



## ANNUAL REPORT

and

Consolidated Financial Statements  
for the year ended 31 December 2016

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## Company Directory

### Directors

Arthur Bailey  
Clayton Dodd  
Russell Thomson  
Grant Osborne  
Peter Gilmour  
Roberto Castro

### Joint Company Secretary

Russell Thomson  
Dominic Traynor

### Head Office

Level 9, 256 Adelaide Terrace  
Perth, Western Australia, 6000

### Registered Office

Level 9, 256 Adelaide Terrace  
Perth, Western Australia, 6000

### London Office

Third Floor, 55 Gower Street  
London England WC1 6HQ

### Company Website

[www.weldrangemetals.com](http://www.weldrangemetals.com)

### Australian Company Number

009 200 079

### Auditors

Greenwich & Co Audit Pty Ltd  
35 Outram Street  
West Perth Western Australia 6005

### Financial Advisors

Beaumont Cornish Limited  
2<sup>nd</sup> Floor, Bowman House  
29 Wilson Street  
London England EC2M 2SJ

### Brokers

Brandon Hill Capital Limited  
1 Tudor Street  
London England EC4Y 0AH

### Registrars

In Australia:  
Computershare Investor Services Pty Ltd  
Level 2, 45 St Georges Terrace  
Perth Western Australia 6000

In the UK:

Computershare Investor Services plc  
The Pavilions  
Bridgewater Road  
Bristol BS99 6ZY

### Bankers

ANZ Banking Group  
120 Hay Street  
Perth Western Australia 6000

### Lawyers

As to English Law:  
Ronaldsons LLP  
Third Floor, 55 Gower Street  
London England WC1 6HQ

As to Australian Law:  
Norton Rose Fulbright Australia  
Level 30, 108 St George's Terrace  
Perth Western Australia 6000

## **Chairman's Letter**

Dear Shareholders,

On behalf of your Board, I am pleased to present the annual report and audited financial statements of Weld Range Metals Limited ("**Company**" or "**WRM**") for the year ended 31 December 2016 ("**Annual Report**").

WRM is an exploration and resources development company focused on building value for shareholders by evaluating and, if feasible, developing mining and processing operations to produce metals from the Weld Range Complex in the Mid West Region of Western Australia.

WRM is the first company to have acquired and consolidated all the mining tenements and mining rights covering the Weld Range Complex.

The Company has identified and prioritised 3 strategic projects within the Weld Range Complex: the Parks Reef PGM Project, the WRC Nickel Sulphide Project ("**Sulphide Projects**") and the Stainless Steel Alloy Project.

The projects provide a unique portfolio of strategic metals including platinum group metals ("**PGM**"), nickel, cobalt, copper, chromium, gold and iron as a substantial platform to grow shareholder value. Equally important, the projects are in one location in a world class mining region with low sovereign risk.

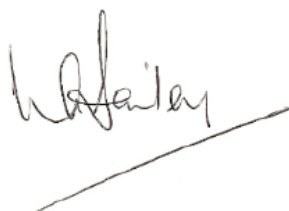
Details of the projects are set out in the Directors' Report on the operations and principal activities of the Company in this Annual Report.

The priority and major undertaking of your Board over the last 12 months has been the preparation and completion of documentation for a placing by an initial public offering of shares ("**Placing**") and the admission of the enlarged issued share capital of the Company by way of a Standard Listing to the London Stock Exchange's Main Market for listed securities ("**Admission**").

Our principal objectives for the Placing and Admission are to provide funds for value building work on the Sulphide Projects, promote the Company through a major international securities exchange and provide liquidity and value to shareholders.

Your Board has worked with the financial advisers of the Company to submit and progress the documentation with the UK Listing Authority for the Placing and Admission.

The Company is working towards completion of the Placing and Admission during 2017.

A handwritten signature in dark ink, appearing to read 'Arthur Bailey', with a long horizontal line extending from the bottom of the signature.

Arthur Bailey  
Chairman

24 May 2017

## Directors Report

Your Directors submit their report on Weld Range Metals Limited (“the Company” or “WRM”) for the twelve months ended 31 December 2016.

The names and details of the Directors of the Company in office during the year and until the date of this report are as follows.

Arthur Bailey – commenced 28 January 2016

Clayton Dodd

Russell Thomson

Grant Osborne – commenced 22 August 2016

Peter Gilmour

Roberto Castro

Mark Mathysen-Gerst, Alternate Director to Roberto Castro – resigned 1 February 2017

Directors were in office for the entire period unless otherwise stated.

### Director Meetings

The number of meetings held and number of meetings attended by each of the Directors of the Company during the financial year ended 31 December 2016 are as follows:

Director	Number of meetings held during the time the director held office	Number of meetings attended
Arthur Bailey	9	9
Clayton Dodd	10	10
Russell Thomson	10	10
Peter Gilmour	10	8
Grant Osborne	3	3
Roberto Castro	10	8
Mark Mathysen-Gerst (Alternate for R Castro)	10	1

### Corporate Information

At the date of this report Weld Range Metals Limited is an unlisted Australian public company incorporated and registered in Western Australia pursuant to the *Corporations Act 2001*.

On 3 May 2016, the Company engaged and appointed Brandon Hill Capital Limited, London, as financial adviser and broker to advise on and procure funding for a placing by an initial public offering of shares to raise funds for the evaluation of the Sulphide Projects of the Company (“Placing” or “IPO”).

On 5 May 2016, the Company engaged and appointed Beaumont Cornish Limited, London, as financial adviser to advise on and procure the admission of the issued shares of the Company to the Official List (by way of a Standard Listing) and to trading on the London Stock Exchange’s Main Market for listed securities (“Admission”).

By letter dated 7 May 2017 Ausinox plc, an associated company, confirmed that it will continue to provide financial support and advance funds as required for the Company to pay its debts as and when they become due and payable for the period from the date of the letter to the earlier of the date which is 12 months after the date of the letter and the date on which the Company completes a capital raising by IPO and admission to a recognised securities exchange.

### **Nature of Operations and Principal Activities**

WRM is an exploration and resource development company.

The Company is the registered owner of 13 contiguous mining leases with a combined area of 78 square kilometers ("**Mining Leases**") covering the entire Weld Range layered mafic-ultramafic igneous intrusion ("**Weld Range Complex**" or "**WRC**") and two exploration licenses west of the Mining Leases ("**Exploration Licenses**") in the Murchison Province of Western Australia ("**Tenements**").

The Company is focused on defining and evaluating mineral resources and, if feasible, developing mining and processing operations to produce minerals and metals from the Weld Range Complex.

In 2009 the Company acquired and consolidated all of the mining tenements and mining rights covering the Weld Range Complex. It is the first company to have done so.

In the 3 years immediately following the acquisition and consolidation of the mining tenements and mining rights, the Company compiled, digitally captured and evaluated all the historic information and data arising from exploration and drilling within the Weld Range Complex during the previous 45 years. This included over 60,000 metres of drilling from 1,370 drill holes with an average depth of 43.6 metres and over 23,700 assays.

Snowden Mining Industry Consultants Pty Ltd reported independent resource estimates in terms of the JORC Code 2012 as follows:

- Inferred Mineral Resources of 63.5Mt @ 5.22% Cr, 35.40% Fe, 0.38% Ni and 0.04% Co at a cut off grade of 4% Cr ("**Range Well Chromium Resources**"); and
- Inferred Mineral Resources of 385.3 Mt @ 0.64% Ni, 19.7% Fe, 0.78% Cr and 0.04% Co at a cut off grade of 0.5% Ni ("**Range Well Nickel Resources**")

The Range Well Chromium Resources and the Range Well Nickel Resources represent a total inventory of over 6 Mt of chromium, 2.6 Mt of nickel, 98 Mt of iron and 179,000 tonnes of cobalt (the "**Range Well Resources**").

The Company has identified and prioritised 3 strategic projects within the Weld Range Complex:

- (1) The Parks Reef PGM Project;
- (2) The WRC Nickel Sulphide Project;
- (3) The Stainless Steel Alloy Project.

In December 2013, the Company entered into a mining agreement with the Wajarri Yamatji Native Title Claimants to authorise the grant of the last of the mining leases covering the Weld Range Complex to the Company and regulate the conduct of mining operations within the Mining Leases of the Company.

Following a strategic review in 2014, the Company decided to focus on sulphide projects within the Weld Range Complex, namely the Parks Reef PGM Project and the WRC Nickel Sulphide Project ("**Sulphide Projects**").

#### *Parks Reef PGM Project*

Parks Reef is a mineralised horizon containing platinum group metals ("PGM") in a zone 15km long and on average 15m wide identified by previous drilling within the WRC.

The Parks Reef PGM mineralisation has been drilled on 57 profiles with over 20,000m of drilling from 590 holes. Most of the drilling focused on the oxide zone where the average depth of drilling is only 33m.

Very little attention was given to PGM in the primary sulphide zone below 50m. Only 25 holes tested the Parks Reef structure in bedrock. The deepest hole intersected the sulphide zone in Parks Reef at 253m. The Parks Reef sulphide zone is open at depth.

The strategy of the Company for the Parks Reef PGM Project is to:

- (1) Drill targets for PGM in the sulphide zone to define mineral resources to evaluate the production of PGM from near surface deposits in Parks Reef amenable to open pit mining;
- (2) Drill targets for high-grade PGM deposits within the sulphide zone of Parks Reef to define mineral resources to evaluate the production of PGM from the development of underground mining operations.

#### *WRC Nickel Sulphide Project*

Giant magmatic sulphide deposits, containing PGM – Nickel ("**Ni**") – Copper ("**Cu**"), are typically hosted by a variety of mafic and ultramafic rocks within layered igneous intrusions globally.

The Company has identified 8 high priority geophysical and geochemical targets for Ni±Cu in sulphide deposits.

Multiple troughs at the base of the WRC are evident from magnetic images. Those trough features are targets for Ni±Cu mineralisation.

A cluster of strong electromagnetic anomalies coincident with elevated Ni±Cu values from geochemical sampling have been identified at the base of the ultramafic zone of the WRC. An Electro Magnetic plate model has been developed for the K1 target which represents a "walk up" drill target for Ni±Cu sulphide mineralisation.

The magnetic data for the area at the base of the Weld Range Complex also shows a broad, low amplitude, circular anomaly extending from the base of the WRC into granite, suggesting an ultramafic "feeder" zone.

The Company plans to undertake drilling programs to evaluate each of the targets for Ni±Cu for the WRC Nickel Sulphide Project.

*Stainless Steel Alloy Project*

The Stainless Steel Alloy Project provides for the development and operation of plant and facilities for the production of refined alloys containing chromium, nickel and iron from the processing of raw materials based in the Range Well Resources in the Mid West Region of Western Australia and the sale and export of those refined alloys as an advanced material to stainless steel mills for the production of stainless steel products in Asia, Europe and North America ("**Stainless Steel Alloy Project**").

In September 2014, the Company and Ausinox Pty Limited ("**Ausinox**" or "**APL**"), entered into a mining rights deed which provided for:

- (1) The Company to retain 100% of the rights to mine all metals contained in sulphide minerals and all PGM in the Mining Leases ("**Sulphide Mining Rights**"); and
- (2) The Company and Ausinox to retain 100% of the rights to mine all metals contained in oxide minerals, including the Range Well Resources within the Mining Leases ("**Oxide Mining Rights**"), subject to the terms of a joint venture agreement between the Company and Ausinox.

In 2015 the Company and Ausinox, then a wholly owned subsidiary of the Company, entered into the Stainless Steel Alloy Joint Venture Agreement to provide for:

- (a) Ausinox to acquire an initial equitable interest of 51% in the Oxide Mining Rights, the Stainless Steel Alloy Project and the Stainless Steel Alloy Joint Venture;
- (b) Ausinox to acquire a further equitable interest of 24% in the Oxide Mining Rights, the Stainless Steel Alloy Project and the Stainless Steel Alloy Joint Venture by sole funding a definitive feasibility study for the development and operation of the Stainless Steel Alloy Project ("**DFS**") within 3 years;
- (c) The Company and Ausinox to form an unincorporated joint venture ("**Stainless Steel Alloy Joint Venture**") for the purposes of evaluating, developing and operating the Stainless Steel Alloy Project upon Ausinox completing the acquisition of the initial equitable interest; and
- (d) Ausinox to be appointed as manager of the Stainless Steel Alloy Project and Joint Venture.

In September 2015, Ausinox completed the acquisition of the initial equitable interest of 51% at which time the Stainless Steel Alloy Joint Venture came into operation.

In October 2015, Ausinox plc, a public limited company registered in England and Wales, acquired all of the issued capital of Ausinox from the Company for a consideration that included a substantial shareholding in Ausinox plc.

Ausinox plc is an innovative industrial company focused on funding Ausinox and the evaluation and development of the Stainless Steel Alloy Project.

Nickel, chromium and iron are the key metals required for the production of stainless steel.

The Range Well Resources represent a large inventory and long term supply of raw materials in the form of mineral resources containing all three metals (nickel, chromium and iron) in one location at low cost.

Project studies completed by independent engineers, GHD Pty Ltd, have concluded that “...*producing either 200 series or 300 series alloy using Weld Range ores is considered technically feasible, can deliver positive returns at current Cr, Ni and Fe prices and under a number of different development scenarios*”. GHD recommended pursuing the development of the Stainless Steel Alloy Project based on producing refined alloys for 300 series stainless steel.

The base case for the Stainless Steel Alloy Project provides for Ausinox to mine 600,000 tonnes ore per annum from the Range Well Chromium Resources which will be transported by road train over a sealed highway to the site of the Ausinox alloy plant.

The raw materials from Range Well Chromium Resources will be processed through the Ausinox alloy plant to produce 340,000 tonnes of refined alloy per annum containing 18% Cr and 8% Ni for 300 series stainless steel. The Ausinox alloys will be containerised and railed to Geraldton Port for shipping

Ausinox has entered into an option agreement with the land authority of the Government of Western Australia to lease or purchase a strategic parcel of industrial land within the Narngulu Industrial Estate for the site of the Ausinox alloy plant, approximately 10km by rail from the Mid West Port of Geraldton.

The Narngulu Industrial Estate is an industrial precinct with established infrastructure including electricity, gas, water, telecommunications, roads and rail to and from the Geraldton Port.

On 21 February 2017, Ausinox plc, Ausinox, China ENFI Engineering Corporation and GHD Pty Ltd signed a Collaboration Agreement for the DFS in Beijing.

ENFI is an international engineering company that specialises in the processing of non-ferrous metals and mineral resource development. ENFI is based in Beijing and is a subsidiary of China Metallurgical Group Corporation which is now a part of China Minmetals Corporation. ENFI has significant know how and pyrometallurgical capabilities that are not readily available in Australia.

GHD is a global engineering services company based in Australia with specialist capabilities in resources and energy, infrastructure and environmental services. GHD has a history of involvement in the Project and provides the necessary experience and knowledge in Australian project standards and requirements.

The Collaboration Agreement details the roles and responsibilities of the parties for the conduct of the DFS. It sets out the battery limits and interface between areas of responsibility in the project scope and describes how the parties will collaborate for the delivery of the DFS Report.

The Company retains approximately 36% of the issued capital of Ausinox plc. The Company is free carried to a decision to develop the Stainless Steel Alloy Project based on the DFS.

#### *Placing and Admission*

The priority and major undertaking of the Company over the last 12 months has been the preparation and completion of documentation for a placing by an initial public offering of shares to raise funds for value building work on the Sulphide Projects (“**Placing**”) and the admission of the enlarged issued share capital of the Company by way of a Standard Listing to the London Stock Exchange’s Main Market for listed securities (“**Admission**”).

The principal objectives of the Placing and Admission are to provide funds for value building work on the Sulphide Projects, promote the Company through a major international securities exchange and provide liquidity and value to shareholders.

## **Results**

The Company recorded a net loss of A\$1,551,337 for the year ended 31 December 2016 (2015: profit of A\$3,671,390). The 2015 profit was derived principally by the forgiveness of debt acquired from Dragon Mining Limited by Ausinox plc.

## **Dividends**

No dividend has been paid or declared since the commencement of the year and no dividends have been recommended by the Directors.

## **Likely Developments and Expected Results**

The Company is working towards completion of the Placing and Admission during 2017.

Following completion of the Placing and Admission, the Company will focus on drilling to define mineral resources for the evaluation of the Park's Reef PGM Project and the high priority geophysical and geochemical targets for sulphide deposits containing nickel, copper and associated metals within the Mining Leases covering the Weld Range Complex.

The Company is free carried to completion of the definitive feasibility study for the development of Stainless Steel Alloy Project.

## **Environmental Regulation**

The Company's operations are subject to significant environmental regulations under statutory legislation in relation to its activities within the Mining Tenements of the Company. Management monitors compliance with environmental regulations. The Directors are not aware of any significant breaches during the period covered by this report.

## **Information on your Directors**

At the date of this Annual Report the Board is constituted by 4 Non-Executive Directors and 2 Executive Directors. Information on the composition of the Board and the qualifications and experience of the Directors is summarised below.

### **Arthur Bailey**

FCA

Non-Executive Director - Chairman

Mr Bailey was appointed Non-Executive Director and Chairman of the Company on 28 January 2016. Arthur is a Chartered Accountant and has spent the majority of his career in practice as a Senior Partner of Bentley Jennison (now part of Baker Tilly). He has recently completed a year as President of the Institute of Chartered Accountants in England and Wales and still holds a number of advisory roles with the Institute. He is highly respected in the profession, recently receiving a Life Time Achievement award from the Institute to add to a similar award from the Chamber of Commerce for outstanding service to business and the community.

**Clayton J. Dodd**

B (Bus) CA

Executive Director and Chief Executive Officer

Mr Dodd was appointed as a Director on 26 October 2009 and Chief Executive Officer on 27 April 2016. He is a Chartered Accountant with more than 30 years' experience in finance and resources in Australia, South Africa and South America. He has held directorships with public listed companies on the JSE, TSX, AIM, and ASX markets.

**Russell W. Thomson**

CPA

Finance Director and Chief Financial Officer

Mr Thomson was appointed as a Director of the Company on 26 October 2009 and Chief Financial Officer on 1 January 2016. He is a professional accountant with over 25 years' experience in the construction, engineering and mining industries in Australia, South East Asia and South Africa. Russell is a director and shareholder of the Company and of Ausinox plc.

**Grant A. Osborne**

Bachelor of Applied Science in Applied Geology

Non-Executive Director

Mr Osborne was appointed Non-Executive Director of the Company on 22 August 2016. Grant is a geologist with over 36 years' experience in Australia, South America and other countries.

Grant is a member of the following professional bodies: The Australasian Institute of Mining and Metallurgy, The Geological Society of Australia, The Australian Institute of Geoscientists and a Fellow of the The Society of Economic Geologists.

**Peter D. Gilmour**

BSc (Hons.) Mineral Processing Technology. ACSM

Non-Executive Director

Mr Gilmour was appointed as a Director of the Company on 11 September 2015. He is a professional process engineer with over 35 years' experience in the mining and processing of mineral resources in Australia, Asia and Africa. Peter specialises in commissioning and process start-up of large scale resource projects which have included iron ore, nickel, copper, uranium, alumina and mineral sands projects of major international resource companies.

**Roberto Castro**

Non-Executive Director

Mr Castro was appointed as a Director of the Company on 17 December 2015. Roberto graduated from Geneva high commerce school and has been working in the financing of trading commodities since 1988. He started his career working for trading companies before joining the trade finance bank BNP Paribas in Geneva (previously United European Bank) where he was a senior relation manager responsible for the financing of a wide portfolio of trading companies in energy and mining industry for over 10 years. Since then Roberto has been working in Geneva with a company he founded, Petrosca, as an independent financial consultant for 12 years assisting commodity traders in a wide range of services.

**Mark Mathysen-Gerst**, Alternate Director to Roberto Castro (resigned 1 February 2017).

### Company Secretary

Mr Clayton Dodd was appointed Company Secretary on 15 May 2012 and resigned on 28 January 2016. Mr Dominic Traynor and Mr Russell Thomson were appointed joint company secretaries of the Company on 28 January 2016.

### Independent Directors

The Board considers that Arthur Bailey, Grant Osborne, Peter Gilmour and Roberto Castro are independent directors of the Company at the date of this Annual Report.

### Remuneration of key management personnel

The details of the remuneration of Directors and other key management personnel ("KMP") are set out in the Remuneration Report contained in the Corporate Governance Report of this Annual Report.

### Corporate Governance

The details of the corporate governance of the Company are set out in the Corporate Governance Report which forms part of this Directors' Report of this Annual Report.

### Board of Directors Dealings in Company Securities

As more fully disclosed in the Financial Statements (Note 11 - Contributed Equity), the issued capital of the Company comprised 95,032,468 Ordinary shares as at 31 December, 2016 (2015 - 95,032,468). There were no options over unissued Ordinary Shares outstanding as at 31 December 2016.

The Directors (and their related entities) owned the following shares and options of the Company as at 31 December, 2016, representing 71.28 % of the undiluted issued capital of the Company.

Director	Title	Directors Interest in Ordinary Shares	Company Ownership	Directors Interest in Unlisted Options
Arthur Bailey	Non-Executive Chairman	414,962	0.44%	nil
Clayton Dodd	Chief Executive Officer	28,685,921 <sup>1</sup>	30.19%	nil
Russell Thomson	Finance Director / CFO	8,180,203 <sup>3</sup>	8.61%	nil
Grant Osborne	Non-Executive Director	-	-	nil
Peter Gilmour	Non-Executive Director	4,065,753 <sup>4</sup>	4.28%	nil
Roberto Castro	Non-Executive Director	26,377,509 <sup>2</sup>	27.76%	nil
<b>Total Director Holdings</b>		<b>67,724,348</b>	<b>71.28%</b>	<b>nil</b>

#### Notes:

1. 14,516,864 of the Ordinary Shares Mr Dodd is interested in are held by Kefco Nominees Pty Ltd, a company of which Mr Dodd is a director and which is trustee of a trust of which Mr Dodd is a beneficiary. 11,876,486 of the Ordinary Shares Mr Dodd is interested in are held by Clayton Dodd and Prudence Dodd as trustees for the Dodd Family Superannuation Fund in which Mr Dodd is a beneficiary and 2,292,571 of the Ordinary Shares Mr Dodd's is interested are held by Penmist Pty Ltd, a company which Prudence Dodd, Mr Dodd's wife is the sole shareholder.

2. 10,575,690 of the Ordinary Shares in which Mr Castro is interested in are held by Drawbridge Fund Ltd, a company which has nominated Mr Castro as Director of the Company and 15,801,819 of the Ordinary Shares in which Mr Castro is interested are held by Woodgate Investments Ltd, a company of which Mr Castro is a director and shareholder.
3. 6,739,433 of the Ordinary Shares in which Mr Thomson is interested in is held by Mr Thomson and Karin Thomson as Trustees for the Ruskat Superannuation Fund, of which Mr Thomson is a beneficiary; 720,390 of the Ordinary Shares in which Mr Thomson is interested is held by Thomson SMSF Custodian Pty Ltd, a company of which Mr Thomson is a director and beneficiary; and 720,380 of the Ordinary Shares in which Mr Thomson is interested in are held by Mr Russell Thomson as trustee for the Russell Thomson Family Trust of which Mr Thomson is a beneficiary.
4. 4,065,753 of the Ordinary Shares in which Mr Gilmour is interested in are held by Comma Pty Ltd, a company of which Mr Gilmour is a director and which is a trustee of a trust of which Mr Gilmour is a beneficiary.

No options over unissued Ordinary Shares in the capital of the Company were issued to Directors during the financial year ended 31 December 2016. Directors will be entitled to apply for and be granted incentives to apply for Ordinary Shares in the share capital of the Company under the Non-Executive Directors Incentive Plan and the Executive Directors Incentive Plan approved by shareholders in general meeting on 16 December 2016. For further details, refer to the Remuneration Report contained in the Corporate Governance Report of this Annual Report.

At the date of this Annual Report, no further Ordinary Shares or options over unissued Ordinary Shares in the share capital of the Company have been issued or granted by the Company since 31 December 2016.

#### **Legal Proceedings**

The Company is not a party to any legal proceedings outstanding as at the 31 December 2016 or at the date of this Annual Report.

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 purposes of taking responsibility on behalf of the Company for all or any part of the proceedings.

#### **Annual Report and Audited Financial Statements**

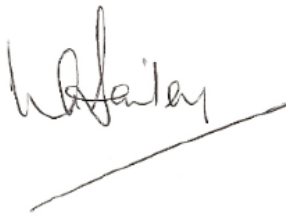
The Directors of the Company are responsible for preparation of the Annual Report and Financial Statements of the Company.

The Directors consider that the Annual Report, including the audited financial statements for the year ended 31 December 2016, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the position, performance, business model and strategy of the Company.

**Auditor's Independence Declaration**

Section 307C of the *Corporations Act 2001* requires the Company's auditors to provide the Directors with a written Independence Declaration in relation to their audit of the financial report for the year ended 31 December 2016. This written Auditor's Independence Declaration is attached to the Auditor's Independent Audit Report to the members and forms part of this Directors' Report.

Signed in Perth this 24<sup>th</sup> day of May 2017 in accordance with a resolution of the Directors.

A handwritten signature in dark ink, appearing to read 'W.A. Bailey', with a long horizontal line extending from the end of the signature.

W.A. Bailey  
Chairman

## Corporate Governance Report

### Corporate governance policies

The Company is an Australian public company incorporated and registered in Western Australia pursuant to the *Corporations Act 2001*.

Under Australian law, there is no mandatory corporate governance regime applicable to the Company. The Board has resolved to voluntarily observe the applicable requirements of the UK Corporate Governance Code (the “**Code**”). The Board has adopted a Corporate Governance Handbook which sets out policies and procedures intended to apply and compliment the Code.

The principles and policies for corporate governance of the Company incorporated in the Corporate Governance Handbook are summarised in this statement.

### Leadership

#### *The role of the Board*

The Board is collectively responsible for the long-term success of the Company.

The role of the Board is to provide entrepreneurial leadership to the Company within a framework of prudent and effective controls which enable risk to be assessed and managed. The Board is responsible for setting the strategic objectives of the Company, ensuring that the necessary financial and human resources are in place for the Company to meet its objectives and review management performance.

The Board is also responsible for setting the values and standards of the Company and ensuring that its obligations to shareholders and others are understood and met.

All Directors must act in what they consider to be the best interests of the Company, consistent with their statutory duties.

#### *Division of responsibilities*

The corporate governance policies of the Company require a clear division of responsibilities between the management of the Board and executive management of the business of the Company.

The matters reserved for determination by the Board and Committees of the Board include:

- Management structure and appointments;
- Strategic and policy considerations;
- Transactions;
- Finance; **and**
- Other Matters.

#### *The Chairman*

The Chairman is responsible for leadership of the Board and ensuring that the Board is effective in every aspect of its role. The Chairman must ensure that the Directors receive accurate, timely and clear information. The Chairman must also ensure effective communication with shareholders of the Company.

#### *Non-executive directors*

Non-executive directors are responsible for constructively challenging and helping to develop proposals on strategy. They also scrutinise the performance of management in meeting agreed goals and objectives and monitor the reporting of performance.

### **Effectiveness**

#### *Composition of the Board*

The corporate governance policies of the Company require the members of the Board and Committees of the Board to have an appropriate balance of skills, experience, independence and knowledge of the Company to enable them to discharge their respective duties and responsibilities effectively.

The composition of the Board requires an appropriate combination of non-executive directors and executive directors, especially non-executive directors, so that no individual or small group of individuals can dominate decision-making by the Board.

Information on the composition of the Board and the qualifications, knowledge and experience of Directors is set out in the Directors Report in this Annual Report.

#### *Appointments to the Board*

The appointment of new directors to the Board must be subject to formal, rigorous and transparent procedures for appointment.

The Board has established a Nomination Committee to lead the process of searching for, assessing and recommending new appointments to the Board. For further details, refer to the Nominations Committee in this statement.

#### *Commitment of Directors*

The corporate policies of the Company require Directors to commit sufficient time to discharge their responsibilities as Directors.

Each Director is required to enter into an agreement with the Company in the form of a letter of appointment which sets out the terms and conditions of appointment including the minimum period required to discharge the responsibilities of Director.

#### *Development*

The Company has established procedures for the induction of Directors on appointment to the Board. This includes arrangements to meet representatives of major shareholders, briefings on the history and activities of the Company and visits to the sites of the projects of the Company.

The procedures also provide for opportunities for the development and training of Directors and to update their knowledge and capabilities relevant to the business of the Company.

*Information and support*

The Chairman is responsible for ensuring that Directors receive accurate, timely and clear information on the Company. The duties of executive management include obligations to provide such information to the Board and Committees of the Board.

The responsibilities of the Company Secretary include ensuring timely and appropriate information flows to and between the Board, the Committees of the Board and senior management.

The Company Secretary is also responsible for advising the Board through the Chairman on all corporate governance matters. At the date of this Annual Report the Board has appointed two company secretaries: one with knowledge and experience of the applicable law and regulations in the UK and the other with knowledge and experience of the applicable law and regulations in Australia.

*Evaluation*

The corporate governance policies of the Company require a formal and rigorous annual evaluation of the performance of the Board, Committees of the Board and individual directors. The evaluation considers the balance of skills, experience, independence and knowledge of the Company on the Board.

*Re-election*

All Directors are submitted to shareholders for re-election at regular intervals in accordance with the Constitution of the Company and the *Corporations Act 2001*.

**Accountability**

*Financial and business reporting*

The Board is responsible for presenting a fair, balanced and understandable assessment of the position and prospects of the Company.

*Risk management and internal control*

The Board is responsible for assessing and determining the principal risks the Board is prepared to take in achieving the strategic objectives of the Company and maintaining effective risk management and internal control systems.

**Audit Committee**

The Board has established an Audit Committee with documented terms of reference to act under the delegated authority of the Board. The members of the Audit Committee are Arthur Bailey (Chairman), Russell Thomson and Roberto Castro.

The primary functions of the Audit Committee include:

- Monitoring the integrity of the financial statements of the Company and any other formal announcements relating to the Company's financial performance and reviewing significant financial reporting judgements contained in them;
- Reviewing the adequacy and effectiveness of the Company's internal financial controls;
- Reviewing (i) the adequacy and security of the Company's arrangements for its employees and contractors to raise concerns about possible wrongdoing in financial reporting or other matters;

(ii) the Company's procedures for detecting fraud; and (iii) the Company's systems and controls for the prevention of corruption and bribery;

- Making recommendations to the Board in relation to the appointment, re-appointment and removal of the Company's external auditors, providing recommendations on their remuneration and approving the terms of engagement of the external auditors;
- Assessing the external auditors' independence and objectivity and the effectiveness of the audit process; and
- Developing and implementing policy on the engagement of the external auditor to supply non-audit services.

The Chairman of the Audit Committee reports formally to the Board on its proceedings on all matters within its duties and responsibilities after each meeting. The Audit Committee shall compile a report to shareholders on its activities for inclusion in each annual report of the Company.

### **Remuneration Committee**

The Board has established a Remuneration Committee with documented terms of reference to act under the delegated authority of the Board. The members of the Remuneration Committee are Roberto Castro (Chairman), Arthur Bailey, and Peter Gilmour.

The primary functions of the Remuneration Committee include:

- Setting the remuneration policy for the Company's executive directors and the Company's Chairman;
- Recommending and monitoring the level and structure of remuneration for senior management;
- Determining (in consultation with the chairman or chief executive, as appropriate) the specific remuneration package of each executive director, the Company's chairman and the designated senior executives, including bonuses, incentive payments and share options or other share awards;
- Approving the design of and determining targets for, any performance related remuneration schemes operated by the Company. The Executive Directors take no part in discussions concerning their own remuneration. The remuneration of all Directors will be reviewed by the Board.

The Chairman of the Remuneration Committee reports formally to the Board on its proceedings on all matters within its duties and responsibilities after each meeting. The Remuneration Committee shall compile a report to shareholders on its activities for inclusion in each annual report of the Company.

## **Nomination Committee**

The Board has established a Nomination Committee with documented terms of reference to act under the delegated authority of the Board. The members of the Nomination Committee are Arthur Bailey, Clayton Dodd and Peter Gilmour. Arthur Bailey is Chairman of the Nomination Committee, but does not preside as Chairman at meetings of the Nomination Committee when dealing with the appointment of a successor to the chairmanship.

The primary functions of the Nomination Committee include:

- **Composition of the Board:** regularly review the composition of the Board in terms of the structure, size composition (including skills, experience, independence, knowledge and diversity) and make recommendations to the Board on those matters;
- **Succession planning:** formulate and regularly review succession plans for directors and other key management personnel to ensure plans are in place for an orderly succession in appointments to the Board and senior executive management of the Company;
- **Appointments to the Board:** identifying and nominating candidates to fill Board vacancies for approval by the Board and considering proposals for the re-appointment, promotion, retirement and dismissal of Directors and any major changes to the duties, responsibilities or term of appointment of Directors;
- **Induction and training:** ensuring that new directors undertake an appropriate induction program so that they are fully informed about the duties and responsibilities of Directors, the strategic and commercial issues affecting the Company and the markets in which it operates;
- **Conflicts of interest:** monitor and review at least annually potential conflicts of interest of Directors disclosed to the Company and develop appropriate processes for managing conflicts of interest;
- **Board evaluation:** assisting the Chairman of the Board with the process and implementation of an annual evaluation to assess the overall and individual performance and effectiveness of the Board and Committee of the Board.

The Chairman of the Nomination Committee reports formally to the Board on its proceedings on all matters within its duties and responsibilities after each meeting. The Nomination Committee shall compile a report to shareholders on its activities for inclusion in each annual report of the Company.

## **Relations with shareholders**

The Board is responsible for maintaining an appropriate dialogue with shareholders of the Company.

The Chairman is responsible for ensuring that views of shareholders are communicated to and discussed by the Board as a whole.

The Board uses regular periodic reports and general meetings to communicate with shareholders and encourage participation through an exchange of views on the activities and performance of the Company.

## **Share Dealing Code**

The Board has embodied a share dealing code within the corporate governance policies of the Company ("**Share Dealing Code**").

The Market Abuse Regulation (“MAR”) provides that persons discharging managerial responsibility (“PDMRs”) within the Company do not deal in the shares of the Company during certain prescribed periods.

The purpose of the Share Dealing Code is to ensure that PDMRs do not abuse and do not place themselves under suspicion of abusing any information that they may have (or be thought to have) about the Company or its shares which, if it was made public, could affect the price of the shares of the Company.

The Share Dealing Code seeks to ensure that there is transparency in the share dealings of PDMRs and that PDMRs and the Company comply with MAR.

The Share Dealing Code sets out limitations on PDMRs ability to deal in the shares of the Company and the procedures that must be followed if a PDMR wishes to deal with shares in the Company.

#### **Anti-corruption policy**

The Board has established and documented anti-corruption policies and procedures for Directors, employees and contractors within the corporate governance policies of the Company.

#### **Board Committee Reports**

##### **Audit Committee Report**

Two meetings attended by all members of the Audit Committee were convened during the year to consider and determine matters within the terms of reference of the Audit Committee. They included:

- **Annual Report and Financial Statements for the year ended 31 December 2015** including a full review of the Financial Statements and consideration of the Accounting Policies applied; consideration of whether the Financial Statements taken as a whole, were fair, balanced and understandable and provided the information necessary for shareholders to assess the position, performance, business model and strategy of the Company; consideration of a report from the Auditor on the conduct of the Audit, and any significant audit issues, of which there were none; recommendations to the Board for approval of the Annual Report and Financial Statements and recommendations to the Board for the re-appointment of the Auditors.
- **Financial Statements for the half year ended 30 June 2016** including a full review of the Financial Statements and consideration of the Accounting Policies and recommendations for approval by the Board and inclusion in the draft prospectus to be issued by the Company.

##### **Remuneration Committee Report**

Three meetings attended by all members of the Remuneration Committee were convened during the year to consider and determine matters within the terms of reference of the Remuneration Committee. Those matters included:

- A full review of the remuneration policy of the Company;
- A full review of the remuneration structure of the Company;

- The appointment of BDO Remuneration and Reward (“BDO”) to prepare an independent report with recommendations on the remuneration policy and structure of the Company based on a market study of the remuneration policy and structure of companies comparable with the Company in terms of sector, size, stage and projects;
- Recommendations on the remuneration policy and structure for the Company including incentive plans for Non-Executive Directors, Executive Directors and other key management personnel of the Company for approval of the Board.

The Board approved the recommendations from the Remuneration Committee.

### **Incentive plans**

The Remuneration Committee and the Board designed two incentive plans as key components of the remuneration policy and framework of the Company on the basis that it is a resources development company with projects based in Western Australia and an Australian public company subject to the Corporations Act of Australia and the Listing Rules of the London Stock Exchange.

The two plans (“**Incentive Plans**”) are the Weld Range Metals Limited Non-Executive Directors Incentive Plan 2016 (“**NED Incentive Plan**”) and the Weld Range Metals Limited Executive Incentive Plan 2016 (“**Executive Incentive Plan**”).

Non-Executive Directors are Directors who are not involved in the day to day management of the Company. Non-Executive Directors are not employees of the Company.

The Executive comprises executive Directors and other Key Management Personnel other than Non-Executive Directors that are responsible for the day to day management of the business of the Company.

Key Management Personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any Director (non-executive or otherwise) of the Company.

The Incentive Plans were approved by shareholders in a general meeting held on 16 December 2016.

#### *NED Incentive Plan*

The Board is responsible for administering the NED Incentive Plan in accordance with the NED Incentive Plan Rules and the terms and conditions of the specific grants to eligible participants.

In summary, eligible participants are all the Non-Executive Directors of the Company or its subsidiaries who have not resigned from or been given notice of termination of appointment to the office of Director.

#### *Executive Incentive Plan*

The Board is responsible for administering the Executive Incentive Plan in accordance with the Executive Incentive Plan Rules and the terms and conditions of the specific grants to eligible participants in the Executive Incentive Plan.

In summary, eligible participants are all the Executives of the Company or its subsidiaries who have not resigned or been given notice of termination of employment.

## **Implementation of the Incentive Plans**

Eligible participants in both Plans will be invited by the Board to apply for “Incentives” after the Company has been listed on the Main Market of the London Stock Exchange for a continuous period of 3 months.

An Incentive is the right to subscribe for one Share. It is a conditional contract between the holder of the Incentive and the Company whereby the Company has contracted to issue a Share to the Incentive holder, if certain conditions, “vesting conditions”, as specified by the Board, are satisfied.

Vesting conditions for Non-Executive Directors include appointment, performance of duties and continuity and longevity of service to the Company.

Vesting conditions for the Executive include contribution to and achievement of objectives and targets in terms of financial and operation results and continuity and longevity of service to the Company.

Each Incentive will have an issue price and an exercise price, both of which could be nil, and will be subject to a set period within which it may be exercised, being no more than 7 years after the date on which the Incentive was granted unless otherwise determined by the Board. The Board will have sole discretion as to the terms of exercise and vesting conditions attaching to any Incentives issued to any eligible participants.

An Incentive is capable of being exercised when any specified vesting conditions have been satisfied, including those linked to the Company’s operational and financial performance. When an Incentive is issued with a nil exercise price it is called a Performance Right. A certificate is issued by the Company for each Incentive issued.

When the vesting conditions have been satisfied and if an Incentive is thereafter exercised by the holder of the Incentive, the Company is obliged to issue one Share to the holder of the Incentive.

The Plans satisfy the requirements of the ASIC class order for relief from the obligation of the Company to issue a prospectus for the grant and issue of the Incentives. The Board shall not issue an Invitation if the number of Shares that could be issued from the application for and acceptance of that Invitation together with all of the Shares to be issued from Incentives granted by the Company under the rules of the NED Incentive Plan, the Executive Incentive Plan or any other employee incentive plan of the Company during the previous 3 year period where offers were covered by ASIC Class Order 14/1000, or an individual instrument made by ASIC in similar terms, would exceed that number of Shares equal to 5% of the total number of Shares on issue by the Company at the time of that Invitation.

The Plans permit unilateral amendment by the Company of the terms of Incentives which have been granted, in certain situations such as to take into account adverse tax effects, but generally the terms of grant of the Incentives require the agreement of the Company and the Incentive holder. Any Shares issued under the Plans will rank equally with those on issue at the time of issue.

The Company’s share trading policy set out in its Corporate Governance Policy from time to time and the Market Abuse Regulation will apply to all holders of Shares upon exercise of Incentives, which means that during specified black out, or closed, periods, persons discharging managerial responsibility, including the Directors of the Company, are restricted from dealing in the securities of the Company and, therefore, no Shares can be sold, transferred or disposed of. The Company Secretary will contact holders of Shares following exercise of Incentives to notify them when black out, or closed, periods commence and end. In addition, the insider trading regime in the Corporations Act applies.

The Company will invite Non-Executive Directors to apply for Incentives under the NED Incentive Plan and Executive Directors to apply for Incentives under the Executive Incentive Plan immediately following the date on which the Company has been listed on London Stock Exchange for a continuous period of 3 months (“**Effective Date**”).

#### *NED Incentives*

On the Effective Date, the Board will issue invitations to Non-Executive Directors to apply for the grant of 3,000,000 Incentives for no consideration (“NED Incentives”) allocated as follows:

- (a) Arthur Bailey – 1,500,000 NED Incentives;
- (b) Grant Osborne – 500,000 NED Incentives;
- (c) Peter Gilmour – 500,000 NED Incentives; and
- (d) Roberto Castro – 500,000 NED Incentives.

Each NED Incentive is an option which confers on the holder the right but not the obligation to subscribe for 1 Share at an exercise price of nil (“Exercise Price”) for a period of 5 years commencing on the date on which the Company accepts an application for NED Incentives from the Non-Executive Director (“Grant Date”) and ending on the date which is 5 years after the Grant Date (“Expiry Date”).

The conditions which must be satisfied for the exercise of NED Incentives (“NED Vesting Conditions”) are as follows:

- (i) A holder of NED Incentives may exercise 100% of the NED Incentives granted to that holder on the third anniversary of the Grant Date if the holder has remained and performed the duties of a Director of the Company continuously since the date of appointment of that Non-Executive Director;

NED Incentives may only be exercised on and from the date on which the applicable Vesting Conditions have been satisfied (“Vesting Date”) unless otherwise determined by the Board under the Rules of the Plan. NED Incentives may be exercised by notice in writing and payment of the Exercise Price, if any, to the Company.

Unless the Board otherwise determines in its sole discretion, Shares allotted upon the exercise of NED Incentives must not be sold, transferred or disposed of by the holder earlier than 2 years after the Vesting Date or at any time during a black out period.

#### *Executive Incentives*

On the Effective Date the Board will issue invitations to Executive Directors to apply for the grant of 2,000,000 Incentives for no consideration (“Executive Incentives”) allocated as follows:

- (a) Clayton Dodd – 1,000,000 Executive Incentives;
- (b) Russell Thomson – 1,000,000 Executive Incentives;

Each Executive Incentive is an option which confers on the holder the right but not the obligation to subscribe for 1 Share at an exercise price of nil (“Exercise Price”) for a period of 5 years commencing on

the date on which the Company accepts an application for Executive Incentives from the member of the Executive ("Grant Date") and ending on the date which is 5 years after the Grant Date ("Expiry Date").

The conditions which must be satisfied for the exercise of Executive Incentives ("Executive Vesting Conditions") are as follows:

- (i) A holder of Executive Incentives may exercise up to 100% of the Executive Incentives granted to that holder within 20 Business Days after the date on which the growth in total shareholder value ("TSR") in the period commencing on the Grant Date and ending 3 years after the Grant Date ("Performance Period") is positive and is equal to or greater than a percentile of the TSR of Peer Group Companies specified by the Board ("Performance Incentives").

The Board will determine the Peer Group Companies after the Company is admitted to listing and trading on the London Stock Exchange but prior to the issue of invitations to Executives.

The share price of the Company at the beginning and end of the Performance Period will be the Volume Weighted Average Price ("VWAP") for the 30 days immediately preceding the Grant Date and the end of the Performance Period respectively.

TSR will be measured by the growth in the share price of the Company assuming dividends, if any, paid by the Company, are re-invested in the Company in the Performance Period. The TSR for the Company will be compared with the TSR for the Peer Group Companies calculated on the same basis for the Performance Period. Executive Incentives may be exercised if the TSR for the Company is positive and equal to or greater than the TSR for a percentile of the Peer Group Companies specified by the Board.

Executive Incentives may only be exercised on and from the date on which the applicable Vesting Conditions have been satisfied ("Vesting Date") unless otherwise determined by the Board under the Rules of the Plan. Executive Incentives may be exercised by notice in writing and payment of the Exercise Price to the Company.

Unless the Board otherwise determines in its sole discretion, Shares allotted upon the exercise of Executive Incentives must not be sold, transferred or disposed of by the holder earlier than 2 years after the Vesting Date or at any time during a black out period.

## **Remuneration Report**

This report details the amount and nature of remuneration of key management personnel of the Company ('KMP'). KMP are those persons who have authority and responsibility for planning and controlling the activities of the Company.

### **Remuneration Policy**

The remuneration policy for Non- Executive Directors of the Company provides for the payment of fixed annual remuneration in the form of directors' fees and variable remuneration based on an agreed hourly rate for hours worked in providing services to the Company in addition to hours specified for the performance of director's duties under the fixed remuneration. Non-executive Directors may also be invited to participate in the grant of incentives to acquire shares in the Company under the Non-Executive Directors Incentive Plan approved by shareholders in general meeting held on 16 December 2016.

The remuneration policy for Executive Directors of the Company provides for the payment of fixed and variable annual remuneration as recommended by the Remuneration Committee and approved by the

Board. Executive Directors may also be invited to participate in the grant of incentives to acquire shares in the Company under the Executive Directors Incentive Plan approved by shareholders in general meeting held on 16 December 2016.

The Board believes that this remuneration policy is appropriate given the stage of development of the Company and the activities which it undertakes and is appropriate in aligning director objectives with shareholder and business objectives.

### **Service Agreements**

#### **Non-Executive Chairman – Mr Arthur Bailey**

Mr Bailey was appointed as a director of the Company on 28 January 2016. Pursuant to the terms of a letter of appointment, either party may terminate the appointment upon three months written notice. Mr Bailey's appointment is subject to the Company's constitution and the usual rules on the rotation of directors. His removal, cessation or retirement in accordance with the constitution of the Company will not give him rights to compensation or damages and no fee will be payable to him for any period after such removal, cessation or retirement. Pursuant to the letter of appointment, Mr Bailey is entitled to fixed remuneration in the form of directors fees of £60,000 per annum payable monthly in arrears. The Company proposes to issue incentives over 1,500,000 Ordinary Shares to Mr Bailey at an exercise price of nil after the Company has been admitted to listing on a recognised securities exchange for a continuous period of three months as approved by shareholders in general meeting held on 16 December 2016.

#### **Chief Executive Officer – Mr Clayton Dodd**

Mr Dodd was appointed a director of the Company on 26 October 2009 and as Chief Executive Officer on 27 April 2016. The Board resolved to pay Mr Dodd \$4,167 per month from 1 January 2016 to 27 April 2016 and \$25,000 per month from 28 April 2016 until the date on which the Company completes the IPO and Admission. The Remuneration Committee has recommended that, subject to the approval of the Board and completion of the IPO and Admission, the Company enter into a contract for services to continue the appointment of Mr Dodd until terminated by either party giving six month's notice in writing. The basic remuneration of Mr Dodd will be A\$300,000 per annum payable monthly in arrears. The Company proposes to issue incentives over 1,000,000 Ordinary Shares to Mr Dodd at an exercise price of nil after the Company has been admitted to listing on a recognised securities exchange for a continuous period of three months as approved by shareholders in general meeting held on 16 December 2016. There are no provisions for benefits upon termination of the engagement.

#### **Finance Director / Chief Financial Officer – Mr Russell Thomson**

Mr Thomson was appointed a director of the Company on 26 October 2009 and as Chief Financial Officer on 1 January 2016. The Board resolved to pay Mr Thomson \$10,000 per month from 1 January 2016 until the date on which the Company completes the IPO and Admission. The Remuneration Committee has recommended that, subject to the approval of the Board and completion of the IPO and Admission, the Company enter into a contract for services to continue the appointment of Mr Thomson until terminated by either party giving six month's notice in writing. The basic remuneration of Mr Thomson will be A\$120,000 per annum payable monthly in arrears. The Company proposes to issue incentives over 1,000,000 Ordinary Shares to Mr Thomson at an exercise price of nil after the Company has been admitted to listing on a recognised securities exchange for a continuous period of three months as approved by shareholders in general meeting held on 16 December 2016. There are no provisions for benefits upon termination of the engagement.

**Non – Executive Director – Mr Grant Osborne**

Mr Osborne was appointed as a non-executive director of the Company on 22 August 2016. Pursuant to the terms of a letter of appointment either party may terminate the appointment upon three months written notice. Mr Osborne's appointment is subject to the Company's constitution and the usual rules on the rotation of directors. His removal, cessation or retirement in accordance with the constitution of the Company will not give him any right to compensation or damages and no fee will be payable to him for any period after such removal, cessation or retirement.

Pursuant to the letter of appointment Mr Osborne is entitled to director's fees of A\$50,000 per annum payable monthly in arrears commencing on 22 August 2016. The Company proposes to issue incentives over 500,000 Ordinary Shares to Mr Osborne at an exercise price of nil after the Company has been admitted to listing on a recognised securities exchange for a continuous period of three months as approved by shareholders in general meeting held on 16 December 2016.

**Non – Executive Director – Mr Peter Gilmour**

Mr Gilmour was appointed as a non-executive director of the Company on 11 September 2015. Pursuant to the terms of a letter of appointment either party may terminate the appointment upon three months written notice. Mr Gilmour's appointment is subject to the Company's constitution and the usual rules on the rotation of directors. His removal, cessation or retirement in accordance with the constitution of the Company will not give him any right to compensation or damages and no fee will be payable to him for any period after such removal, cessation or retirement.

Pursuant to the letter of appointment Mr Gilmour is entitled to director's fees of A\$50,000 per annum payable monthly in arrears commencing on 1 January 2016. The Company proposes to issue incentives over 500,000 Ordinary Shares to Mr Gilmour at an exercise price of nil after the Company has been admitted to listing on a recognised securities exchange for a continuous period of three months as approved by shareholders in general meeting held on 16 December 2016.

**Non – Executive Director – Mr Roberto Castro**

Mr Castro was appointed as a non-executive director of the Company on 17 December 2015. Pursuant to the terms of a letter of appointment either party may terminate the appointment upon three months written notice. Mr Castro's appointment is subject to the Company's constitution and the usual rules on the rotation of directors. His removal, cessation or retirement in accordance with the constitution of the Company will not give him any right to compensation or damages and no fee will be payable to him for any period after such removal, cessation or retirement.

Pursuant to the letter of appointment, Mr Castro is entitled to director's fees of A\$50,000 per annum payable monthly in arrears commencing on 1 January 2016. The Company proposes to issue incentives over 500,000 Ordinary Shares to Mr Castro at an exercise price of nil after the Company has been admitted to listing on a recognised securities exchange for a continuous period of three months as approved by shareholders in general meeting held on 16 December 2016.

**Board of Directors Remuneration Arrangements**

The remuneration of Non-Executive Directors, Executive Directors and other KMP in the year ended 31 December 2016 is set out in the Table below.

**WELD RANGE METALS LIMITED**  
**FOR THE YEAR ENDED 31 DECEMBER 2016**

KMP Fees and Payments	Title	Year to 31 December 2016 A\$	Year to 31 December 2015 A\$
Arthur Bailey	Non-Executive Chairman	99,901	-
Clayton Dodd	Chief Executive Officer	218,750 <sup>1</sup>	-
Russell Thomson	Finance Director / CFO	120,000 <sup>2</sup>	-
Grant Osborne	Non-Executive Director	17,876 <sup>3</sup>	-
Peter Gilmour	Non-Executive Director	50,000 <sup>3</sup>	-
Roberto Castro	Non-Executive Director	50,000 <sup>3</sup>	-
<b>Totals</b>		<b>556,527</b>	nil

**Notes**

1. The sum of \$80,000 was paid in cash to Mr Dodd and the balance of \$138,750 was accrued.
2. All of the payments due to Mr Thomson were accrued during the year.
3. Director fees payable to Mr Gilmour, Mr Castro and Mr Osborne were accrued during the year.

**Nomination Committee Report**

Three meetings attended by all members of the Nomination Committee were convened during the year to consider and determine matters within the terms of reference of the Nomination Committee. Those matters included a review of the composition of the Board and the appointment of new directors to the Board having regard to the requirements of the Company for, among other things, the listing of the Company on a recognised securities exchange.

The Nomination Committee recommended the appointment of Mr Grant Osborne as a Non-Executive Director of the Company to expand and strengthen the independence, knowledge and experience in geology, exploration and evaluation of mineral resource projects available to the Board for the projects of the Company in the Weld Range Complex. The Board approved the recommendation and appointed Mr Osborne as a Non-Executive Director on 22 August 2016.

The Nomination Committee also proposed the appointment of Mr Michael Naylor as an Executive Director of the Company to expand and strengthen the knowledge, experience and capabilities of the executive management team in the history and development of the projects and the Company within the Weld Range Complex upon and subject to the completion of the Placing and Admission of the Company. At the date of this Annual Report, that appointment has not been made by the Board, but the Company is working towards completion of the Placing and Admission.

**Risk Assessment and Management**

The Board is responsible for assessing and determining the principal risks in achieving the strategic objectives of the Company and maintaining effective risk management and internal control systems.

**Risks associated with the Tenements**

The principal assets of the Company comprise its interests in the Tenements ("**Mineral Assets**") as follows:

- 100% (decreasing to a minimum of 43.75%) registered legal title to the tenements subject to the rights of Ausinox Pty Ltd ("**APL**") under the Mining Rights Deed and the Stainless Steel Alloy Joint Venture Agreement between the Company and APL;

- 100% unregistered beneficial interest in the right to explore for and mine Sulphide Minerals under the terms of the Mining Rights Deed; and
- 49% (decreasing to 25%) unregistered beneficial interest with APL holding the remaining 51% (increasing to 75%) unregistered beneficial interest in the rights to explore for and mine Oxide Minerals under the Stainless Steel Alloy Joint Venture Agreement.

The Tenements are subject to conditions of grant and renewal requirements under the Mining Act, amongst other things. One of those conditions of grant is that the Company is required to comply with minimum expenditure conditions in respect of its Mining Leases and Exploration Licences and failure to comply with such minimum expenditure requirements may result in penalties being incurred and ultimately the revocation of the Mining Leases and/or Exploration Licences.

#### **Risks associated with operations**

The Company's operations, including its interest in the Stainless Steel Alloy Project, are at an exploration and evaluation stage of development. Success will depend upon the Directors' ability to manage and advance the current projects and to identify and take advantage of further opportunities which may arise. The Company currently has no properties producing positive cash flow and its ultimate success will depend on its ability to generate cash flow from active mining operations in the future. All of the Company's activities will be directed to exploration and, if warranted, development of its existing properties and to the search for and the development of new mineral resources.

#### **Risks associated with Company Projects**

The Sulphide Projects of the Company are at an early stage of exploration and do not contain any identified Ore Reserves or Mineral Resources, as defined by the JORC Code. Whilst the Company intends to undertake exploratory work with the aim of defining Mineral Resources, there is a risk that Mineral Resources will not be identified. In addition, even if Mineral Resources are identified, there is still a risk that they cannot be economically extracted. There are also technical risks in the development, commissioning and operation of plant and equipment for production of minerals and metals from Mineral Resources within the Tenements.

Further development of the Oxide Project, in which the Company currently has an economic interest of 67.36% (decreasing to 52%), depends on Ausinox plc raising sufficient funds to complete the DFS. The Company has no obligation to contribute to the funding during the DFS stage.

#### **Risks associated with the Stainless Steel Alloy Joint Venture**

The Mineral Assets of the Company include a 49% (decreasing to 25%) contractual interest in Oxide Rights in the Tenements, which are the subject of an unincorporated joint venture between Ausinox Pty ("APL") and the Company. There may be Joint Venture disputes from time to time between the Company and APL in relation to the sole funding by APL or its management of the joint venture operations or defaults by a party under the Joint Venture Agreement. There may also be disputes from time to time between the Company and APL in relation to the rights and obligations of a mineral rights holder under the Mining Rights Deed which regulates the operation of the Company's 100% interest in the Sulphide Rights and the Company's 49% (decreasing to 25%) interest in the Oxide Rights and APL's 51% (increasing to 75%) interest in the Oxide Rights. Any such dispute may materially delay the operations of the Joint Venture or the operations of the Company in relation to its exercise of a 100% interest in the Sulphide Rights.

### **Risks Associated with Infrastructure**

Development of the Company's projects, including the Stainless Steel Alloy Project, will depend to a significant degree, on adequate infrastructure. In the course of developing its operations, the Company and, in case of the Stainless Steel Alloy Project, the Company and its Joint Venture partner, may need to construct and support the construction of infrastructure, which includes permanent water supplies, power, transport and logistics services which affect capital and operating costs. Unusual or infrequent weather phenomena, sabotage, Government or other interference in the maintenance or provision of such infrastructure or any failure or unavailability in such infrastructure could materially adversely affect the Company's operations, financial condition and results of operations.

### **Risks associated with the Environment**

The Company is subject to complex national, state, local and other laws and regulations that could affect the cost, manner and feasibility of doing business. Mining projects are subject to the state and federal environmental laws of Western Australia and Australia in which the projects operate. These laws may result in limitations of exploration or production activities which may become increasingly strict in the future. Environmental awareness on the part of the public has been increasing, as has public pressure on environmental authorities. The Company needs to comply with all current and any future environmental laws, regulations or commitments, but believes these will not have a material adverse effect on the activities of the Company or any other company that it has invested in. Any risks arising from the liabilities resulting from any environmental damage caused by the activities of the Company, or any investee companies, will be monitored. The Company must comply with, *inter alia*, the current and future Western and Federal Australian regulations relating to mineral exploration and mining. The institution and enforcement of such regulations could have the effect of increasing the expense and lowering the income or rate of return from, as well as adversely affecting the value of, the Company's Mineral Assets.

### **Risks associated with key personnel**

If the Company loses any of its key personnel, the Company's ability to manage the projects could be negatively impacted. WRM is an exploration and resources development company with three key projects, the success of which depends to a significant extent on the knowledge and quality of management of the Company and, in particular, the extensive involvement of the Company's executive directors in the history of the Company and the development of the projects. The Company's operations may be disrupted, additional cost may be incurred, or the future of the Company may be jeopardised, by a loss of or failure to retain sufficient numbers and quality of management staff or senior personnel. There can be no assurance that the Company's present key personnel, the existing directors or any future key personnel/directors will remain with the Company, and the departure of any such person, existing director or future staff member may materially affect the Company's business operations and the value of its Ordinary Shares. The future success of the Company is also in part dependent upon its ability to identify, attract, motivate and retain staff with the requisite experience. Measures are in place and are under review to reward and retain key individuals and to protect the Company from the impact of staff turnover.

### **Risk associated with future earnings, prices and exchange rates**

The future earnings of the Company, or other companies that the Company may invest in from time to time, may be derived from the extraction and sale of minerals and metals and may, therefore, be related to the market price for those minerals and metals. Historically, the prices of minerals and metals have fluctuated significantly and are affected by numerous factors which the Company is unable to control or

predict including industrial and retail demand, the availability of substitute sources for industrial uses, forward sales and purchases by producers and speculators, levels of production, short-term changes in supply and demand because of speculative trading activities, the rate of exchange of the US\$ (the currency in which minerals and metals are generally denominated, quoted and traded), and global or regional political or economic conditions or events. There is a risk that such changes to commodity prices and exchange rates could affect the net realisable value, and/or economic viability, of the Company's future projects and earnings. The performance of the share price of a resource company generally exhibits a correlation with the price of the relevant minerals and metals in which the Company has interests, although there is no guarantee that the price of the shares of the Company will follow this trend.

#### Risks associated with the mining industry

The mining industry is subject to significant risks that could result in damage to, or destruction of, facilities, personal injury or death, environmental damage, delays in scheduled programmes, increased costs, and monetary losses and possible legal liability. Where considered practical or required to do so, the Company will endeavour to maintain appropriate insurance cover against risks in the operation of its business in amounts which it believes to be reasonable. Such insurance, however, contains exclusions and limitations on coverage.

#### **Native Title and Heritage Protection**

The Company's activities (i.e. the grant of future mining tenements and extension and renewals to the existing mining tenements) in Australia are subject to the Native Title Act 1993 (Cth) and associated legislation, and in this case the Company's activities are further subject to the terms of a native title and heritage protection agreement, entered into between the Company and the native title party ("Native Mining Title Agreement"). There continues to be uncertainty associated with native title issues (such as changes to legislation or the common law in regards to the granting of mining tenements and associated permits). While there is the potential for compensation to be claimed against the holder of a mining tenement once a native title party's claim is determined, the Wajarri Yamatji Claimants are barred from such a claim against the Company pursuant to the Native Mining Title Agreement.



## Auditor's Independence Declaration

To those charged with the governance of Weld Range Metals Limited

As auditor for the audit of Weld Range Metals Limited for the year ended 31 December 2016, I declare that, to the best of my knowledge and belief, there have been:

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

*Greenwich & Co Audit Pty Ltd*

**Greenwich & Co Audit Pty Ltd**

*Nicholas Hollens*

**Nicholas Hollens**

Managing Director

Perth

24 May 2017

## Independent Audit Report to the members of Weld Range Metals Limited

### Report on the Audit of the Financial Report

#### Opinion

We have audited the financial report of Weld Range Metals Limited (the "Company"), which comprises the statement of financial position as at 31 December 2016, 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, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying 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 31 December 2016 and of its financial performance for the year then ended; and
- (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

#### Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the 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.

#### Material uncertainty related to going concern

We draw attention to Note 1.c) to the financial report, which describes that the ability of the Company to continue as a going concern is dependent on equity fundraising from the Company's public listing, or alternative debt or equity options as deemed appropriate by the directors. As a result, there is material uncertainty related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern, and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report. Our opinion is not modified in respect of this matter.

#### Key Audit Matters

In addition to the matter described in the Material Uncertainty related to Going Concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

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.

*Potential impairment of exploration and evaluation (“E&E”) assets*

Notes 1.k) and 6 to the financial statements contain the accounting policy and disclosures in relation to exploration and evaluation expenditures.

Key Audit Matter	How our audit addressed the matter
<p>At 31 December 2016, the Company has incurred significant exploration and evaluation expenditure which has been capitalised. As the carrying value of exploration and evaluation expenditures represents a significant asset of the Company, we considered it necessary to assess whether facts and circumstances existed to suggest that the carrying amount of this asset may exceed its recoverable amount. Management of the Company considered whether there were any indicators of impairment.</p> <p>The Company capitalises exploration and evaluation expenditure in line with AASB 6 <i>Exploration for and Evaluation of Mineral Resources</i>. The assessment of each asset’s future prospectivity requires significant judgement. There is a risk that amounts are capitalised which no longer meet the recognition criteria of AASB 6.</p>	<p>Our audit work included, but was not restricted to, the following:</p> <ul style="list-style-type: none"> <li>• We obtained evidence that the Company has valid rights to explore in the areas represented by the capitalised exploration and evaluation expenditures by obtaining independent searches of all the Company’s tenement holdings;</li> <li>• We enquired with management and reviewed budgets to ensure that substantive expenditure on further exploration for and evaluation of the mineral resources in the Company’s areas of interest were planned;</li> <li>• We enquired with management, reviewed announcements made and reviewed minutes of directors’ meetings to ensure that the Company had not decided to discontinue activities in any of its areas of interest; and</li> <li>• We critically assessed management’s assessment as to whether there were any indicators of impairment.</li> </ul>

*Valuation of investment in associated company (Ausinox PLC)*

Note 7 to the financial statements contains the disclosures in relation to the Company’s investment in associate.

Key Audit Matter	How our audit addressed the matter
<p>At 31 December 2016, the Company holds a significant (36%) investment in Ausinox PLC, an associated company (“Ausinox”).</p> <p>In accordance with AASB 128, the carry forward of this asset is conditional on the Company maintaining its rights to the asset, and no impairment being effected of the balance.</p> <p>As the carrying value of the investment represents a significant asset of the Company, we considered this to be a Key Audit Matter.</p>	<p>Our audit work included, but was not restricted to, the following:</p> <ul style="list-style-type: none"> <li>• Confirming the Company’s shareholding in Ausinox to Ausinox’s share register.</li> <li>• Critically assessing for potential impairment indicators in the investment with reference to a) the share price, by comparing the historical acquisition price to the current issue price; b) the clauses listed in AASB 128, specifically the nature of Ausinox’s business and Ausinox’s ongoing plans to allow the Company to realise its investment.</li> </ul>

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

### **Auditor's Responsibilities 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 the financial report.

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. 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.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- 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 Company'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 Company to cease to continue as a going concern.
- 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 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.

**WELD RANGE METALS LIMITED  
FOR THE YEAR ENDED 31 DECEMBER 2016**

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 these 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 communication.

**Report on the Remuneration Report**

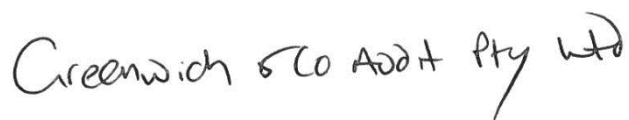
*Opinion on the Remuneration Report*

We have audited the Remuneration Report included on pages 24-27 of the directors' report for the year ended 31 December 2016.

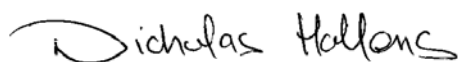
In our opinion, the Remuneration Report of Weld Range Metals Limited for the year ended 31 December 2016, complies with section 300A of the *Corporations Act 2001*.

*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.



**Greenwich & Co Audit Pty Ltd**



**Nicholas Hollens**

Managing Director

24 May 2017

Perth

**Consolidated Statement of Profit or Loss and Other Comprehensive Income for the year ended 31 December 2016**

All amounts are in Australian Dollars

	<b>Note</b>	<b>For the 12 months ended at 31 December 2016 \$</b>	<b>For the 12 months ended at 31 December 2015 \$</b>
<b>Continuing Operations</b>			
Expenses	2	(1,551,337)	(119,656)
Other income	2	-	3,791,046
Share of net profit of associate	7	-	-
<b>(Loss)/Profit before tax from continuing operation</b>		<b>(1,551,337)</b>	<b>3,671,390</b>
Income tax expense	15	-	-
<b>(Loss)/Profit for the year from continuing operation</b>		<b>(1,551,337)</b>	<b>3,671,390</b>
<b>Discontinued Operations</b>			
Profit/(loss) from discontinued operations after tax	3	-	-
<b>Net (Loss)/Profit for the year</b>		<b>(1,551,337)</b>	<b>3,671,390</b>
Other comprehensive income		-	-
<b>Total comprehensive (loss)/income for the year</b>		<b>(1,551,337)</b>	<b>3,671,390</b>
(Loss)/Income attributable to members of Weld Range Metals Limited		(1,551,337)	3,671,390

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Notes to the Consolidated Financial Statements.

**Consolidated Statement of Financial Position as at 31 December 2016**

All amounts are in Australian Dollars

	Note	31 December 2016 \$	31 December 2015 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	4	23,962	3,164
Trade and other receivables	5	2,852	53,889
<b>TOTAL CURRENT ASSETS</b>		<u>26,814</u>	<u>57,053</u>
<b>NON-CURRENT ASSETS</b>			
Exploration and Evaluation	6	5,605,771	5,175,395
Office Furniture & Equipment		730	730
Investment in Ausinox plc	7	3,951,603	3,951,603
<b>TOTAL NON-CURRENT ASSETS</b>		<u>9,558,104</u>	<u>9,127,728</u>
<b>TOTAL ASSETS</b>		<u>9,584,918</u>	<u>9,184,781</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	8	1,311,021	706,781
Interest-Bearing Loans and Borrowings	9	1,449,258	-
Non-Interest Bearing Loans and Borrowings	10	-	102,024
<b>TOTAL CURRENT LIABILITIES</b>		<u>2,760,279</u>	<u>808,805</u>
<b>TOTAL LIABILITIES</b>		<u>2,760,279</u>	<u>808,805</u>
<b>NET ASSETS</b>		<u>6,824,639</u>	<u>8,375,976</u>
<b>EQUITY</b>			
Contributed equity	11	17,442,814	17,442,814
Accumulated losses		(10,618,175)	(9,066,838)
		<u>6,824,639</u>	<u>8,375,976</u>

The above Consolidated Statement of Financial Position should be read in conjunction with the Notes to the Consolidated Financial Statements.

**Consolidated Statement of Changes in Equity for the Year Ended 31 December 2016**  
All amounts are in Australian Dollars

	Contributed Equity	Accumulated Losses	Total
<b>At 1 January 2015</b>	10,520,750	(12,738,228)	(2,217,478)
<i>Movements in comprehensive income</i>			
Profit for the year	-	3,671,390	3,671,390
<i>Total comprehensive income for the year</i>	-	3,671,390	3,671,390
Conversion of debt to equity	5,619,672	-	5,619,672
Placing and issue of new shares	1,302,392	-	1,302,392
<b>At 31 December 2015</b>	17,442,814	(9,066,838)	8,375,976
<i>Movements in comprehensive income</i>			
Loss for the period	-	(1,551,337)	(1,551,337)
<i>Total comprehensive income for the period</i>	-	(1,551,337)	(1,551,337)
<b>At 31 December 2016</b>	<b>17,442,814</b>	<b>(10,618,175)</b>	<b>6,824,639</b>

The above Consolidated Statement of Changes in Equity should be read in conjunction with the Notes to the Consolidated Financial Statements.



## Consolidated Statement of Cashflow for the Year Ended 31 December 2016

All amounts are in Australian Dollars

	Note	For the 12 months ended 31 December 2016 \$	For the 12 months ended 31 December 2015 \$
<b>Cash flows used in operating activities</b>			
Payments to suppliers		(929,826)	(748,570)
Net Operating Cash Flows	4	(929,826)	(748,570)
<b>Cash flows used in investing activities</b>			
Payments for exploration activities		(430,376)	(351,547)
Net Investing Cash flows		(430,376)	(351,547)
<b>Cash flows from financing activities</b>			
Proceeds from loans		1,381,000	1,102,024
Net Financing Cash Flows		1,381,000	1,102,024
Net increase in cash and cash equivalents		20,798	1,907
Cash and cash equivalents at the beginning of the year		3,164	9,267
<b>Discontinued Operations</b>		-	(8,010)
<b>Cash and cash equivalents at the end of the year</b>		<b>23,962</b>	<b>3,164</b>

The above Consolidated Statement of Cash Flows should be read in conjunction with the Notes to the Consolidated Financial Statements.

## Notes to the Financial Statements

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### (a) Corporate Information

The principal accounting policies adopted in the preparation of the financial statements are set out below. The financial statements are for the consolidated entity consisting of Weld Range Metals Limited ("Company" or "parent entity") and its subsidiaries. The financial statements are presented in Australian Currency.

Weld Range Metals Limited is an unlisted Australian public company limited by shares that is incorporated and domiciled in Australia. The address of the registered office is Level 9, 256 Adelaide Terrace, Perth, Western Australia 6000.

The financial statements were authorised for issue by the directors on 24 May 2017. The directors have the power to amend and reissue the financial statements.

#### (b) Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of the Company and all its subsidiaries as at 31 December 2016 and the results of the Company and all its subsidiaries for the year then ended. Weld Range Metals Limited and its subsidiaries together are referred to in these financial statements as the Group or the consolidated entity.

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies of those entities which generally accompanies a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls the entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group.

Intercompany transactions, balances and unrealised gains on transactions between the 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 of the group.

Non-controlling interests in the results and equity of subsidiaries are shown in the consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of financial position respectively.

**(c) Reporting Framework and Basis of Preparation**

These general purpose financial statements have been prepared in accordance with the *Corporations Act 2001*, Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board and International Financial Reporting Standards as issued by the International Accounting Standards Board.

The Company is a for profit entity for financial reporting purposes under Australian Accounting Standards. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

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

*Going concern*

The Company recorded a net loss of \$1,551,337 for the year ended 31 December 2016 and had net current liabilities of \$2,733,465 as at 31 December 2016.

The financial report has been prepared on the basis that the Company will continue to meet its commitments and can therefore continue normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

In arriving at this position, the directors are presently undertaking discussions with sophisticated investors regarding various funding options including:

- equity raisings; and
- debt raisings.

By letter dated 7th May 2017 Ausinox confirmed that it will continue to provide financial support and advance funds as required for the Company to pay its debts as and when they become due and payable for the period from the date of the letter to the earlier of the date which is 12 months after the date of the letter and the date on which the Company completes a capital raising by IPO and admission to a recognised securities exchange.

The Directors consider that, at the date of signing the financial report, there are reasonable grounds to believe that, having regard to the matters set out above, the Company will continue to have the support of its shareholders and will be able to raise sufficient funds to meet its obligations as and when they fall due.

However, should the Company be unable to obtain sufficient funding as advised above, there is a material uncertainty which may cast doubt as to whether not the Company will be able to continue as a going concern and whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial statements.

The 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 not be able to continue as a going concern.

**(d) Segment Reporting**

An operating segment is defined as a component of an entity that engages in business from which it may earn revenues and incur expenses, whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available.

Operating segments are reported in a manner consistent with the internal reporting provided to the chief 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 full Board of Directors.

**(e) Statement of Compliance**

The financial report has been prepared in accordance with the *Corporations Act 2001*, the basis of accounting specified by all Accounting Standards and Interpretations, and the disclosure requirements of Accounting Standards AASB 101 *Presentation of Financial Statements*, AASB 107 *Cash Flow Statements* and AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*.

**(f) Revenue Recognition**

Revenue is recognised to the extent that it is probable that the economic benefit will flow to the entity and the revenue can be reliably measured.

**(g) Income Taxes**

The income tax expense or revenue for the year is the tax payable on the current year's taxable income adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements and for 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 consolidated financial statements. However, the deferred income tax is 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 reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

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

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

**(g) Income Taxes (Continued)**

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 related to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax 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) Goods and Services Tax (GST)**

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

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

Cash flows are presented on a gross basis. The GST component 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.

**(i) Cash and cash equivalent**

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

**(j) Investment and other financial assets**

**Classification**

The Group classifies all of its financial assets as loans and receivables. Management determines the classification of its financial assets at initial recognition.

**Loans and receivables**

Loans and receivables are non-derivative financial assets with a fixed or determinable payments that are not quoted in an active market. They are recognised initially at fair value and subsequently at amortised cost less impairment. 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 trade and other receivables in the statement of financial position.

**(j) Investment and other financial assets(Continued)**

Collectability of loans and receivables is reviewed on an ongoing basis. Debts that are known to be uncollectible are written off by reducing the carrying amount directly. An allowance account (provision for impairment) is used when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables or in an otherwise timely manner. The amount of impairment allowance is the difference between the asset's carrying amount and the estimated future cash flows.

The amount of impairment loss is recognised in the statement of profit or loss and other comprehensive income within impairment expenses. When a loan or receivable for which an impairment allowance has been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in the statement of profit or loss and other comprehensive income.

**Recognition and derecognition**

Regular purchases and sales of financial assets are recognised on trade-date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at "fair value"(as used in this report, "fair value" bears the meaning ascribed by the AASB which can produce a result that does not reflect market or realisable value) plus transaction costs for all financial assets not carried at "fair value" through profit or loss. Financial assets carried at "fair value" through profit or loss are initially recognised at "fair value" and transaction costs are expensed to the statement of profit or loss and other comprehensive income. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

**Measurement**

Loans and receivables are carried at amortised cost using the effective interest method.

**Impairment**

The Group assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired. If there is evidence of impairment for any of the Group's financial assets carried at amortised cost, the loss is measured as the difference between the assets carrying amount and the present value of estimated future cash flows, excluding future credit losses that have not been incurred. The cash flows are discounted at the financial asset's original effective interest rate. The loss is recognised in the statement of profit or loss and other comprehensive income.

**(k) Exploration Expenditure**

It is the Group's policy to capitalise the costs of acquiring rights to explore areas of interest. Exploration and evaluation costs related to an area of interest are carried forward only when rights of tenure to the area of interest are current and provided that one of the following conditions is met:

- Such costs are expected to be recouped through successful development and exploitation of the area of interest, or alternatively by its sale; or
- Exploration and/or evaluation activities in the area of interest have not yet reached a state which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area are continuing.

When the technical feasibility and commercial viability of extracting a mineral resource have been demonstrated then any capital expenditure and evaluation expenditure is reclassified as capitalised mine development. Prior reclassification, capitalised exploration and evaluation expenditure is assessed for impairment.

When an area of interest is abandoned or the directors decide that it is not commercial, any capitalised acquisition costs in respect of that area are written off in the year the decision is made.

**Impairment**

The carrying value of capitalised exploration and evaluation expenditure is assessed for impairment at the cash generating unit level whenever facts and circumstances suggest that the carrying amount of the assets may exceed its recoverable amount.

An impairment exists when the carrying amount of an asset or cash-generating unit exceeds its estimated recoverable amount. Any impairment losses are recognised in the statement of profit or loss and other comprehensive income.

**(l) Trade and other payables**

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. The amounts are unsecured non-interest bearing and are paid on normal commercial terms.

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

**(m) Issued capital**

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.

**(n) Comparative figures**

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

**(o) New accounting standards and interpretations**

There are a number of new Accounting Standards and interpretations issued by the AASB that are not yet mandatorily applicable to the consolidated entity and have not been applied in preparation of these consolidated financial statements. The Group does not plan to adopt these standards early.

These standards are not expected to have a material impact on the Group in the current or future reporting periods.

**2. INCOME AND EXPENSES**

	For the 12 months ended at 31 December 2016 \$	For the 12 months ended at 31 December 2015 \$
Administration expenses	(45,488)	(5,997)
Director Fees	(556,527)	-
Interest paid	(68,258)	-
Forgiveness of Debt	-	3,791,046
Costs of Placing and Admission	(881,064)	(113,659)
	<b>(1,551,337)</b>	<b>3,671,390</b>

In the prior year, debt totalling \$3,791,046 owing to Dragon Mining Limited was acquired and subsequently forgiven by Ausinox plc.

**3. DISCONTINUED OPERATIONS**

During the prior period, the Company disposed of its 100% owned subsidiary, Ausinox Pty Limited. Until the date of disposal, Ausinox Pty Limited made no profit or loss. The sale of the subsidiary was at its carrying value, hence there was no profit or loss from discontinued operations.

#### 4. CASH AND CASH EQUIVALENTS

	31 December 2016 \$	31 December 2015 \$
Cash at Bank	23,962	3,164
	<b>23,962</b>	<b>3,164</b>

Reconciliation of net loss after tax to net cash flows from operating activities	31 December 2016 \$	31 December 2015 \$
Net Profit/(loss) after income tax	(1,551,337)	3,671,390
<i>Changes in assets and liabilities</i>		
- Increase/(decrease) in accounts payable/accruals relating to operating activities	621,511	(628,914)
<i>Non-cash flows in profit</i>		
(Increase)/decrease in debt forgiveness	-	(3,791,046)
Net operating cash flows	<b>(929,826)</b>	<b>(748,570)</b>

#### Non cash investing and financing activities

During the prior period ended 31 December 2015, the Company received shares in Ausinox plc with a value of \$4,397,851 from the sale of all of the issued capital of Ausinox Pty Limited which owns a 51% equitable interest in the Oxide Mining Rights and Stainless Steel Alloy Project within the Mining Tenements of the Company covering of the Weld Range Complex.

Further, the Company's loan from Dragon Mining Limited, totalling \$3,791,046, was acquired by Ausinox plc and subsequently forgiven.

#### 5. TRADE AND OTHER RECEIVABLES

	31 December 2016 \$	31 December 2015 \$
<b>Current</b>		
GST Collectable	379	1,249
Accounts Receivable	2,473	52,640
	<b>2,852</b>	<b>53,889</b>

## 6. EXPLORATION AND EVALUATION

	31 December 2016 \$	31 December 2015 \$
Balance at beginning of the year	5,175,395	10,004,061
<i>Movements during the year</i>		
Current year expenditure	430,376	1,199,514
Exploration held by Ausinox Pty Limited (disposal of subsidiary)	-	(1,630,329)
Sale of exploration assets to Ausinox plc	-	(4,397,851)
Total exploration expenditure	<b>5,605,771</b>	<b>5,175,395</b>

The costs deferred in respect of exploration expenditure are dependent upon successful development and commercial exploitation of the area of interest.

### *Sale of exploration interest*

During the prior period, the Company sold all of the issued capital in Ausinox Pty Limited, a wholly owned subsidiary of the Company to Ausinox plc for a consideration of GBP2,045,000 (A\$4,397,851) satisfied by the issue of 20,450,000 ordinary shares in Ausinox plc at an issue price of GBP0.10 per share. Ausinox Pty Limited owns 51% of the oxide mining rights within the mining leases held by the Company pursuant to the Stainless Steel Alloy Joint Venture Agreement between the Company and Ausinox Pty Limited. The consideration for this sale and transfer, treated in the manner of a farm-in to the oxide mining rights, has been deducted from existing exploration expenditure of the Company.

## 7. INVESTMENT IN AUSINOX plc

Ausinox plc is an associate of the Company by virtue of the Company's 36% shareholding in Ausinox plc.

Name	Classification	Place of Business	Proportion of Ordinary Shares Held	Measurement Method	Carrying Amount \$
Ausinox plc	Associate	Perth, Australia	36%	Equity Method	3,951,603

Ausinox plc is a public company incorporated in England and Wales engaged in the evaluation and development of the Stainless Steel Alloy Project based on the Range Well Resources within the Mining Tenements of the Company covering the Weld Range Complex in Western Australia.

## 8. TRADE AND OTHER PAYABLES

	31 December 2016 \$	31 December 2015 \$
<b>Current</b>		
Trade Creditors	924,395	706,781
Accruals	386,626	-
	<b>1,311,021</b>	<b>706,781</b>

**9. INTEREST-BEARING LOANS AND BORROWINGS**

<b>Current</b>	<b>31 December 2016 \$</b>	<b>31 December 2015 \$</b>
Ausinox Pty Limited - Loan	1,381,000	-
- Interest	68,258	-
<b>Total</b>	<b>1,449,258</b>	<b>-</b>

The loan agreement dated 27<sup>th</sup> September 2016 between Ausinox Pty Limited and the Company, Ausinox agreed to provide an unsecured loan to the Company. The loan interest rate is 10% p.a. The Company will accrue interest daily until the Company repays the loan.

**10. NON-INTEREST BEARING LOANS AND BORROWINGS**

<b>Current</b>	<b>31 December 2016 \$</b>	<b>31 December 2015 \$</b>
Shareholder Loans	-	102,024
	-	<b>102,024</b>

**11. ISSUED CAPITAL**

	<b>31 December 2016 No of Shares</b>	<b>31 December 2016 \$</b>
<b>Share Capital</b>		
Opening Balance 1 January 2015 & 1 January 2016	95,032,468	17,442,814
<b>Total contributed equity 31 December 2015 &amp; 31 December 2016</b>	<b>95,032,468</b>	<b>17,442,814</b>

Ordinary shares have the right to receive dividends as declared and entitle their holder to one vote, either in person or by proxy, at a meeting of the Company.

**12. DIVIDENDS PAID OR PROVIDED FOR**

No dividends were paid or provided for during the year.

### 13. FINANCIAL RISK MANAGEMENT

The Groups activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk) credit risk and liquidity risk.

Risk management is carried out by the full Board of Directors as the Group believes it is crucial for all board members to be involved in this process.

- (a) Market risk
- (i) Foreign exchange risk

The Group held a small amount of Sterling in the bank account at 31 December 2016.

Transactions denominated in foreign currencies are translated into Australian dollars at the rates ruling at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the rates ruling at the balance sheet date. Translation differences are taken to the profit and loss account.

- (ii) Commodity price risk

Given the current level of operations, the Group's financial statements for the year ended 31 December 2016 are not exposed to commodity price risk.

- (iii) Interest rate risk

The Group is exposed to movements in market interest rates on cash and cash equivalents. The Group policy is to monitor the interest rate yield curve out to six months to ensure a balance is maintained between the liquidity of cash assets and the interest rate return. The entire balance of cash and cash equivalents for the Group \$23,962 (2015: \$3,164) was not subject to interest rate risk. The weighted average interest rate received on cash and cash equivalents by the Group was nil (2015: nil).

#### *Sensitivity analysis*

At 31 December 2016, if interest rates had changed by +/-100 basis points the interest the Group loss would have remained the same.

- (a) Credit risk

The Group has no significant concentrations of credit risk. The maximum exposure to credit risk at balance date is the carrying value amount (net of provisions for impairment) of those assets as disclosed in the statement of financial position and notes to the financial statements.

All surplus cash holdings within the Group are currently invested with the ANZ Banking Group, a AA rated institution.

### 13. FINANCIAL RISK MANAGEMENT (continued)

#### (b) Liquidity risk

The Group manages liquidity risk by continuously monitoring forecast and actual cash flows and ensuring sufficient cash and marketable securities are available to meet the future commitments of the Group. Due to the nature of the Group's activities, being mineral exploration, the Group does not have ready access to credit facilities, with the primary source of funding being equity raisings. The Board of Directors constantly monitor the state of equity markets in conjunction with the Group's current and future funding requirements, with a view to initiating appropriate capital raisings.

The financial liabilities of the Group are confined to trade and other payables as disclosed in the statement of financial position. All trade and other payables are non-interest bearing and due within 12 months of the reporting date.

#### (c) Fair value estimation

The fair value (not market value) of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes. All financial assets and financial liabilities of the Group at the balance date are recorded at amounts approximating their carrying amount due to their short term nature.

### 14. REMUNERATION OF AUDITORS

During the year the following fees were paid or payable for services provided by the auditors of the Company, its related practices and non-related audit firms.

	31 December 2016 \$	31 December 2015 \$
<b>(a) Audit services</b>		
Somes Cooke – audit of financial reports	-	13,000
Greenwich & Co Audit Pty Ltd – audit of financial reports	31,000	-
Total Remuneration for audit services	31,000	13,000
<b>(b) Non- Audit services</b>		
Total remuneration for other services	-	-
<b>TOTAL</b>	<b>31,000</b>	<b>13,000</b>

## 15. INCOME TAX

(a) Income tax expense	For the 12 months ended at 31 December 2016 \$	For the 12 months ended at 31 December 2015 \$
Current tax	-	-
Deferred tax	-	-
<b>(b) Numerical reconciliation of Income tax expense to prima facie tax</b>		
Profit/(Loss) from continuing operations before income tax expense	(1,551,337)	3,671,390
Prima facie tax benefit at the Australian tax rate of 30%	(465,401)	1,101,417
Tax effect of current year tax losses for which no deferred tax asset has been recognised.	465,401	(1,101,417)
Income Tax expense	-	-

### (c) Unrecognised deferred tax assets

Net deferred tax assets have not been brought to account as it is not probable within the immediate future that tax profits will be available against which deductible temporary differences and tax losses can be utilised.

The Groups ability to use losses in the future is subject to the Group satisfying the relevant tax authorities criteria for using tax losses.

## 16. EXPENDITURE COMMITMENTS

The Company is the registered holder of 100% of a package of contiguous mining tenements comprising mining leases with an area of 7,800 hectares covering the Weld Range Complex near Weld Range in Western Australia.

Due to the nature of the consolidated entity's operations in exploring and evaluating areas of interest within the Mining Tenements of the Company, it is very difficult to accurately forecast the nature or amount of future expenditure, although it will be necessary to incur expenditure in order to retain present interests in Mining Tenements.

Expenditure commitments on Mining Tenements for the parent entity and consolidated entity can be reduced by selective relinquishment of exploration tenure or by the renegotiation of expenditure commitments or by farmout. The approximate minimum level of expenditure requirements are detailed below.

	31 December 2016 \$	31 December 2015 \$
Within one year	1,186,747	1,177,300
One year or later and no later than five years	4,552,776	5,544,455
Greater than five years	14,379,214	14,285,331
	<b>20,088,737</b>	<b>21,007,086</b>

## 17. RELATED PARTY TRANSACTIONS

### (a) Parent Entity

The ultimate parent entity within the Group is Weld Range Metals Limited.

### (b) Subsidiaries

Interest in subsidiaries are set out in note 18.

### (c) Director / Shareholder transactions

- (i) In the current year, \$1,381,000 in loan funds was advanced to the Company by Ausinox Pty Ltd ("APL"), under a loan agreement between the the Company and APL. The full balance advanced is included in Interest Bearing Loans & Borrowings at the year end date. Ausinox plc, an associate of the Company, owns all of the issued capital of APL. Mr Thomson is a director of both APL and the Company.
- (ii) While the loan from APL was outstanding, \$68,258 in interest and \$120,000 in associated fees have been accrued by the Company pursuant to the terms of the loan agreement between APL and the Company. All accrued charges were outstanding at the year end date.
- (iii) During the year, APL paid \$68,958 in expenses on the Company's behalf, which the Company fully reimbursed before the year end date.
- (iv) During the year, \$45,689 was paid by the Company to Kefco Nominees Pty Ltd, an entity related to Mr Dodd, in settlement of a loan that had been historically advanced to the Company.
- (v) During the year, the Company incurred \$31,200 in office rent costs from Mining Finance Investment Corporation Pty Limited ("MFIC"). Mr Thomson is also a director and indirect shareholder of MFIC.
- (vi) In the prior period, the Company paid \$264,392 in fees to Woodgate Investments Ltd for providing corporate and financial advisory services. This was capitalised as part of exploration expenditure. The payment was satisfied by issuing 2,643,920 shares. Mr Castro is related to Woodgate.
- (vii) In the prior period, the Company transferred 2,200,000 shares valued at \$446,248 to KM Securities Pty Limited for services provided to the Company arising from the Heads of Agreement between the Dragon Mining Limited, KM Securities Pty Limited and the Company dated 7 February 2008. This payment was capitalised as part of exploration expenditure. Mr Thomson is an indirect shareholder of KM Securities Pty Limited and Mr Dodd was a director and indirect shareholder of KM Securities Pty Limited.

## 18. SUBSIDIARIES

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1 (b).

Name	Country of Incorporation	Class of Shares	Equity Holding	
			2016 %	2015 %
Ausinox Pty Limited	Australia	Ordinary	-	-

The subsidiary Ausinox Pty Limited was sold to Ausinox plc under the share sale agreement dated 26 January 2015, with the transaction completed on the 19 October 2015.

## 19. SEGMENT INFORMATION

For management purposes, the Group has identified only one reportable segment as exploration activities undertaken in Western Australia. This segment includes activities associated with the determination and assessment of the existence of commercial economic reserves, from the Group's mineral assets in this one geographical location.

Segment performance is evaluated based on the operating profit and loss and cash flows and is measured in accordance with the Group's accounting policies.

	31 December 2016 \$	31 December 2015 \$
<b>EXPLORATION SEGMENT</b>		
<b>Segment Revenue</b>	-	-
Reconciliation of segment revenue to total revenue before tax		
<b>TOTAL REVENUE</b>	-	-
<b>Segment results</b>	(1,551,337)	3,671,390
Reconciliation of segment result to net profit/ (loss) before tax:		
- Other corporate and administration		
<b>NET PROFIT/(LOSS) BEFORE TAX</b>	<b>(1,551,337)</b>	<b>3,671,390</b>
<b>Segment operating assets</b>	9,584,918	9,184,781
Reconciliation of segment operating assets to total assets		
- Other corporate and administration assets		
<b>TOTAL ASSETS</b>	<b>9,584,918</b>	<b>9,184,781</b>
<b>Segment operating liabilities</b>	2,760,279	808,805
Reconciliation of segment operating liabilities to total liabilities:		
- Other corporate and administration liabilities		
<b>TOTAL LIABILITIES</b>	<b>2,760,279</b>	<b>808,805</b>

**20. CONTINGENCIES**

There are no material contingent liabilities or contingent assets of the Group at the reporting date.

**21. EVENTS OCCURRING AFTER THE BALANCE SHEET DATE**

The Company submitted a draft prospectus and related documentation to the UK Listing Authority for a placing by an initial public offering of shares to raise funds for the Sulphide Projects ("**Placing**") and the admission of the enlarged issued share capital of the Company by way of a Standard Listing to the London Stock Exchange's Main Market for listed securities ("**Admission**").

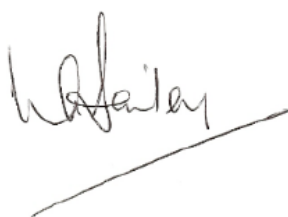
At the date of this Annual Report, the Company is working towards completion of the Placing and Admission during 2017.

## Director's Declaration

In accordance with a resolution of the Directors of Weld Range Metals Limited, I state that:

- (1) The financial statements and notes, as set out within this report, are in accordance with the *Corporations Act 2001* and:
  - (a) Comply with Australian Accounting Standards, which, as stated in accounting policy Note 1 to the financial statements, constitutes explicit and unreserved compliance with International Financial Reporting Standards (IFRS); and
  - (b) Give a true and fair view of the financial position as at 31 December 2016 and of the performance for the year ended on that date of the Company.
- (2) In the director's 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 and is signed by authority for an on behalf of the Directors by.

A handwritten signature in dark ink, appearing to read 'W.A. Bailey', with a long horizontal line extending from the end of the signature.

W.A. Bailey  
Non-Executive Chairman

Signed in Perth this 24<sup>th</sup> day of May 2017