



Pure Minerals Limited

PURE MINERALS LIMITED

(FORMERLY EAGLE NICKEL LIMITED)

ABN 61 125 368 658

**Annual Report for the Year
Ended 30 June 2017**

Annual Report

For the year ended 30 June 2017

Contents

CORPORATE DIRECTORY.....	3
DIRECTORS' REPORT.....	4
AUDITOR'S INDEPENDENCE DECLARATION.....	17
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	18
STATEMENT OF FINANCIAL POSITION	19
STATEMENT OF CHANGES IN EQUITY.....	20
STATEMENT OF CASH FLOWS.....	21
NOTES TO THE FINANCIAL STATEMENTS.....	22
DIRECTORS' DECLARATION.....	36
INDEPENDENT AUDITOR'S REPORT	37
CORPORATE GOVERNANCE STATEMENT.....	41
ASX ADDITIONAL INFORMATION.....	42

Corporate Directory

Board of Directors

Sean Keenan	(Executive Director) (appointed 31 July 2017)
Jeremy King	(Non-Executive Chairman) (appointed 31 July 2017)
Robert Norman Parton	(Director) (appointed 31 July 2017)
Lincoln Ho	(Non-Executive Director) (appointed 31 July 2017)

Company Secretary

Justyn Stedwell (appointed 16 January 2017)

Registered Office

Level 1, 1 Altona Street
WEST PERTH, WA 6005

Telephone: +61 3 9191 0135
Email: info@pureminerals.com.au
Website: www.pureminerals.com.au

Stock Exchange Listing

Listed on the Australian Securities Exchange (ASX Code: PM1)

Auditors

Rothsay
Level 1 Lincoln Building
4 Ventnor Avenue
West Perth WA 6005

Solicitors

Bellanhouse
Level 19, Alluvion
58 Mounts Bay Rd
Perth WA 6000

All Mining Legal Pty Ltd
Suite2, 257 York Street
Subiaco WA 6008

Share Registry

Computershare
2/45 St Georges Tce
Perth WA 6000

Director's Report

The Directors of Pure Minerals Limited ("Pure Minerals" or "the Company") present their report, together with the financial statements of the Company for the financial year ended 30 June 2017.

DIRECTORS

The names and particulars of the Company's directors in office during the financial year and at the date of this report are as follows. Directors held office for this entire period unless otherwise stated.

Sean Keenan | Executive Director and CEO

(Appointed 31 July 2017)

Mr Keenan is a geologist with a deep and wide-ranging experience mineral project due diligence and mining finance in Australia, Canada and the USA. Mr Keenan holds a BSc. in Geology (with Honours) from the University of Western Australia and MSc. in Mineral Project Appraisal from the Imperial College, London. Mr Keenan began his career as an underground mining geologist in Western Australia, where he gained experience in drill program management and geostatistical reserve and resource modelling. He spent six years in New York and Toronto at BMO Capital Markets, one of the world's leading mining investment banks, in both mining equity research and investment banking. He also spent seven years with Resource Capital Funds (RCF), one of the largest mining focused Private Equity fund management companies, where he was involved in numerous mining due diligence exercises. More recently, he has held the position of General Manager, Corporate Development, with Chalice Gold Mines Ltd.

During the past three years, Mr Keenan held the following directorships in other listed companies:

- Redstar Gold Corp, a TSXV-listed gold exploration company.
- Mineral and Financial Investments Ltd, an AIM-listed investment company.

Jeremy King | Non-Executive Chairman, LLB

(Appointed 31 July 2017)

Mr King is a corporate lawyer and adviser with over 15 years' experience in domestic and international legal, financial and corporate matters. Mr King is a director of a boutique corporate advisory and compliance business where he specializes in corporate and strategic advice and managing legal issues associated with clients. He spent several years in London where he worked with Allen and Overy LLP and Debevoise & Plimpton LLP and has extensive experience, particularly in relation to cross border private equity, leveraged buy-out acquisitions and acting for banks, financial institutions and corporate issuers in respect of various debt and equity capital raisings. He regularly advises ASX listed companies on corporate and commercial matters, and is currently a Non-Executive Director of a number of ASX listed companies.

During the past three years, Mr King held the following directorships in other ASX listed companies:

- Executive Director of Red Mountain Mining Limited (current);
- Non-Executive Director of Transcendence Technologies Limited (current);
- Non-Executive Director of DTI Group Limited (current);
- Non-Executive Director of Smart Parking Limited (current);
- Non-Executive Director of EHR Resources Limited (current);
- Non-Executive Director of Aquaint Capital Holdings Limited (current); and
- Non-Executive Director of Plukka Limited (resigned December 2015).

Robert Parton | Non-Executive Director, B.Bus, CPA

(Appointed 26 October 2016)

Commencing his career in 1987, Robert spent almost 20 years providing business analysis and management at companies including BHP, Kraft Foods, Crane Company, Mitre 10 and PDL Electronics. Since 2006, Robert has been providing corporate advisory services utilizing his extensive experience in business management, project evaluation and capital-raising across many sectors including real estate, cleantech, IT and manufacturing sectors. He has been involved in transaction management from sourcing, analysis and due diligence evaluation through to settlement and is a qualified accountant with over 20 years membership with CPA Australia.

Director's Report

During the past three (3) years Mr. Parton has held directorships in the following ASX listed companies:

- Red Mountain Mining Limited (ASX: RMX)
- Basper Limited (ASX: BER)
- Telesso Technologies Limited (ASX: TEO)
- Motopia Limited (ASX: MOT)
- Viculus Limited (ASX: VCL)

Lincoln Ho | Non-Executive Director
(Appointed 31 July 2017)

With a background in equities trading for over 8 years, Mr Ho has wide knowledge and experience in corporate restructure, mergers and acquisitions. Mr Ho has the ability to negotiate deals across local & overseas markets, working in conjunction with experienced corporate financiers across the emerging caps space. In particular, Mr Ho has a focus on a network of industry and finance contacts across South-East Asia.

During the past three (3) years Mr. Ho has held directorships in the following ASX listed companies:

- Red Mountain Mining Limited (ASX: RMX)

Bryan Frost | Non-Executive Director, Stockbroker, AFSL
(Appointed 26 October 2016, resigned 31 July 2017)

Bryan has a career spanning 55 years that includes experience in stockbroking, investment banking, venture capital, direct investment and corporate structuring. In 1989 Bryan founded Peregrine Corporate Limited, an Australian boutique investment bank which maintains a Financial Services Licence. He has been involved in a myriad of public companies, usually through appointments to board positions and direct funding in a number of sectors including consumer products, mining, biotechnology and technology in Australia, Canada, South Africa, USA, UK, Ghana, Chile and several other countries

During the past three (3) years Mr. Frost has held directorships in the following ASX listed companies:

- Peregrine Corporate Limited
- Public Holdings (Australia) Limited
- First Au Limited
- Mining Projects Limited
- Weld Range Minerals Limited
- Armadale Capital PLC

Andrew McKay | Non-Executive Director, B.Com, AFSL
(Appointed 26 October 2016, resigned 31 July 2017)

After completing a commerce degree at the University of Melbourne, Andrew's experience in the financial markets began as a cash and securities dealer for the Bank of New York in Sydney. After a few years Andrew moved to London and accepted a position as foreign exchange dealer for a Shearson Lehman Hutton subsidiary. Andrew progressed rapidly to the position of Senior Dealer, Futures and Options, with responsibility for implementing the hedging strategy of the treasure department, and trading futures, FX and options. On his return to Australia in 1990 Andrew launched an asset management company to apply his extensive knowledge of markets, developed during his banking days to proprietary trading and the broader asset/fund management world. He has been managing money for clients through Asia since 1996. Andrew is a founder of the business that is now known as Newport Private Wealth Pty Ltd.

During the past three (3) years Mr. McKay has held directorships in the following ASX listed companies:

- Basper Limited (ASX: BER)

Director's Report

Xuefeng Mei | Non-Executive Chairman, MBA
(Resigned 26 October 2016)

Mr Xuefeng Mei established and acted as the Managing Director of Shanghai Sky Chemical Co. Limited, Wuxi Sky Chemical Ltd, and Hangzhou Sky Chemical Co Limited. Mr Mei is currently a director of Shanghai Sky Chem Industrial Co. Ltd and is the controlling shareholder of Darshing International Holdings Limited and each of the associated companies.

During the past three (3) years Mr. Mei has held no directorships in ASX listed companies:

COMPANY SECRETARY

Justyn Stedwell
(Appointed 16 January 2017)

Mr Stedwell holds a Bachelor of Business and Commerce (Management and Economics) at Monash University, a Graduate Diploma of accounting at Deakin University, A Graduate Diploma in Applied Corporate Governance with Chartered Secretaries Australia and a Graduate Certificate of Applied Finance with Kaplan Professional.

INTERESTS IN SHARES AND OPTIONS OF THE COMPANY AND RELATED BODIES CORPORATE

The following table sets out each current Director's relevant interest in shares and options of the Company or a related body corporate as at the date of this report.

Director	Ordinary Shares	Unlisted Share Options
Sean Keenan	250,000	-
Jeremy King	-	-
Robert Parton	812,337	-
Lincoln Ho	-	-
Bryan Frost	1,977,612	-
Andrew McKay	115,552	-
Xuefeng Mei	-	-
	3,155,501	-

PRINCIPAL ACTIVITIES

The principal activity of the Company for the year ended 30 June 2017 was mining and exploration.

REVIEW AND RESULTS OF OPERATIONS**Overview**

On 30 March 2017, the Company executed a conditional agreement to acquire 100% of Pure Manganese Pty Ltd and 80% of Mineral Developments Pty Ltd. The terms of the acquisition included \$90,000 cash payment and the issue of 17,500,000 shares to the vendors of Pure Manganese Pty Ltd and Mineral Developments Pty Ltd. Pure Manganese has secured 5 exploration licenses and 2 exploration license applications. This includes the Lake Blanch Project in South Australia. The Company intends to focus on exploring and developing the prospective package of tenements and tenement applications for manganese, lithium, copper, gold, rare earths and uranium on projects in Western Australia and South Australia.

On 5 May 2017 and 22 June 2017, the Company issued a prospectus and supplementary prospectus offering 225,000,000 Shares at an issue price of \$0.02 to raise \$4,500,000. An offer of 12,500,000 shares was made to the vendors of Pure Manganese Pty Ltd and 5,000,000 to the vendor of Minerals Development Pty Ltd as per terms of the acquisition. A further 10,000,000 shares were to be issued upon conversion of existing Convertible Notes.

The capital raising and acquisition was completed subsequent to the 2017 financial year on 31 July 2017.

At the General Meeting on 5 May 2017, The Company received shareholder approval to undertake a 6.7:1 share consolidation resulting in a revised issued share capital of 18,128,834 fully paid ordinary shares.

On 25 May 2017, the Company changed its name from Eagle Nickel Ltd to Pure Minerals Limited.

No exploration projects were undertaken during the financial year.

Financial Performance

The financial results of the Company for the year ended 30 June 2017 are:

	30-Jun-17 \$	30-Jun-16 \$
Cash and cash equivalents	23,977	1,246
Net Liabilities	(343,326)	(55,662)
Revenue	105,321	49,024
Net loss after tax	(215,084)	(39,812)

The financial result for the year ended 30 June 2017 is a net loss after tax of \$215,084 (2016: loss of \$39,812). As at 30 June 2017, the Company had a net cash balance of \$23,977 (2016: \$1,246) and net liabilities of \$343,326 (2016: \$55,662).

DIVIDENDS

No dividends have been paid or declared by the Company since the end of the previous financial year. No dividend is recommended in respect of the current financial year.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS**Change in name and scale of activities**

As approved at the General Meeting of Shareholders on 5 May 2017, and effective from 25 May 2017, the name of the Company changed from Eagle Nickel Limited to Pure Minerals Limited.

As approved at the General Meeting of Shareholders on 5 May 2017 and in accordance with Listing Rule 11.1.2, the

Company made a significant change to the scale of its activities. The principal activity is minerals exploration.

Re-compliance with ASX

On 5 May 2017, the Company was suspended from official quotation pending ASX re-compliance. The Company recommenced trading on the ASX as Pure Minerals Limited on 4 August 2017.

Board Appointments and Resignations

On 26 October, the Company appointed Robert Parton, Bryan Frost and Andrew McKay as Directors of Pure Minerals Limited. On the same day, Xuefeng Mei resigned.

On 31 July 2017, the Company appointed Jeremy King, Sean Keenan and Lincoln Ho as Directors of the Company. On the same day, Bryan Frost and Andrew McKay resigned.

With the exception of the above, there has been no significant change in the state of affairs.

MATTERS SUBSEQUENT TO THE REPORTING PERIOD

On 31 July 2017, the Company completed the transactions to acquire 100% of Pure Manganese Pty Ltd and 80% of Mineral Developments Pty Ltd. In addition, the Company has raised \$4,500,000 from a share issue of 225,000,000 under the prospectus date 4 May 2017 and supplementary prospectus dated 22 June 2017. 12,500,000 shares were issued to the vendors of Pure Manganese Pty Ltd and 5,000,000 to the vendor of Minerals Development Pty Ltd as per terms of the acquisition. A further 10,000,000 shares were issued upon conversion of existing Convertible Notes.

The Company was reinstated to official quotation on 4 Aug 2017.

There has been no other matter or circumstance that has arisen since the end of the financial year that has significantly affected, or may significantly affect, the operations of the Company, the results of those operations, or the state of affairs of the Company.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

Having successfully raised \$4.5 million, the Company is well funded to commence exploration activities. The Company will undertake surface exploration programs at the Morrissey Hill and Mt Boggola projects before shifting focus to drilling at Battery Hub.

Battery Hub (100%)

Drilling is to commence on Battery Hub with scoping study to ascertain project viability expected to be completed in early 2018.

Morrissey Hill (80%)

Surface mapping and sampling currently underway for Lithium / tantalum project.

Mt Boggola (80%)

Surface mapping and sampling to commence.

Bordah Well (80%)

Prospective for gold-copper, uranium and REE mineralization associated with pegmatites and other intrusive rocks.

Lake Blanche (100%)

To target sediment-hosted lithium and uranium and lithium brines.

DIRECTORS' MEETINGS

The number of Directors' meetings held during the financial year and the number of meetings attended by each Director during the time the Director held office are:

Director	Number Eligible to Attend	Number Attended
Sean Keenan	4	4
Jeremy King	4	4
Robert Parton	4	4
Lincoln Ho	4	3
Bryan Frost	4	3
Andrew McKay	4	3
Xuefeng Mei	1	1

In addition to the scheduled Board meetings, Directors regularly communicate by telephone, email or other electronic means, and where necessary, circular resolutions are executed to effect decisions.

Due to the size and scale of the Company, there is no Remuneration and Nomination Committee or Audit Committee at present. Matters typically dealt with by these Committees are, for the time being, managed by the Board. For details of the function of the Board, please refer to the Corporate Governance Statement.

REMUNERATION REPORT (AUDITED)

This remuneration report for the year ended 30 June 2017 outlines the remuneration arrangements of the Company in accordance with the requirements of the Corporations Act 2001 ("the Act") and its regulations. This information has been audited as required by section 308(3C) of the Act.

The Remuneration Report details the remuneration arrangements for Key Management Personnel ("KMP") who are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company, directly or indirectly, including any Director (whether executive or otherwise) of the Company.

a) Key Management Personnel Disclosed in this Report

Key Management Personnel of the Company during or since the end of the financial year were:

Sean Keenan	Executive Director, CEO
Jeremy King	Non-Executive Chair
Robert Parton	Non-Executive Director
Lincoln Ho	Non-Executive Director
Bryan Frost	Non-Executive Chair
Andrew McKay	Non-Executive Director
Xuefeng Mei	Non-Executive Chair

There have been no other changes after reporting date and up to the date that the financial report was authorised for issue.

The Remuneration Report is set out under the following main headings:

A	Remuneration Philosophy
B	Remuneration Governance, Structure and Approvals
C	Remuneration and Performance
D	Details of Remuneration
E	Service Agreements
F	Share-based Compensation
G	Equity Instruments Issued on Exercise of Remuneration Options
H	Loans with KMP
I	Other Transactions with KMP

A Remuneration Philosophy

KMP have authority and responsibility for planning, directing and controlling the activities of the Company. KMP of the Company comprise of the Board of Directors.

The Company's broad remuneration policy is to ensure the remuneration package properly reflects the person's duties and responsibilities and that remuneration is competitive in attracting, retaining and motivating people of the highest quality.

No remuneration consultants were employed during the financial year.

B Remuneration Governance, Structure and Approvals

Remuneration of Directors is currently set by the Board of Directors. The Board has not established a separate Remuneration Committee at this point in the Company's development, nor has the Board engaged the services of an external remuneration consultant. It is considered that the size of the Board along with the level of activity of the Company renders this impractical. The Board is primarily responsible for:

- The over-arching executive remuneration framework;
- Operation of the incentive plans which apply to executive directors and senior executives, including key performance indicators and performance hurdles;
- Remuneration levels of executives; and

- Non-Executive Director fees.

Their objective is to ensure that remuneration policies and structures are fair and competitive and aligned with the long-term interests of the Company.

❖ Non-Executive Remuneration Structure

The remuneration of Non-Executive Directors consists of Directors' fees, payable in arrears. The total aggregate fixed sum per annum to be paid to Non-Executive Directors in accordance with the Company's Constitution shall initially be no more than A\$150,000 and may be varied by ordinary resolution of the Shareholders in a General Meeting.

Remuneration of Non-Executive Directors is based on fees approved by the Board of Directors and is set at levels to reflect market conditions and encourage the continued services of the Directors. In accordance with the Company's Constitution, the Directors may at any time, subject to the Listing Rules, adopt any scheme or plan which they consider to be in the interests of the Company and which is designed to provide superannuation benefits for both present and future Non-Executive Directors, and they may from time to time vary this scheme or plan.

The remuneration of Non-Executive is detailed in Table 1 and their contractual arrangements are disclosed in "Section E – Service Agreements".

Remuneration may also include an invitation to participate in share-based incentive programmes in accordance with Company policy.

The nature and amount of remuneration is collectively considered by the Board of Directors with reference to relevant employment conditions and fees commensurate to a company of similar size and level of activity, with the overall objective of ensuring maximum stakeholder benefit from the retention of high performing Directors.

❖ Executive Remuneration Structure

The nature and amount of remuneration of executives are assessed on a periodic basis with the overall objective of ensuring maximum stakeholder benefit from the retention of high performance Directors.

The main objectives sought when reviewing executive remuneration is that the Company has:

- Coherent remuneration policies and practices to attract and retain Executives;
- Executives who will create value for shareholders;
- Competitive remuneration offered benchmarked against the external market; and
- Fair and responsible rewards to Executives having regard to the performance of the Company, the performance of the Executives and the general pay environment.

The remuneration of Executives is detailed in Table 1 and their contractual arrangements are disclosed in "Section E – Service Agreements".

❖ Executive Remuneration Approvals

The Company aims to reward Executives with a level and mix of remuneration commensurate with their position and responsibilities within the Company and aligned with market practice. Executive contracts are reviewed annually by the Board, in the absence of a Remuneration Committee, for their approval. The process consists of a review of company, business unit and individual performance, relevant comparative remuneration internally and externally and where appropriate, external advice independent of management.

Executive remuneration and incentive policies and practices must be aligned with the Company's vision, values and overall business objectives. Executive remuneration and incentive policies and practices must be designed to motivate management to pursue the Company's long-term growth and success and demonstrate a clear relationship between the Company's overall performance and performance of the executives.

C Remuneration and Performance

The following table shows the gross revenue, losses, earnings per share ("EPS") and share price of the Company as at 30 June 2017.

	30-Jun-17	30-Jun-16
Revenue (\$)	105,321	49,024
Net loss after tax (\$)	(215,084)	(73,557)
EPS (\$)	(1.19)	0.06
Share price	0.025	0.02

Relationship between Remuneration and Company Performance

Given the recent listing of the Company and the current phase of the Company's development, the Board does not consider earnings during the current and previous financial year when determining, and in relation to, the nature and amount of remuneration of KMP.

The pay and reward framework for key management personnel may consist of the following areas:

- a) Fixed Remuneration – base salary
- b) Variable Short-Term Incentives
- c) Variable Long-Term Incentives

The combination of these would comprise the key management personnel's total remuneration.

a) Fixed Remuneration – Base Salary

The fixed remuneration for each senior executive is influenced by the nature and responsibilities of each role and knowledge, skills and experience required for each position. Fixed remuneration provides a base level of remuneration which is market competitive and comprises a base salary inclusive of statutory superannuation. It is structured as a total employment cost package.

Key management personnel are offered a competitive base salary that comprises the fixed component of pay and rewards. External remuneration consultants may provide analysis and advice to ensure base pay is set to reflect the market for a comparable role. No external advice was taken this year. Base salary for key management personnel is reviewed annually to ensure the executives' pay is competitive with the market. The pay of key management personnel is also reviewed on promotion. There is no guaranteed pay increase included in any key management personnel's contract.

b) Variable Remuneration – Short Term Incentives (STI)

Discretionary cash bonuses may be paid to senior executives annually, subject to the requisite Board and shareholder approvals where applicable. No bonus payments were made during the financial year.

c) Variable Remuneration – Long-Term Incentives (LTI)

Options are issued at the Board's discretion. There have been no options issued to employees at the date of this financial report.

D Details of Remuneration

Details of the nature and amount of each major element of the remuneration of each KMP of the Company during the financial year are:

Table 1 – Remuneration of KMP of the Company for the year ended 30 June 2017 is set out below:

30 June 2017	Short-term Employee Benefits			Post-Employment	Share Based Payments	Total
	Salary & fees	Non-monetary benefits	Other	Superannuation	Options	
	\$	\$	\$	\$	\$	\$
Directors						
Sean Keenan	-	-	-	-	-	-
Jeremy King	-	-	-	-	-	-
** Robert Parton	7,000	-	-	-	-	7,000
Lincoln Ho	-	-	-	-	-	-
* Bryan Frost	-	-	-	-	-	-
* Andrew McKay	-	-	-	-	-	-
Xuefeng Mei	-	-	-	-	-	-
Total	7,000	-	-	-	-	7,000

*Bryan Frost and Andrew McKay did not receive any remuneration during the financial year ended 30 June 2017.

**Robert Parton received remuneration for May and June 2017.

30 June 2016	Short-term Employee Benefits			Post-Employment	Share Based Payments	Total
	Salary & fees	Non-monetary benefits	Other	Superannuation	Performance Rights / Options (iv)	
	\$	\$	\$	\$	\$	\$
Directors						
Xuefeng Mei*	-	-	-	-	-	-
	-	-	-	-	-	-

*Xuefeng Mei did not receive any remuneration during the financial year ended 30 June 2016

The following table shows the relative proportions of remuneration that are linked to performance and those that are fixed, based on the amounts disclosed as statutory remuneration expense in the tables above:

Table 2 – Relative proportion of fixed vs variable remuneration expense

Name	Fixed Remuneration		At Risk – STI (%)		At Risk – LTI (%)	
	2017	2016	2017	2016	2017	2016
Directors						
Sean Keenan	-	-	-	-	-	-
Jeremy King	-	-	-	-	-	-
Robert Parton	100%	-	-	-	-	-
Lincoln Ho	-	-	-	-	-	-
Bryan Frost	-	-	-	-	-	-
Andrew McKay	-	-	-	-	-	-
Xuefeng Mei	-	-	-	-	-	-

Table 3 – Shareholdings of KMP (direct and indirect holdings)

30 June 2017	Balance at 01/07/2016	Granted as Remuneration	Other	Balance after share consolidation (5 May 2017)	Balance at 30/06/2017
Directors					
Sean Keenan	-	-			-
Jeremy King	-	-			-
Robert Parton		-	5,442,657	812,337 *	812,337
Lincoln Ho	-	-			-
Bryan Frost		-	13,250,000	1,977,612 *	1,977,612
Andrew McKay		-	774,193	115,552 *	115,552
Xuefeng Mei	61,942,657	-	(61,942,657)		-
	61,942,657		(42,475,807)	3,945,471	3,945,471

* At the General Meeting held on 5 May 2017, the Company approved a share consolidation of 6.7:1.

There were no Option holdings of KMP (direct and indirect) during the financial year ended 30 June 2017.

E Service Agreements

- ❖ **Sean Keenan – Executive Director, CEO**
 - Contract: Commenced on 31 July 2017.
 - Director's Fee: \$6,000 p.a.
 - CEO fees: \$108,000 p.a
 - Term: no fixed term
- ❖ **Jeremy King – Non-Executive Chairman**
 - Contract: Commenced on 31 July 2017.
 - Director's Fee: \$60,000 p.a.
 - Term: no fixed term
- ❖ **Robert Parton – Non-Executive Director**
 - Contract: Commenced on 26 October 2016.
 - Director's Fee: \$42,000 p.a. commencing May 2017
 - Term: No fixed term.
- ❖ **Lincoln Ho – Non-Executive Director**
 - Contract: Commenced on 31 July 2017.
 - Director's Fee: \$42,000 p.a.
 - Term: no fixed term
- ❖ **Bryan Frost – Non-Executive Director**
 - Contract: Commenced on 26 October 2016.
 - Director's Fee: Nil
 - Term: resigned 31 July 2017
- ❖ **Andrew McKay – Non-Executive Director**
 - Contract: Commenced on 26 October 2016.
 - Director's Fee: Nil
 - Term: resigned 31 July 2017.
- ❖ **Xuefeng Mei – Non-Executive Chairman**
 - Contract: Commenced on 16 May 2012.
 - Director's Fee: Nil.
 - Term: resigned 26 October 2016

F Share-based Compensation

The Company rewards Directors for their performance and aligns their remuneration with the creation of shareholder wealth by issuing share options and/or performance rights. Share-based compensation is at the discretion of the Board and no individual has a contractual right to receive any guaranteed benefits.

Options

No options were issued during the current financial year.

At the date of this report, the unissued ordinary shares of the Company under option carry no dividend or voting rights. When exercisable, each option is convertible into one ordinary share of the Company.

G Equity Instruments Issued on Exercise of Remuneration Options

No remuneration options were exercised during the financial year.

H Loans with KMP

There were no loans made to any KMP during the year ended 30 June 2017 (2016 nil).

I Other Transactions with KMP

There were no transactions with KMP during the year ended 30 June 2017.

J Additional Information

The earnings of the Company for 30 June 2017 are summarised below:

	2017 \$	2016 \$
Sales Revenue	105,321	49,024
EBITDA	(215,084)	(73,557)
EBIT	(215,084)	(73,557)
Loss after income tax	(215,084)	(73,557)
Share Price	0.025	0.020
Basic EPS (\$)	(1.19)	(0.06)
Diluted EPS (\$)	(1.19)	(0.06)

End of Audited Remuneration Report.

SHARES UNDER OPTION

There were no unissued ordinary shares of the Company under option outstanding at the date of this report.

SHARES ISSUED ON EXERCISE OF OPTIONS

There were no ordinary shares of the Company issued on the exercise of options during the year ended 30 June 2017 and up to the date of this report.

Directors' Report

INDEMNIFICATION AND INSURANCE OF OFFICERS AND AUDITORS

During the year ended 30 June 2017, the Company paid premiums in respect of a contract insuring the directors and officers of the Company against liabilities incurred as directors or officers to the extent permitted by the Corporations Act 2001.

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

AUDITOR

Rothsay continues in office in accordance with section 327 of the Corporations Act 2001.

OFFICERS OF THE COMPANY WHO ARE FORMER PARTNERS OF ROTHSAID PARTNERS

There are no officers of the company who are former partners Rothsay Partners.

AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration for the year ended 30 June 2017 has been received and included within these financial statements.

NON-AUDIT SERVICES

The Company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company and/or the Company are important.

Details of the amounts paid or payable to the auditor for non-audit services provided during the year by the auditor are outlined in Note 18 to the financial statements.

The Board of Directors has considered the position and is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The Directors are satisfied that the provision of non-audit services by the auditors, as set out below, did not compromise the auditor independent requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed by the Board of Directors to ensure they do not impact the impartiality and objectivity of the auditor; and
- None of the services undermine the general principles relating to the auditor independence as set out in APES 110 Code of Ethics for Professional Accountants.

This report is signed in accordance with a resolution of Board of Directors.



JEREMY KING
NON-EXECUTIVE CHAIRMAN
29 September 2017



Level 1, Lincoln House, 4 Ventnor Avenue, West Perth WA 6005
P.O. Box 8716, Perth Business Centre WA 6849
Phone (08) 9486 7094 www.rothsayresources.com.au

The Directors
Pure Minerals Limited
Level 1, 1 Altona St
West Perth WA 6005

Dear Directors

In accordance with Section 307C of the Corporations Act 2001 (the "Act") I hereby declare that to the best of my knowledge and belief there have been:

- i) no contraventions of the auditor independence requirements of the Act in relation to the audit review of the 30 June 2017 financial statements; and
- ii) no contraventions of any applicable code of professional conduct in relation to the audit.

Graham R Swan FCA (Lead auditor)

Rothsay Auditing

Dated 29 September 2017



Chartered Accountants

Statement of Profit or Loss and Other Comprehensive Income

For the Financial Year Ended 30 June 2017

	Note	2017 \$	2016 \$
Revenue from continuing operations			
Other income	3	105,321	49,024
Expenses			
Administrative expenses	4	(2,059)	(90,356)
Compliance and regulatory expenses		(143,704)	-
Consultancy and legal expenses	4	(118,642)	-
Employee benefit expenses	4	(7,000)	-
Impairment of intangible assets	4	(49,000)	(32,225)
Loss from continuing operations before income tax		(215,084)	(73,557)
Income tax expense	5	-	-
Loss from continuing operations after income tax		(215,084)	(73,557)
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Changes in the fair value of available for sale financial asset		(72,581)	33,745
Total other comprehensive income for the year, net of tax		(72,581)	33,745
Total comprehensive loss attributable to the members of Pure Minerals Limited		(287,665)	(39,812)
Loss per share for the year attributable to the members of Pure Minerals Limited:			
Basic loss per share (cents)	6	(1.19)	0.06
Diluted loss per share (cents)	6	(1.19)	0.06

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

Statement of Financial Position

As at 30 June 2017

	Note	2017 \$	2016 \$
ASSETS			
Current assets			
Cash and cash equivalents	7	23,977	1,246
Trade and other receivables	8	33,063	22,569
Total current assets		57,040	23,815
Non-current assets			
Available-for-sale financial assets		-	68,637
Total non-current assets		-	68,637
Total assets		57,040	92,452
LIABILITIES			
Current liabilities			
Trade and other payables	10	189,365	148,114
Other current Liabilities	11	211,002	-
Total current liabilities		400,367	148,114
Total liabilities		400,367	148,114
Net liabilities		(343,327)	(55,662)
EQUITY			
Contributed equity	12	4,911,661	4,911,661
Reserves		2,457,198	2,529,779
Accumulated losses		(7,712,186)	(7,497,102)
Total equity		(343,327)	(55,662)

The Statement of Financial Position should be read in conjunction with the notes to the financial statements.

Statement of Changes in Equity

For the Financial Year Ended 30 June 2017

	Issued Capital	Share-based Payment Reserve	Asset revaluation Reserve	Accumulated Losses	Total
	\$	\$	\$	\$	\$
At 1 July 2015	4,911,661	2,467,753	28,281	(7,423,545)	(15,850)
Loss for the year	-	-	-	(73,557)	(73,557)
Other comprehensive income			33,745	-	33,745
Total comprehensive income/(loss) for the year after tax	-	-	33,745	(73,557)	(39,812)
Transactions with owners in their capacity as owners:					
Issue of share capital	-	-	-	-	-
At 30 June 2016	4,911,661	2,467,753	62,026	(7,497,102)	(55,662)
At 1 July 2016	4,911,661	2,467,753	62,026	(7,497,102)	(55,662)
Loss for the period	-	-	-	(215,084)	(215,084)
Other comprehensive income	-	-	(72,581)	-	(72,581)
Total comprehensive income/(loss) for the period after tax					(287,665)
Transactions with owners in their capacity as owners:					
Issue of share capital	-	-	-	-	-
At 30 June 2017	4,911,661	2,467,753	(10,555)	(7,712,186)	(343,327)

The Statement of Changes in Equity should be read in conjunction with the notes to the financial statements.

Statement of Cash Flows

For the Financial Year ended 30 June 2017

	Note	2017 \$	2016 \$
Cash flows from operating activities	7(a)		
Payments to suppliers and employees		(240,647)	(35,857)
Interest received		38	20,024
Net cash used in operating activities		(240,609)	(15,833)
Cash flows from investing activities			
Proceeds from sale of shares		52,339	-
Net cash from investing activities		52,339	-
Cash flows from financing activities			
Proceeds from issue of convertible notes		200,000	-
Capital raising proceeds received in advance		11,001	-
Net cash from financing activities		211,001	-
Net increase / (decrease) in cash and cash equivalents		22,731	(15,833)
Cash and cash equivalents at the beginning of the year		1,246	17,079
Cash and cash equivalents at the end of the year	7	23,977	1,246

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

Notes to the Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Reporting Entity

Pure Minerals Limited (referred to as the “Company”) is a company domiciled in Australia. The address of the Company’s registered office and principal place of business is disclosed in the Corporate Directory of the Annual Report. The nature of the operations and principal activities of the Company are described in the Directors Report.

(b) Basis of Preparation

Statement of compliance

The financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (“AASB”) and the Corporations Act 2001. The financial statements comply with International Financial Reporting Standards (“IFRS”) adopted by the International Accounting Standards Board (“IASB”). Pure Minerals Limited is a for-profit entity for the purpose of preparing the financial statements.

The annual report was authorised for issue by the Board of Directors on 29 September 2017.

Basis of measurement

The financial statements have been prepared on a going concern basis in accordance with the historical cost convention, unless otherwise stated.

New, revised or amended standards and interpretations adopted by the Company

The Company has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (“AASB”) that are mandatory for the current reporting period.

None of the new standards and amendments to standards that are mandatory for the first time for the financial year beginning 1 July 2016 affected any of the amounts recognised in the current period or any prior period and are not likely to affect future periods.

New standards and interpretations not yet mandatory or early adopted

The Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Company for the annual reporting period ended 30 June 2017. The Company intends to adopt these standards and interpretations, if applicable, when they become effective.

Notes to the Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES(CONT.)

(b) Basis of Preparation (cont.)

Reference and Title	Summary	Application Date of Standard	Impact on Pure Minerals Limited Financial Statements
AASB 9 – Financial Instruments	AASB 9 (December 2014) is a new Principal standard which replaces AASB 139. This new Principal version supersedes AASB 9 issued in December 2009 (as amended) and AASB 9 (issued in December 2010) and includes a model for classification and measurement, a simple, forward-looking ‘expected loss’ impairment model and a substantially-reformed approach to hedge accounting. AASB 9 is effect for annual periods beginning on or after 1 January 2018. However, the Standard is available for early application.	Annual reporting periods commencing on or after 1 January 2018.	When this standard is first adopted from 1 January 2018, there will be no impact on transactions and balances recognised in the financial statements.
AASB 15 – Revenue from Contracts with Customers	An entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchanged for those goods or services. This means that revenue will be recognised when control of foods or services is transferred, rather than on transfer of risks and rewards as is current the case under IAS 18 <i>Revenue</i> .	Annual reporting periods commencing on or after 1 January 2018.	When this standard is first adopted from 1 January 2018, this standard will not significantly impact transactions and balances recognised in the financial statements.
AASB 16 (issued February 2016) Leases	AASB 16 eliminates the operating and finance lease classifications for leases current accounted for under AASB 117 Leases. It instead requires an entity to bring most leases onto its balance sheet in a similar way to how existing finance leases are treated under AASB 117. An entity will be required to recognise a lease liability and a right of use asset in its balance sheet for most leases. There are some optional exemptions for leases with a period of 12 months or less and for low value leases. Lessor accounting remains largely unchanged from AASB 117.	Annual reporting periods commencing on or after 1 January 2019.	When this standard is first adopted from 1 January 2019, there will be minimal impact on transactions and balances recognised in the financial statements.

Significant Judgements and Estimates

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

(c) Comparatives

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

(d) Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board. Management has determined that based on the report reviewed by the Board and used to make strategic decisions, that the entity has one reportable segment.

Notes to the Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

(e) Foreign Currency Translation

Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates (“functional currency”). The financial statements are presented in Australian dollars, which is Pure Minerals Limited’s functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

(f) Revenue Recognition

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

Sale of goods

Revenue from the sale of goods is recognised at the point of delivery as this corresponds to the transfer of significant risks and rewards of ownership of the goods and the cessation of all involvement in those goods.

Interest revenue

Interest revenue is recognised as it accrues, using the effective interest method.

(g) Income Tax

The income tax expense or revenue for the period is the tax payable on the current period’s taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

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

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

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

Notes to the Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

(h) Cash and Cash Equivalents

Cash on hand and in bank and short-term deposits are stated at nominal value. For the purpose of the statement of cash flows, cash includes cash on hand and in bank, and bank securities readily convertible to cash, net of outstanding bank overdrafts.

(i) Trade and Other Receivables

Trade and other receivables include amounts due from customers for goods sold and services performed in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

(j) Impairment of Assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows. Where an impairment loss subsequently reverses, the carrying amount of the asset, other than goodwill, is increased to the revised estimate of its recoverable amount, but only to the extent the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

(k) Trade and Other Payables

Liabilities are recognised for amounts to be paid in the future for goods and services received whether or not billed to the Company. Trade payables are usually settled within 30 days of recognition.

(l) Borrowings

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

(m) Employee Benefits

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled within 12 months of the reporting date are recognised in current liabilities 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.

Notes to the Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

Other long-term employee benefits

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are recognised in non-current liabilities, provided there is an unconditional right to defer settlement of the liability. The liability is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to the expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

exchange for the rendering of services. Cash-settled transactions are awards of cash for the exchange of services, where the amount of cash is determined by reference to the share price.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using either the Binomial or Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the entity receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

(n) Contributed equity

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options for the acquisition of a business are not included in the cost of the acquisition as part of the purchase consideration.

If the entity reacquires its own equity instruments, for example as a result of a share buy-back, those instruments are deducted from equity and the associated shares are cancelled. No gain or loss is recognised in the profit or loss and the consideration paid including any directly attributable incremental costs (net of income taxes) is recognised directly in equity.

(o) Earnings Per Share

Basic earnings per share

Basic earnings per share are calculated by dividing:

- The profit attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares
- By the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

Diluted earnings per share

Diluted earnings per share adjust the figures used in the determination of basic earnings per share to take into account:

- The after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- The weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

Notes to the Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

(p) Goods and Services Tax ("GST")

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

Receivables and payables area stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included as a current asset or liability in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the taxation authority, are presented as operating cash flows.

(q) Current and Non-Current classification

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

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the entity's normal operating cycle; it is held primarily for trading; it is expected to be realised within 12 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 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the entity's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 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) Dividends

Dividends are recognised when declared during the financial year and no longer at the discretion of the Company.

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Notes to the Financial Statements

NOTE 2 SEGMENT INFORMATION

The Company require operating segments to be identified on the basis of internal reports about components of the Company that are regularly reviewed by the chief operating decision maker ("CODM") in order to allocate resources to the segments and to assess their performance.

The Company is managed primarily on the basis of its exploration and corporate activities. Operating segments are therefore determined on the same basis. Reportable segments disclosed are based on aggregating operating segments where the segments are considered to have similar economic characteristics. The Company operates in one segments which is mineral exploration within Australia. The Company is domiciled in Australia.

Given the nature of the company, its size and current operations, management does not treat any part of the company as a separate operating segment. Internal financial information used by the company's decision makers is presented on a "whole of entity" manner without dissemination to any separately identifiable segments.

The company's management operate the business as a whole without any special responsibilities for any separately identifiable segments of the business.

Accordingly, the financial information reported elsewhere in this financial report is representative of the nature and financial effects of the business activities in which it engages and the economic environments in which it operates.

NOTE 3 REVENUE AND OTHER INCOME

	2017	2016
	\$	\$
Revenue from continuing operations	-	-
<i>Other income</i>		
Interest received	49,038	49,024
Sale of investments	52,339	-
Gain on disposal of investment	3,944	-
	105,321	49,024

NOTE 4 EXPENSES

	2017	2016
	\$	\$
(a) Administrative expenses		
General and administration expenses	(2,059)	90,356
(b) Consultancy and legal expenses		
Consulting fees	(38,500)	-
Legal fees	(80,142)	-
	(118,642)	-
(c) Employee benefit expenses		
Directors salary	(7,000)	-
<i>Impairment</i>		
Receivables – Interest	(49,000)	32,225

Notes to the Financial Statements

NOTE 5 INCOME TAX

	2017 \$	2016 \$
(a) The components of tax expense comprise:		
Current tax		-
Deferred tax		-
Income tax expense reported in the of profit or loss and other comprehensive income		-
(b) The prima facie tax on loss from ordinary activities before income tax is reconciled to the income tax as follows:		
Loss before income tax expense	(215,084)	(73,557)
Prima facie tax benefit on loss before income tax at 27.5% (2016: 30%)	(59,148)	(22,067)
Tax effect of:		
Non-deductible expenses	187	9,668
Temporary Differences	32,591	
Deferred tax assets not brought to account	26,370	12,399
Total	-	-
<i>Tax losses not recognised</i>		
Unused tax losses for which no deferred tax asset has been recognised	4,587,472	4,092,260
Potential tax benefit at 27.5% (2016: 30%)	1,261,555	1,227,648

Pure Minerals Limited does not currently recognise any deferred tax asset arising from carried forward tax losses. The estimated potential deferred tax asset at 27.5% not brought to account which is attributable to tax losses carried forward at 30 June 2017 is \$1,261,956 (2016: \$1,227,678).

NOTE 6 LOSS PER SHARE

Basic loss per share amounts are calculated by dividing net loss for the year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the year.

Diluted loss per share amounts are calculated by dividing the net loss attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

Net loss for the year/period	215,084	(73,557)
Weighted average number of ordinary shares for basic and diluted loss per share.	18,129,059	121,463,190
Continuing operations		
- Basic and diluted loss per share (cents)	(1.19)	0.0006

At the General Meeting on 5 May 2017, The Company received shareholder approval to undertake a 6.7:1 share consolidation resulting in a revised issued share capital of 18,128,834 fully paid ordinary shares.

Notes to the Financial Statements

NOTE 7 CASH AND CASH EQUIVALENTS

	2017 \$	2016 \$
Cash at bank and in hand	23,977	1,246
	23,977	1,246

Cash at bank earns interest at floating rates based on daily deposit rates. Short-term deposits are made in varying periods between one day and three months, depending on the immediate cash requirements of the Company and earn interest at the respective short-term deposit rates.

The Company's exposure to interest rate and credit risks is disclosed in Note 14.

(a) Reconciliation of net loss after tax to net cash flows from operations

Loss for the financial year	(215,084)	(73,557)
<i>Adjustments for:</i>		
Impairment of asset	-	32,225
<i>Changes in assets and liabilities</i>		
Receivables	(65,003)	(36,636)
Trade and other payables	39,478	62,135
Net cash used in operating activities	(240,609)	(15,833)

NOTE 8 TRADE AND OTHER RECEIVABLES

	2017 \$	2016 \$
GST receivable	33,063	10,517
Other deposits and receivables	-	12,052
Interest receivable	49,000	32,225
Less: provision for impairment	(49,000)	(32,225)
	33,063	22,569

NOTE 9 AVAILABLE FOR SALE FINANCIAL ASSETS

Ordinary shares – listed entities	68,637	-
<i>Reconciliation of the fair values:</i>		
Opening fair value	68,637	34,892
Fair value adjustments	(12,354)	33,745
Closing fair value	56,283	68,637
Proceeds from available for sale financial assets	52,339	-
Realised gain on available for sale financial assets	3,944	-
Closing value of available for sale financial assets	-	68,637

Fair value of investments in listed corporations is assessed as the last bid price on the Australian Securities Exchange prior to close of business on reporting date.

The ordinary shares in listed companies were sold in May 2017.

NOTE 10 TRADE AND OTHER PAYABLES

Trade payables ⁽ⁱ⁾	162,593	123,114
Accrued expenses	26,275	24,500
Other payables	497	500
	189,365	148,114

(i) Trade payables are non-interest bearing and are normally settled on 60-day terms.

Notes to the Financial Statements

NOTE 11 OTHER CURRENT LIABILITIES

	2017	2016
	\$	\$
Convertible notes payable	200,000	-
Capital raising income received in advance	11,002	-
	211,002	-

During the period, the Company issued 200,000 convertible notes with a face value of \$1 each to RTO Opportunities Trust, an entity associated with Andrew McKay, a director of the Company. The notes were converted to 10,000,000 ordinary shares subsequent to the financial year.

NOTE 12 CONTRIBUTED EQUITY

(a) Issued and fully paid

	2017	No.	2016	No.
	\$		\$	
Ordinary shares	4,911,661	18,129,059	4,911,661	121,463,190

Ordinary shares entitle the holder to participate in dividends and the proposed winding up of the company in proportion to the number and amount paid on the share hold.

(b) Movement reconciliation

	Number	\$
At 1 July 2015	121,463,190	4,911,661
Share issued	-	-
At 30 June 2016	121,463,190	4,911,661
At 1 July 2016	121,463,190	4,911,661
Share consolidation 10 May 2017*	18,129,059	4,911,661
At 30 June 2017	18,129,059	4,911,661

*At the General Meeting on 5 May 2017, The Company received shareholder approval to undertake a 6.7:1 share consolidation resulting in a revised issued share capital of 18,128,834 fully paid ordinary shares.

NOTE 13 RESERVES

	2017	2016
	\$	\$
Available-for-sale reserve	(10,555)	62,026
Options reserve	2,467,753	2,467,753
	2,457,198	2,529,779
<u>Movement reconciliation</u>		
Available-for-sale		
Balance at the beginning of the year	62,026	28,281
Sale of financial assets	(52,339)	-
Change in fair value	(20,242)	33,745
Balance at the end of the year	(10,555)	62,026
Options reserve		
Balance at the beginning of the year	2,467,753	2,467,753
Movement	-	-
Balance at the end of the year	2,467,753	2,467,753

Notes to the Financial Statements

NOTE 14 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and interest rate risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of the financial markets and seeks to minimise potential adverse effects on the financial performance of the Company. The Company uses different methods to measure and manage different types of risks to which it is exposed. These include monitoring levels of exposure to interest rate and foreign exchange risk and assessments of market forecasts for interest rate and foreign exchange prices. Ageing analysis and monitoring of specific credit allowances are undertaken to manage credit risk. Liquidity risk is monitored through the development of future cash flow forecasts.

Risk management is carried out by Management and overseen by the Board of Directors with assistance from suitably qualified external advisors.

The main risks arising for the Company are foreign exchange risk, interest rate risk, credit risk and liquidity risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below.

The carrying values of the Company's financial instruments are as follows:

	2017 \$	2016 \$
Financial Assets		
Cash and cash equivalents	23,977	1,246
Trade and other receivables	33,063	22,569
	<u>57,040</u>	<u>23,815</u>

Market risk

(i) Foreign exchange risk

The Company does not operate internationally and is not exposed to foreign currency risk.

Notes to the Financial Statements

NOTE 14 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT.)

(ii) Interest rate risk

The Company is exposed to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in the market interest rates on interest bearing financial instruments. The Company's exposure to this risk relates primarily to the Company's cash and any cash on deposit. The Company does not use derivatives to mitigate these exposures. The Company manages its exposure to interest rate risk by holding certain amounts of cash in fixed and floating interest rate facilities. At the reporting date, the interest rate profile of the Company's interest-bearing financial instruments were:

	2016		2015	
	Weighted	Balance	Weighted	Balance
	average	\$	average interest	\$
	interest rate ⁽ⁱ⁾		rate	
Cash and cash equivalents	1.68%	23,977	0.59%	1,246

(i) This interest rate represents the average interest rate for the period.

Sensitivity

Within the analysis, consideration is given to potential renewals of existing positions and the mix of fixed and variable interest rates. The following sensitivity analysis is based on the interest rate risk exposures in existence at the reporting date. The 1% increase and 1% decrease in rates is based on reasonably expected possible changes over a financial year, using the observed range of historical rates for the preceding five-year period.

At 30 June 2017, if interest rates had moved, as illustrated in the table below, with all other variables held constant, post-tax losses and equity would have been affected as follows:

	Post-tax profit higher/(lower)		Other comprehensive higher/(lower)	
	2017	2016	2017	2016
<i>Judgements of reasonably possible movements:</i>	\$	\$	\$	\$
+ 1.0% (100 basis points)	240	12	73	-
- 1.0% (100 basis points)	(240)	(12)	(73)	-

(b) Credit risk

Credit risk arises from the financial assets of the Company, which comprise cash and cash equivalents, trade and other receivables and other financial assets. The Company's exposure to credit risk arises from potential default of the counterparty, with maximum exposure equal to the carrying amount of the financial assets.

The Company's policy is to trade only with recognised, creditworthy third parties. It is the Company's policy that all customers who wish to trade on credit terms will be subject to credit verification procedures.

In addition, receivable balances are monitored on an ongoing basis with the result that the Company's exposure to bad debts is not significant. There are no significant concentrations of credit risk within the Company.

Notes to the Financial Statements

NOTE 14 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT.)

(c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company'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 its reputation.

The Company manages liquidity risk by maintaining adequate cash reserves from funds raised in the market and by continuously monitoring forecast and actual cash flows. The Company does not have any external borrowings.

The following are the contractual maturities of financial liabilities:

	6 months	6-12 months	1-5 years	> 5 years	Total
	\$	\$	\$	\$	\$
2017					
Trade and other payables	400,367	-	-	-	400,367
2016					
Trade and other payables	148,114	-	-	-	148,114

(d) Capital risk management

The Company's objectives when managing capital are to:

- Safeguard their ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- Maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the number of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Given the stage of the Company's development there are no formal targets set for return on capital. There were no changes to the Company's approach to capital management during the year. The Company is not subject to externally imposed capital requirements. The net equity of the Company is equivalent to capital. Net capital is obtained through capital raisings on the Australian Securities Exchange ("ASX").

NOTE 15 RELATED PARTY DISCLOSURES

(a) Key Management Personnel Compensation

Details relating to key management personnel, including remuneration paid, are below.

	2017	2016
	\$	\$
Short-term benefits	7,000	-
	7,000	-

Information regarding individual Directors compensation and some equity instruments disclosures as required by Corporations Regulation 2M.3.03 is provided in the Remuneration Report section of the Directors' Report.

NOTE 16 COMMITMENTS

There are no commitments as at 30 June 2017 (2016: nil).

Notes to the Financial Statements

NOTE 17 CONTINGENCIES

There are no contingent assets or contingent liabilities as at 30 June 2017 (2016: nil).

NOTE 18 AUDITOR'S REMUNERATION

	2017 \$	2016 \$
Amounts received or due and receivable by Rothsay Partners for:		
Audit and review of the annual and half-year financial report	12,000	10,000
Other services Rothsay Partners for:		
- Investigating Accountant's Report	8,500	-
	20,500	10,000

NOTE 19 EVENTS AFTER THE REPORTING DATE

On 31 July 2017, the Company completed the transactions to acquire 100% of Pure Manganese Pty Ltd and 80% of Mineral Developments Pty Ltd. In addition, the Company has raised \$4,500,000 from a share issue of 225,000,000 under the prospectus date 4 May 2017 and supplementary prospectus dated 22 June 2017. 12,500,000 shares were issued to the vendors of Pure Manganese Pty Ltd and 5,000,000 to the vendor of Minerals Development Pty Ltd as per terms of the acquisition. A further 10,000,000 shares were issued upon conversion of existing Convertible Notes.

The Company was reinstated to official quotation on 4 August 2017.

There has been no other matter or circumstance that has arisen since the end of the financial year that has significantly affected, or may significantly affect, the operations of the Company, the results of those operations, or the state of affairs of the Company.

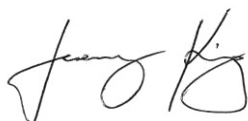
Directors' Declaration

In the Directors' opinion:

- a) The financial statements and accompanying notes are in accordance with the Corporations Act 2001, including:
 - i) complying with Australian Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - ii) giving a true and fair view of the entity's financial position as at 30 June 2017 and of its performance for the year ended on that date.
- b) The financial statements and notes comply with International Financial Reporting Standards.
- c) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

The Directors have been given the declarations required by section 295A of the Corporations Act 2001.

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

A handwritten signature in black ink, appearing to read 'Jeremy King', with a stylized flourish at the end.

Jeremy King
Non-Executive Chairman

29 September 2017



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INDEPENDENT AUDIT REPORT TO THE MEMBERS OF PURE MINERALS LIMITED

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Pure Minerals Limited ("the Company") which comprises the statement of financial position as at 30 June 2017, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended on that date and notes to the financial statements, including a summary of significant accounting policies and the directors' declaration of the Company.

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

- (i) giving a true and fair view of the Company's financial position as at 30 June 2017 and of its financial 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. Our responsibilities under these standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of this report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the "Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

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

Key Audit Matters

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



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Key Audit Matter

Events After the Reporting Date

We consider the events after the reporting date, as disclosed in Note 19 to be the key component of the financial statements. We do not consider the events to be at a high risk of significant misstatement, or to be subject to a significant level of judgement. However due to the materiality in the context of the financial statements as a whole, they are considered to be the area which had the greatest effect on our overall strategy and allocation of resources in planning and completing our audit.

Our procedures in relation to the events after the reporting date included but were not limited to:

- Confirming the acquisition of Pure Manganese Pty Ltd by reference to documentation and the issue of shares to the vendors;
- Confirming the acquisition of 80% of Mineral Developments Pty Ltd by reference to documentation and the issue of shares to the vendors;
- Reading and analysing the prospectus dated 4th May 2017 and the supplementary prospectus dated 22 June 2017 and confirming the issue of the shares pursuant to the prospectus;
- Agreeing the issue of shares upon conversion of the convertible note; and
- Reviewing the announcements made by the company to ASX to ensure consistency with our understanding of the events after reporting date including the relisting on the ASX.

We have also assessed the appropriateness of the disclosure included in note 19 to the financial report.

Other Information

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

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

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

If based on the work we have performed we conclude there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



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Directors' Responsibility for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with the Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement whether due to fraud or error.

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

Auditor's Responsibility for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that 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 individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: www.auasb.gov.au/Home.aspx

We communicate with the directors regarding, amongst 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.

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.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe those matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communications.



Chartered Accountants



Report on the Remuneration Report

Opinion on the Remuneration Report

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

In our opinion the remuneration report of Pure 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.

Rothsay Auditing

**Graham Swan FCA
Partner**

Dated **29** September 2017



Chartered Accountants

ASX Additional information

Additional information required by the Australian Securities Exchange and not shown elsewhere in this Annual Report is as follows. The information is current as of 21 September 2017.

TWENTY LARGEST SHAREHOLDERS

		Number Held	Percentage
1	MRS LILY MAH <MJ A/C>	23,500,000	8.68
2	CLIVE WATERSON SUPERFUND PTY LTD <CLIVE WATERSON S/F A/C>	9,978,888	3.69
3	NEWPORT PRIVATE WEALTH PTY LTD <RTO OPPORTUNITIES A/C>	8,500,000	3.14
4	EXPONENTIAL GROWTH INVESTMENTS PTY LTD <INTEGRITY A/C>	7,090,476	2.62
5	MR MARIO MENELAOU + MS MARIA SUSAN MENELAOU <ISM SUPERANNUATION FUND A/C>	5,742,428	2.12
6	GE EQUITY INVESTMENTS PTY LTD	5,270,000	1.95
7	AURIFEROUS MINING LTD	5,000,000	1.85
8	MS PATRICIA PAULINE RUSSO	5,000,000	1.85
9	MS XIAODAN WU	4,454,000	1.65
10	SJ CAPITAL PTY LTD	3,550,247	1.31
11	BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	3,236,625	1.20
12	GOLDEN DAWN LIMITED	2,500,000	0.92
13	NICHOLAS DERMOTT MCDONALD	2,500,000	0.92
14	MR QI YU	2,500,000	0.92
15	CAMPBELL KITCHENER HUME & ASSOCIATES PTY LTD <C K H SUPERFUND A/C>	2,000,000	0.74
16	MR WEIMIN CHEN	2,000,000	0.74
17	MR MICHAEL SHANE HANSEN + MRS LOUISE ANN HANSEN <MICHAEL HANSEN S/F A/C>	2,000,000	0.74
18	MR DAVID JAMES HARRINGTON	2,000,000	0.74
19	J & J BANDY NOMINEES PTY LTD <BANDY P/F A/C>	2,000,000	0.74
20	MR ALEXANDER JUDZEWITSCH + MS PATRICIA ANN FELSTEAD	2,000,000	0.74
Total: Top 20 holders of ORDINARY FULLY PAID SHARES		100,822,664	37.26

LARGEST LISTED OPTIONHOLDERS

There are no option holders.

DISTRIBUTION OF EQUITY SECURITIES

(i) Ordinary share capital

The number of shareholders, by size of holding, is:

Range	Total holders	Units	% of Issued Capital
1 - 1,000	65	10,124	0.00
1,001 - 5,000	298	678,667	0.25
5,001 - 10,000	68	497,555	0.18
10,001 - 100,000	401	22,355,200	8.26
100,001 - 9,999,999,999	335	247,087,513	91.30
Total	1,167	270,629,059	100.00

ASX Additional information

SUBSTANTIAL SHAREHOLDERS

The names of substantial shareholders who have notified the Company in accordance with section 671B of the Corporations Act 2001 are:

	Holding Balance	% of Issued Capital
MRS LILY MAH <MJ A/C>	23,500,000	8.68

ON-MARKET BUY-BACK

There is no current on-market buy-back.

ACQUISITION OF VOTING SHARES

No issues of securities have been approved for the purposes of Item 7 of Section 611 of the Corporations Act 2001.

TAX STATUS

The Company is treated as a public company for taxation purposes.

FRANKING CREDITS

The Company has no franking credits.