US\$ drawdown and US\$ receipts).

The maturity, settlement amounts and the average contractual exchange rates of the Consolidated Entity's outstanding forward foreign exchange contracts at the reporting date was as follows:

	Sell USD		Average exchange rates	
	2017 (\$)	2016 (\$)	2017	2016
Buy GBP				
Maturity:				
0 - 6 months	18,330,831	21,866,995	1.5260	1.5489
6 - 12 months	14,907,224	25,911,516	1.3754	1.5536
12+ months	-	33,238,055	-	1.4546

The Consolidated Entity recognises the profits and losses resulting from currency fluctuations as and when they arise.

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. Typically the Group ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 90 days; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. Further details regarding the Group's liquidity position is included within the Going Concern section of Note 1.

Notes to the Financial Statements *for the Financial Year Ended 30 June 2017 (cont.)*

NOTE 28: FINANCIAL RISK MANAGEMENT (cont.)

a. Financial Risk Management Policies (cont.)

ii. Financial Risk Exposures and Management (cont.)

The table below summarises the maturity profile of the Consolidated Entity's financial liabilities based on contractual undiscounted payments.

	Less than 1 Year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total	Carrying Amount
	\$	\$	\$	\$	\$	\$
30 June 2017						
Trade and other payables	22,978,838	-	-	-	22,978,838	22,978,838
Interest-bearing borrowings	62,697,392	13,208,520	50,039,970	39,711,924	165,657,806	156,934,558
	85,676,230	13,208,520	50,039,970	39,711,924	188,636,644	179,913,396
30 June 2016						
Trade and other payables	22,500,206	-	-	-	22,500,206	22,500,206
Interest-bearing borrowings	29,180,806	27,836,127	62,822,933	-	119,839,866	110,451,886
	51,681,012	27,836,127	62,822,933	-	142,340,072	132,952,092

Financing arrangements

The borrowing facilities in place at the reporting date are disclosed in Note 20.

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 the Group's receivables from customers and investment securities. The maximum exposure to credit risk, excluding the value of any collateral or other security, at reporting date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the consolidated financial statements.

The Group does not have any material credit risk exposure to any single receivable or group of receivables under financial instruments entered into by the Group.

Price risk

Commodity price risk is the risk that the Group's future earnings will be adversely impacted by changes in the market prices of commodities, primarily tungsten. Management is aware of this impact on its primary revenue stream but knows that there is little it can do to influence the price earned apart from a hedging scheme.

The Group's Treasury policy allows for hedging of highly probable cash flows associated with the US Dollar receipts from future tungsten sales up to a maximum of 50% of the Group's rolling 24 month production. This policy allows management to combine the benefits of an exposure to the tungsten price for its shareholders whilst also facilitating the ability for management to put in place limited hedging to cover the cost base.

The following table details the Group's sensitivity to a 10% increase and decrease in the tungsten price against the invoiced price. 10% is the sensitivity used when reporting commodity price internally to management and represents management's assessment of the possible change in price. A positive number below indicates an increase in profit for the year and other equity where the price increases.

Notes to the Financial Statements *for the Financial Year Ended 30 June 2017 (cont.)*

NOTE 28: FINANCIAL RISK MANAGEMENT (cont.)

a. Financial Risk Management Policies (cont.)

ii. Financial Risk Exposures and Management (cont.)

The Group holds the following financial instruments:

	2017	2016
	\$	\$
10% increase in tungsten price	2,061,525	791,292
10% decrease in tungsten price	(2,061,525)	(791,292)

The Group holds the following financial instruments:

Financial assets:

Cash and cash equivalents	8,333,662	35,010,327
Trade and other receivables	2,328,126	5,671,617
Other current assets	36,127	38,717
Derivative financial instruments	-	-
Other non-current assets	17,189,663	17,787,186
Total financial assets	27,887,578	58,507,847

Trade and other receivables are expected to be received as follows:

Less than 1 month	2,328,126	5,671,617
Less than 6 months	-	-

Financial liabilities:

Trade and sundry payables	22,978,838	22,500,206
Interest bearing liabilities	156,934,558	110,451,886
Derivative financial instruments	4,569,508	13,566,283
Total financial liabilities	184,482,904	146,518,375

Trade and sundry payables are expected to be paid as follows:

Less than 1 month	22,978,838	22,500,206
Less than 6 months	-	-

iii. Net fair values

No financial assets and financial liabilities are readily traded on organised markets in standardised form other than listed investments, forward exchange contracts and interest rate swaps.

Fair values are materially in line with carrying values.

Notes to the Financial Statements *for the Financial Year Ended 30 June 2017 (cont.)*

NOTE 28: FINANCIAL RISK MANAGEMENT (cont.)

a. Financial Risk Management Policies (cont.)

iv. Sensitivity analysis

Interest Rate Risk and Foreign Currency Risk

The Group has performed sensitivity analysis relating to its exposure to interest rate risk and foreign currency risk at reporting date. This sensitivity analysis demonstrates the effect on the current year results and equity which could result from a change in these risks.

Interest Rate Risk Exposure Analysis

	Weighted Average Effective Interest Rate		Floating Interest Rate		Non Interest Bearing	
	2017 (%)	2016 (%)	2017	2016	2017	2016
FINANCIAL ASSETS						
Cash at bank and on hand	1.45	0.51	8,333,662	35,010,327	-	-
Receivables	-	-	-	-	2,328,126	5,671,617
Other current assets	-	-	-	-	36,127	38,717
Derivative financial instruments	-	-	-	-	-	-
Other non-current assets	-	-	-	-	17,189,663	17,787,186
Total financial assets			8,333,662	35,010,327	19,553,916	23,497,520
FINANCIAL LIABILITIES						
Payables	-	-	-	-	22,978,838	22,500,206
Interest bearing liabilities	4.67	4.84	156,934,558	110,451,886	-	-
Derivative financial instruments	-	-	-	-	4,569,508	13,566,283
Total financial liabilities			156,934,558	110,451,886	27,548,346	36,066,489

Interest Rate Sensitivity Analysis

At 30 June 2017, the effect on profit and equity as a result of changes in the interest rate, with all other variables remaining constant would be as follows:

	2017	2016
	\$	\$
Change in profit		
Increase in interest rate by 0.5% (50 basis points)	(209,941)	(290,238)
Decrease in interest rate by 0.5% (50 basis points)	209,941	290,238
Change in equity		
Increase in interest rate by 0.5% (50 basis points)	(209,941)	(290,238)
Decrease in interest rate by 0.5% (50 basis points)	209,941	290,238

Foreign Currency Risk Sensitivity Analysis

Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity's functional currency. These currencies are reasonably stable, and the risk is managed by maintaining bank accounts denominated in those currencies.

During previous periods, the Consolidated Entity entered into forward foreign exchange contracts. These contracts are to hedge the variability in the highly probable cash flows associated with the US\$ receipts from future tungsten sales. The Consolidated Entity expects that there will be a close relationship between the hedge instrument (the FX forward contract) and the hedged item (US\$ receipts).

Notes to the Financial Statements *for the Financial Year Ended 30 June 2017 (cont.)*

NOTE 28: FINANCIAL RISK MANAGEMENT (cont.)

a. Financial Risk Management Policies (cont.)

iv. Sensitivity analysis (cont.)

The carrying amount of the consolidated entity's foreign currency denominated financial assets and financial liabilities at the reporting date were as follows:

	Assets		Liabilities	
	2017	2016	2017	2016
	\$	\$	\$	\$
Consolidated				
Pounds sterling	7,985,116	40,827,813	108,749,424	137,484,811
US dollars	231,022	304,532	-	-
	8,216,138	41,132,345	108,749,424	137,484,811
			2017	2016
			\$	\$
Change in profit				
Improvement in AUD by 5%			5,026,664	4,379,120
Decline in AUD by 5%			(5,026,664)	(4,379,120)
Change in equity				
Improvement in AUD by 5%			5,026,664	4,379,120
Decline in AUD by 5%			(5,026,664)	(4,379,120)

The above interest rate and foreign exchange rate risk sensitivity analysis has been performed on the assumption that all other variables remain unchanged.

NOTE 29: FAIR VALUE MEASUREMENT

Fair value hierarchy

The following tables detail the Consolidated Entity's assets and liabilities, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
30 June 2017				
Assets				
Forward foreign exchange contracts	-	-	-	-
Total assets	-	-	-	-
Liabilities				
Amortising interest rate swaps	-	366,877	-	366,879
Forward foreign exchange contracts	-	4,202,631	-	4,202,631
Total liabilities	-	4,569,508	-	4,569,510

Notes to the Financial Statements *for the Financial Year Ended 30 June 2017 (cont.)*

NOTE 29: FAIR VALUE MEASUREMENT (cont.)

Fair value hierarchy (cont.)

	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
30 June 2016				
Assets				
Forward foreign exchange contracts	-	-	-	-
Total assets	-	-	-	-
Liabilities				
Amortising interest rate swaps	-	1,237,623	-	1,237,623
Forward foreign exchange contracts	-	12,328,660	-	12,328,660
Total liabilities	-	13,566,283	-	13,566,283

The fair value of financial liabilities is estimated by discounting the remaining contractual maturities at the current market interest rate that is available for similar financial liabilities.

Valuation techniques for fair value measurements categorised within level 2.

Level 2 hedging derivatives comprise forward foreign exchange contracts, forward foreign exchange options and interest rate swaps. These forward foreign exchange contracts have been fair valued using forward exchange rates that are quoted in an active market. Interest rate swaps are fair valued using forward interest rates extracted from observable yield curves. The effects of discounting are generally insignificant for Level 2 derivatives.

This valuation technique maximises the use of observable market data where it is available and relies as little as possible on entity specific estimates.

NOTE 30: PARENT ENTITY DISCLOSURES

	2017	2016
	\$	\$
Financial position		
Assets		
Current assets	57,613,431	17,590,373
Non-current assets	313,773,215	297,884,443
Total assets	371,386,646	315,474,816
Liabilities		
Current liabilities	57,709,913	974,603
Non-current liabilities	62,050	82,376
Total liabilities	57,771,963	1,056,979
Net assets	313,614,683	314,417,837
Equity		
Issued capital	274,080,314	273,544,711
Equity settled benefits	1,552,789	1,743,297
Accumulated losses	37,981,580	39,129,829
Total equity	313,614,683	314,417,837
Financial performance		
Profit/(loss) for the year	(1,148,249)	28,562,647
Other comprehensive income	-	-
Total comprehensive income	(1,148,249)	28,562,647

The Parent Entity has no contingent liabilities or guarantees outstanding at 30 June 2017 other than a \$46,540 rental guarantee.

Notes to the Financial Statements *for the Financial Year Ended 30 June 2017 (cont.)*

NOTE 31: DIVIDENDS

The Board of Directors have recommended that no dividend be paid. No dividends were paid during the year.

NOTE 32: CONTINGENT ASSETS AND LIABILITIES

As at reporting date the Group had no contingent assets or liabilities other than a rental guarantee of \$46,540.

NOTE 33: EVENTS AFTER THE REPORTING DATE

On 17 August 2017, the Company provided an update on the operating turnaround plan at Drakelands which included improvements in processing plant reliability in the crushing circuit and performance of the refinery to enhance production levels, along with providing temporary changes to weekend operating arrangements whilst technical solutions are being implemented to address LFN emissions. The Company had decided to notify GRES of its intention to recover the cost of the LFN rectification works from the Performance Bond under the construction contract if GRES did not take all necessary actions to do so at its own cost. That remains the current position.

On 31 August 2017, the Company announced that RCF VI had agreed to release a further £5 million tranche of the Bridge Loan Facility to support short term working capital. The funds were subsequently received on 11 September 2017.

No other matters or circumstances have arisen since the end of the financial period which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

NOTE 34: COMPANY DETAILS

The registered office and principal place of business address is:

Suite 25, Level 3,
22 Railway Road,
SUBIACO WA 6008

Additional Information *for Listed Public Companies*

The following additional information is required by the Australian Securities Exchange Ltd in respect of listed public companies only.

SHAREHOLDINGS

a. Distribution of Shareholders

Category (size of holding)	Distribution of holders
1 – 1,000	84
1,001 – 5,000	223
5,001 – 10,000	182
10,001 – 100,000	379
100,001 – and over	82
	950

There are no shareholdings held in less than marketable parcels.

b. The Names of the Substantial Shareholders Listed in the Holding Company's Register as at 18 September 2017 are:

Shareholder	Number of Ordinary Shares
Resource Capital Fund V LP	610,158,609
TTI (NZ) Limited	260,972,270
Computershare Clearing	113,780,298
Traxys Projects LP	55,506,776

Note: Computershare Clearing is the nominee account for the depositary interests that are traded on the Alternative Investment Market of the London Stock Exchange.

c. Voting Rights

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

Ordinary shares

- Each ordinary share is entitled to one vote when a poll is called, otherwise each member present at a meeting or by proxy has one vote on a show of hands.

Additional Information *for Listed Public Companies (cont.)*

d. 20 Largest Shareholders – Ordinary Shares

No.	Name	Number of Ordinary Fully Paid Shares Held	Percentage of Ordinary Fully Paid Shares Held
1.	Resource Cap Fund V L.P.	610,158,609	56.10%
2.	TTI (NZ) Limited	260,972,270	23.99%
3.	Computershare Clearing	113,780,298	10.46%
4.	Traxys Projects LP	55,506,776	5.10%
5.	BNP Paribas Nom PL	2,275,775	0.21%
6.	J P Morgan Nom Aust Ltd	1,875,940	0.17%
7.	CITICORP Nom PL	1,561,834	0.14%
8.	Aaress PL	1,302,427	0.12%
9.	Pershing Aust Nom PL	1,297,072	0.12%
10.	Russell Ralph + Hynes A M	1,287,731	0.12%
11.	Bond Street Custodians Ltd	1,243,098	0.11%
12.	McCracken Susan Jane	1,210,395	0.11%
13.	Spar Nom PL	1,155,000	0.11%
14.	Clark Russell St John	1,031,626	0.09%
15.	Aust Forestry Inv PL	947,833	0.09%
16.	Novacarta PL	909,534	0.08%
17.	HSBC Custody Nom Aust Ltd	821,682	0.08%
18.	Homewood Inv Ltd	767,040	0.07%
19.	Lewis Sharon	687,000	0.06%
20.	Fleurbow PL	537,602	0.05%
		1,059,329,542	97.38%

1. The name of the company secretary is **Pauline Carr**.

2. The address of the principal registered office in Australia is:

Suite 25, Level 3,
22 Railway Road, SUBIACO WA 6008
Telephone +61 (08) 6143 2070

3. Registers of securities are held at the following address in Western Australia is:

Security Transfer Australia
770 Canning Hwy, Applecross WA 6153

4. **Stock Exchange Listings**

Quotation has been granted for all the ordinary shares of the company on all Member Exchanges of the Australian Securities Exchange Limited and the Alternative Investment Market of the London Stock Exchange Limited.

5. **Unquoted Securities**

Ordinary Shares

– Nil.

Options over Unissued Shares

– A total of 2,534,549 unquoted rights are on issue.





Wolf Minerals Limited

Suite 25, Level 3
22 Railway Road
Subiaco
Western Australia 6008

T +61 8 6143 2070

E admin@wolfminerals.com

Wolf Minerals (UK) Limited

Drakelands Mine
Drakelands
Plymouth PL7 5BS

T +44 (0) 1752 393116

E adminuk@wolfminerals.com

www.wolfminerals.com