Caeneus Minerals Ltd

ACN 082 593 235

and its controlled entity

Annual report for the financial year ended 30 June 2015

Corporate directory

Board of Directors

Mr Keith Bowker	Non-Executive Director
Mr Antony Sage	Non-Executive Director
Mr Michael Nottas	Non-Executive Director

Company Secretary
Mr Keith Bowker

Registered and Principal Office
Suite 1, 56 Kings Park Road
West Perth, Western Australia 6005
Tel: +61 8 9481 0544
Fax: +61 8 9481 0655

Postal Address
PO Box 964
West Perth, Western Australia 6872

Website
Website: www.caeneus.com.au

Auditors
Stantons International
Level 2, 1 Walker Avenue
West Perth, Western Australia 6005

Share Registry
Advanced Share Registry Ltd
110 Stirling Highway
Nedlands, Western Australia 6009
Tel: +61 8 9389 8033
Fax: +61 8 9262 3723

Stock Exchange
Australian Securities Exchange Limited
Level 40, Central Park
152-158 St George's Terrace
Perth, Western Australia 6000

ASX Code: CAD

Annual report for the financial year ended 30 June 2015

Contents

Directors' report

The directors of Caeneus Minerals Ltd ("Caeneus" or "the Company") submit herewith the annual report of Caeneus Minerals Ltd and its controlled entity ("the Group") for the financial year ended 30 June 2015. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

Information about the directors

The names and particulars of the directors of the Group during or since the end of the financial year are:

Name	Particulars
Mr Keith Bowker *BCom, CA*	Non-Executive Director, joined the Board on 17 April 2014. Mr Bowker is a Chartered Accountant and is a founding director of Somerville Advisory Group, a firm which specialises in providing financial reporting, compliance, corporate advisory services and company secretarial services to ASX listed companies predominately within the resources sector.
Mr Antony Sage *BCom, FCPA, CA, FTIA*	Non-Executive Director, joined the Board on 22 December 2010. Mr Sage has in excess of 27 years' experience in the fields of corporate advisory services, funds management and capital raising. Mr Sage is based in Western Australia and has been involved in the management and financing of listed mining companies for the last 15 years. He was a founding director of International Goldfields Limited and its merger partner Hamill Resources Limited (the merged entity now being Cape Lambert Resources Ltd). Mr Sage is currently the Chairman of Cauldron Energy Limited and Non-Executive Chairman of Fe Limited and Global Strategic Metals NL, Executive Director of Kupang Resources Limited. He was the Non-Executive Deputy Chairman of NSX listed African Petroleum Corporation Limited and Director of NSX listed International Petroleum Limited.
Mr Michael Nottas *BCom*	Non-Executive Director, joined the Board on 17 April 2014. Mr Nottas is a representative with CPS Capital Group Pty Ltd and has participated in several small to mid-tier corporate transactions for ASX listed companies. Mr Nottas previous experience includes several years as a Private Client Advisor with Patersons Securities and has also held positions at Worleyparsons and Fortescue Metals Group.
Mr Jefferey Hamilton *B.Eng (Mech Eng)*	Non-Executive Director, joined the Board on 26 July 2013. Mr Hamilton is a mechanical engineer with approximately 32 years' experience in construction and mine development in Australia and various countries around the world. Mr Hamilton resigned on 17 July 2014.

The above named directors held office during the whole of the financial year and since the end of the financial year except for:

- Mr Jefferey Hamilton – resigned 17 July 2014

Directorships of other listed companies

Directorships of other listed companies held by directors in the 3 years immediately before the end of the financial year are as follows:

Name	Company	Period of directorship
Keith Bowker	Vortex Pipes Limited	2012-2013
Antony Sage	Cape Lambert Resources Limited	Since 2000
	Cauldron Energy Limited	Since 2009
	Fe Ltd	Since 2009
	Global Strategic Metals NL	Since 2012
	Kupang Resources Limited	Since 2012
	International Goldfields Limited	2009-2013
	International Petroleum Limited (NSX)	2006-2013
	African Petroleum Corporation Ltd (NSX)	2007-2013

Directors' shareholdings

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

	Fully paid ordinary shares	Share options
Directors	Number	Number
Keith Bowker	14,692,191	14,692,191
Antony Sage	35,000,000	-
Michael Nottas	-	-

There has not been any movement in the directors' shareholdings or options holdings since the start of the financial year until the date of this report except for the exercise of 10,000,000 options by Antony Sage (refer to the remuneration report on page 12 for further details).

Share options granted to directors and senior management

No options over ordinary shares or shares in the Company were granted as remuneration to the Company's directors or any of its employees during the current year (2014: nil).

Company Secretary

Mr Keith Bowker held the position of company secretary of Caeneus Minerals Ltd at the end of the financial year. Mr Bowker is a founding director of Somerville Advisory Group, a company specialising in providing company secretarial, corporate governance and corporate advisory services.

Dividends

No dividends have been paid or declared since the start of the financial year and the directors have not recommended the payment of a dividend in respect of the financial year.

Shares under option or issued on exercise of options

Details of unissued shares or interests under option as at the date of this report are:

Issuing entity	Grant date	Number of shares under option	Class of shares	Exercise price of option	Expiry date of options
Caeneus Minerals Ltd[i]	15 Dec 2011	19,500,000	Ordinary	$0.005	31 Dec 2016
Caeneus Minerals Ltd[ii]	28 Feb 2014	306,150,001	Ordinary	$0.030	27 Feb 2017

[i] Options issued by the then Matrix Metals Limited pursuant to a Prospectus dated 13 December 2011.

[ii] Options issued in consideration for the acquisition of Caeneus Minerals Pty Ltd (ASX announcement dated 24 December 2013).

The holders of these options do not have the right, by virtue of the option, to participate in any share issue or interest issue of the Company or of any other body corporate or registered scheme.

There have been no options granted over unissued shares or interests or interest of any controlled entity within the Group during or since the end of the reporting period.

Shares issued on the exercise of options

20,500,000 shares were issued during or since the end of the financial year as a result of exercise of options (2014: 10,000,000).

Indemnification of officers and auditors

During the financial year, the Company paid a premium in respect of a contract insuring the directors of the Company (as named above), the company secretary, Mr Keith Bowker, and all executive officers of the Company and of any related body corporate against a liability incurred as such a director, secretary or executive officer to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

The Company has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify an officer or auditor of the Company or of any related body corporate against a liability incurred as such an officer or auditor.

Directors’ meetings

No meetings of the board of directors were held during or since the end of the financial year. The directors maintained frequent communications and as such, all important issues and decisions were authorised and resolved via circular resolutions.

Proceedings on behalf of the Company

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

Non-audit services

The auditors did not perform any non-audit services during the financial year.

Auditor’s independence declaration

The auditor’s independence declaration is included on page 15 of this annual report.

Operating and financial review

Principal activities

Caeneus Minerals Ltd is an Australian-based mineral exploration and development company established for the purpose of acquiring a portfolio of highly prospective exploration projects or near term development projects in Australia.

Operating results

The consolidated loss of the Group for the financial year, after providing for income tax, amounted to $1,422,717 (2014: $3,034,797). The consolidated loss resulted primarily from a non-cash impairment of exploration and evaluation expenditure of $860,405. Further discussion on the Group's operations is provided below:

Review of operations

Sale of Wee MacGregor Project

On 17 July 2014, the Company announced that it had reached an agreement with private entity Mining International Pty Ltd (Mining International) (ACN 148 214 608) to transfer 100% of the Company's interests in the Wee MacGregor Project in Queensland. Mining International is a wholly owned subsidiary of Cape Lambert Resources Ltd (ASX: CFE). The disposal of these assets was part of the Company's ongoing strategy of rationalising less prospective non-core assets to help reduce administrative costs and accelerate further exploration and realisation of the Company's core assets such as the Supernova and Mt Davis Projects.

Acquisition of contractual rights to mine at Silver Swan

On 21 May 2015, after several months of negotiations, the Company announced that it has entered into a binding agreement ("Agreement") with Poseidon Nickel Limited ("Poseidon") (ASX: POS) to acquire the contractual rights ("Acquisition") to mine the Silver Swan underground nickel mine which has been on care and maintenance since February 2009, located 55km north-east of Kalgoorlie in Western Australia.

Under the Agreement, Caeneus Minerals Ltd will acquire a beneficial interest in tenement ML 27/200, which contains the Silver Swan underground nickel mine and has been granted a right to mine, remove and sell nickel ore above a grade of 2% Ni as well as to undertake exploration for nickel from the existing underground decline below a depth of 100m. Poseidon will also grant Caeneus a licence to enter the tenements and the right to utilise existing surface infrastructure and access tenements to facilitate underground mining operations.

The Agreement remains subject to satisfaction of conditions precedent including completion of due diligence (now completed) and shareholder and all necessary regulatory approval.

The consideration payable by Caeneus to Poseidon for the Acquisition is:

- a deposit of $150,000 plus GST being settled via the issue of 10,714,286 fully paid ordinary shares in the Company at a deemed issue price of $0.014 each plus cash of $15,000 being the GST component. The shares were issued on 22 May 2015 and the $15,000 was paid on the same day.
- a completion payment of $1,350,000 plus GST on or before 14 September 2015; and
- reimbursement of care and maintenance costs from 1 April 2015 to 14 September 2015 estimated at $1.5m and continuing thereafter.

On 11 September 2015, the Company terminated the Agreement as it was unsuccessful in raising the required funds to complete the transaction. On 14 September 2015, Poseidon acknowledged the termination of the Agreement via a letter to the Company detailing a total amount of $947,352 outstanding representing care and maintenance costs. Poseidon indicated in the letter that it has the rights to be reimbursed these costs by either a cash payment or an issue of shares in the Company at its election. Representatives from the Company and Poseidon are currently into negotiations and are discussing the liability of these outstanding costs as well as their repayment. The directors of the Company believe that these costs are not payable as the binding agreement was terminated before completion occurred.

Issue of convertible notes

On 11 August 2015, the Company raised $150,000 via the issue of 150,000 convertible notes at $1.00 each. The funds raised from these convertible notes were used for working capital purposes.

Projects

Supernova Project

The Supernova Project is located on tenement E69/3066 approximately 125km east of the gold mining centre of Norseman in Western Australia (refer Figure 1). The Project is situated within the Proterozoic Albany-Fraser Mobile Belt (Belt) on the south-east margin of the Yilgarn Craton. The Belt hosts the Fraser Complex which is a series of layered mafic intrusions where recently a new nickel province has emerged following the discovery of the Nova-Bollinger deposits by Sirius Resources Ltd.

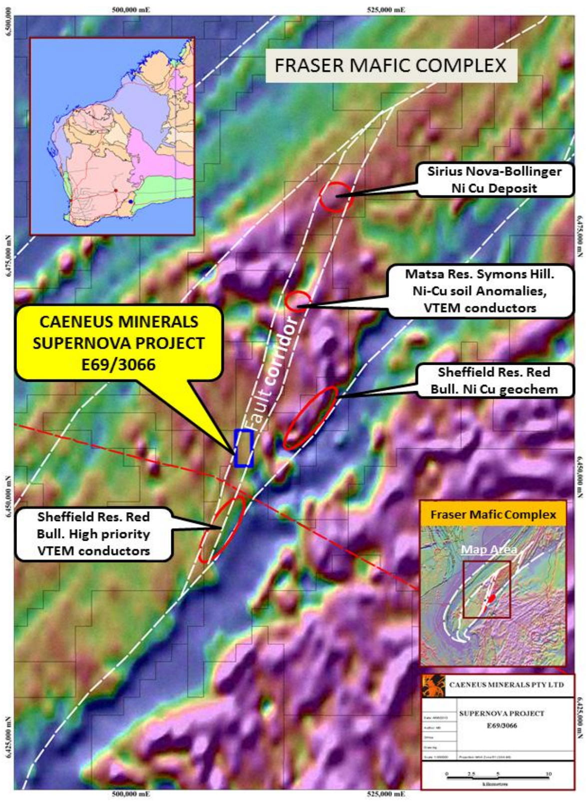

Figure 1: Location of Supernova Project

The Project is surrounded by explorers with ground within the layered gabbro units of the Fraser Complex, with local Prospects showing elevated copper, nickel, cobalt and PGE's from soil sampling and drilling. Nearby companies with notable results include Enterprise Metals Ltd, Sheffield Resources Ltd, Matsa Resources Ltd and Sirius Resources Ltd just 23km NNE of the Supernova Project.

Very little exploration has previously been carried out on tenement E69/3066, with only a small dimension stone quarry present in the middle of the lease. This quarry was mining "black granite" from a doleritic intrusive mafic reminiscent of nickeliferrous host rocks occurring at nearby local prospects. Recent field work conducted by Caeneus Minerals Ltd included a geochemical soils program targeting magmatic nickel sulphides. The east-west program comprised 150 samples with 100m spacing over 400m spaced lines. Samples were submitted to Quantum Analytical Laboratories in Welshpool, Western Australia for multi element analysis. Results revealed a multi-element soil anomaly centred over the area of the quarry where intrusive mafic rocks outcrop. The program identified a positive area some 2km long and 300m wide with coincident Ni, Cu, Cr and Co that warrants additional investigation.

Further work programs will include more detailed infill soil sampling and rock-chip sampling followed with a combination of detailed magnetic, gravity and electromagnetic surveying to delineate subsurface primary sulphide mineralisation and provide more discrete targets for drilling.

Mt Davis Project

The Mt Davis Project near Leonora in Western Australia comprises eight (8) contiguous prospecting licences totalling 1287ha, formerly held by Jupiter Mines Ltd and then Bligh Resources Ltd (refer to Figure 2).

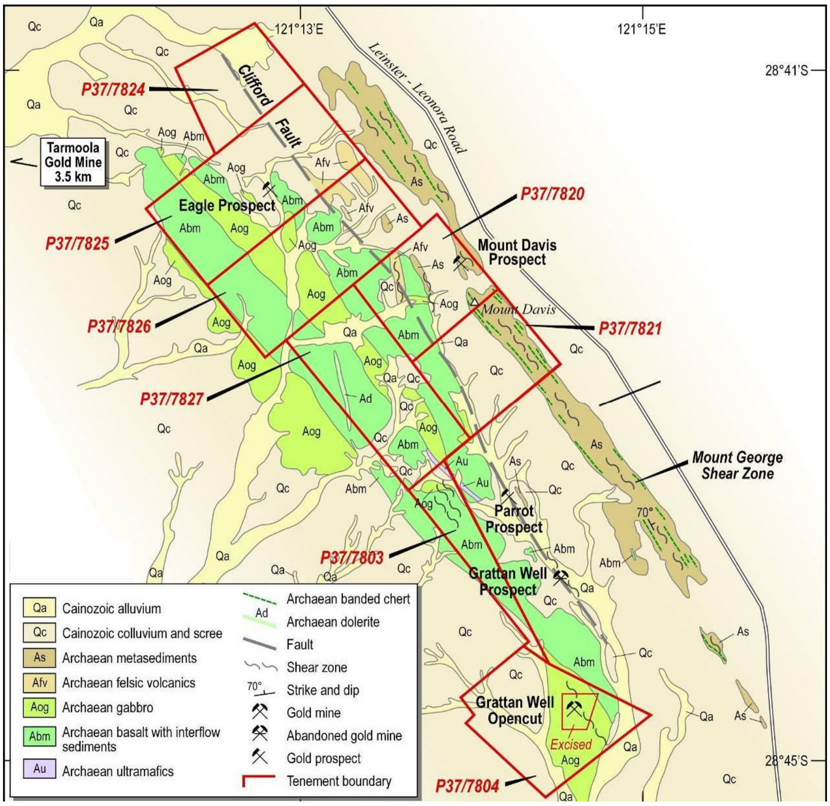

Figure 2: Mt Davis tenements

The Leonora area has a long and rich gold mining history and the geology for the Mt Davis tenements has gold mineralisation associated with pyritic quartz veins in sheared mafic volcanics. The tenements are situated approximately 6km southeast of the Tarmoola Gold Mine that has produced over 3M oz of gold. The leases run parallel to the northwest to southeast trending mafic units that host the Tarmoola Deposit. P37/7803 surrounds (but does not include) the historic Grattan Well mining centre.

The western sector of the Mt Davis area is underlain by a north-northwest trending sequence of metamorphosed high magnesium basalts, dolerite-gabbro intrusives and ultramafic lenses, which occupy areas of low relief often covered by superficial alluvium and soil. Over the eastern sector of the property, high relief ridges formed of steep easterly dipping banded chert and jaspilite are enclosed by less resistant strongly foliated volcaniclastic metasediments, inter-layered by felsic volcanics and minor mafic and ultramafic flows.

The regionally significant Mt George fault structure is interpreted to run through the property in a north-northwest direction and to mark the contact zone between mafic and ultramafic volcanic and intrusive rocks to the west and metasediments, banded chert horizons and felsic volcanic sequences to the east. This major shear zone manifests itself as a series of parallel shears; the southwest shear running through the small Grattan Well open-cut is called the Grattan Well shear, the central is referred to as the Clifford shear, while the easterly is known as the Mt George fault structure and is associated with gold mineralisation at Mt Davis.

Subsequent events

On 28 July 2015, the Company announced that Poseidon Nickel Limited ("Poseidon") (ASX: POS) has agreed to extend the completion date for its acquisition of the contractual rights to mine at Silver Swan nickel mine ("Completion Date") from 1 August 2015 to 14 September 2015 ("revised Completion Date"). In consideration for Poseidon agreeing to extend the Completion Date, Poseidon may elect to be either:

- reimbursed the care and maintenance costs for the period 1 August 2015 to the revised Completion Date in the sum of $300,000 in cash; or
- issued the number of fully paid ordinary shares in Caeneus which when multiplied by the lower of the actual price of the capital raising being undertaken and the 5 day VWAP for shares prior to the revised Completion Date will equal $300,000.

On 11 August 2015, the Company announced it has raised $150,000 via the issue of 150,000 convertible notes at $1.00 each.

On 11 September 2015, the Company announced that it had terminated the binding agreement with Poseidon Nickel Limited in relation to the Company's acquisition of contractual rights to mine the Silver Swan underground nickel mine. The Company was unsuccessful in raising the required funds to complete the transaction. On 14 September 2015, Poseidon acknowledged the termination of the binding agreement via a letter to the Company detailing a total amount of $947,352 outstanding representing care and maintenance costs. Poseidon indicated in the letter that it has rights to be reimbursed these costs by either a cash payment or an issue of shares in the Company at its election. Representatives from the Company and Poseidon are currently into negotiations and are discussing the liability of these outstanding costs as well as their repayment. The directors of the Company believe that these costs are not payable as the binding agreement was terminated before completion occurred.

Other than the above, there has not been any matter or circumstance occurring subsequent to the end of the financial year that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

Future developments, prospects and business strategies

Disclosure of detailed information on likely developments in the operations of the Group and the expected results of operations have not been included in this annual financial report because the directors believe it would likely to result in unreasonable prejudice to the Group. The Group will continue with the process of identifying and assessing new investments opportunities and assets for acquisition for its future growth prospects with a focus on nickel and base metals.

Environmental regulations

The Group's operations are not subject to significant environmental regulation under the Australian Commonwealth or State law.

Corporate governance

The directors support and adhere to the principles of corporate governance, recognising the need for the highest standard of corporate behaviour and accountability. The Company's Corporate Governance Statement and its compliance with ASX guidelines can be found on the Company's website at www.caeneus.com.au. The policies and compliance as stated were in place for the whole year and are current as at the date of this report.

Remuneration report (audited)

This remuneration report, which forms part of the directors' report, sets out information about the remuneration of Caeneus Minerals Ltd's key management personnel for the financial year ended 30 June 2015. The term 'key management personnel' refers to those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including any director (whether executive or otherwise) of the Group. The prescribed details for each person covered by this report are detailed below under the following headings:

- key management personnel
- remuneration policy
- relationship between the remuneration policy and Group performance
- remuneration of key management personnel
- key terms of employment contracts.

Key management personnel
The directors and other key management personnel of the Group during or since the end of the financial year were:

Non-executive directors	Position
Mr Keith Bowker	Non-executive director
Mr Antony Sage	Non-executive director
Mr Michael Nottas	Non-executive director
Mr Jefferey Hamilton (resigned 17 July 2014)	Non-executive director

Except as noted, the named persons held their current position for the whole of the financial year and since the end of the financial year.

Remuneration policy
Caeneus's remuneration policy, which is set out below, is designed to promote superior performance and long term commitment to the Group.

As at the date of this report, the Group has three (3) non-executive directors. As set out below, total remuneration costs for the 2015 financial year were $197,386 up from $89,582 for the previous financial year.

Non-executive director remuneration
Non-executive directors are remunerated by way of fees, in the form of cash, non-cash benefits, and do not normally participate in schemes designed for the remuneration of executives.

Shareholder approval must be obtained in relation to the overall limit set for the non-executive directors' fees. The maximum aggregate remuneration approved by shareholders for non-executive directors is $300,000 per annum. The directors set the individual non-executive director fees within the limit approved by shareholders.

Executive director remuneration
Executive directors receive a base remuneration which is market related, and may be entitled to performance based remuneration, which is determined on an annual basis.

Overall remuneration policies are subject to the discretion of the board and can be changed to reflect competitive and business conditions where it is in the interests of the Group and shareholders to do so. Executive remuneration and other terms of employment are reviewed annually by the board having regard to the performance, relevant comparative information and expert advice.

The board's remuneration policy reflects its obligation to align executive remuneration with shareholder interests and to retain appropriately qualified executive talent for the benefit of the Group. The main principles are:

(a) remuneration reflects the competitive market in which the Group operates;
(b) individual remuneration should be linked to performance criteria if appropriate; and
(c) executives should be rewarded for both financial and non-financial performance.

The total remuneration of executives consists of the following:

(a) salary – executives receive a fixed sum payable monthly in cash;
(b) cash at risk component – executives may participate in share and option schemes generally made in accordance with thresholds set in plans approved by shareholders if deemed appropriate. However, the board considers it appropriate to issue shares and options to executives outside of approved schemes in exceptional circumstances; and
(c) other benefits – executives may, if deemed appropriate by the board, be provided with a fully expensed mobile phone and other forms of remuneration.

The board has not formally engaged the services of a remuneration consultant to provide recommendations when setting the remuneration received by directors or other key management personnel during the financial year.

Relationship between the remuneration policy and Group performance

The board considers that at this time, evaluation of the Group's financial performance using generally accepted measures such as profitability, total shareholder return or per company comparison are not relevant as the Group is at an early stage in the implementation of a corporate strategy that includes the identification and acquisition of new business opportunities as outlined in the directors' report.

The table below sets out summary information about the Group's earnings and movements in shareholder wealth for the five years to 30 June 2015:

	30 June 2015 $	**30 June 2014 $**	**30 June 2013 $**	**30 June 2012 $**	**30 June 2011 $**
Revenue	53,756	48,343	8,161	138,209	188,945
Net (loss)/profit before tax	(1,422,717)	(3,034,797)	(159,764)	56,390,324	(2,889,100)
Net (loss)/profit after tax	(1,422,717)	(3,034,797)	(159,764)	56,390,324	(2,889,100)
Share price at start of year	0.01	0.01	0.02	0.02	0.02
Share price at end of year	0.01	0.01	0.01	0.02	0.02
Basic (loss)/earnings per share (cents per share)	(0.23)	(0.74)	(0.05)	10.76	(0.36)
Diluted (loss)/earnings per share (cents per share)	(0.23)	(0.74)	(0.05)	10.71	(0.36)

Remuneration of key management personnel

2015	Short-term employee benefits: Salary & fees $	Unpaid salary & fees $	Other $	Post-employment benefits: Superannuation $	Share-based payment: Options $	Total $
Directors						
Keith Bowker[1]	30,000	-	103,516	-	-	133,516
Antony Sage[2]	-	32,500	-	-	-	32,500
Michael Nottas	30,000	-	-	-	-	30,000
Jefferey Hamilton[3]	1,370	-	-	-	-	1,370
Total	**61,370**	**32,500**	**103,516**	**-**	**-**	**197,386**

[1] Amounts in 'Other' represents company secretarial and accounting fees as per an agreement with Somerville Advisory Group (Somerville). Mr Bowker is a director of Somerville.

[2] Mr Sage did not draw his full 2014 and 2015 entitlements (totalling $42,500) in order to help preserve the Company's limited cash reserves. Unpaid salary and fees for the 2015 financial year includes an amount of $2,500 relating to the 2014 financial year not accounted for in the 2014 financial year.

[3] Resigned 17 July 2014.

2014	Short-term employee benefits: Salary & fees $	Unpaid salary & fees $	Other $	Post-employment benefits: Superannuation $	Share-based payment: Options $	Total $
Directors						
Keith Bowker[1]	-	6,167	48,331	-	-	54,498
Antony Sage[2]	-	10,000	-	-	-	10,000
Michael Nottas[3]	-	6,167	-	-	-	6,167
Jefferey Hamilton[4]	-	10,000	-	-	-	10,000
Thomas Alabakis[5]	3,917	-	-	-	-	3,917
Martin Dormer[6]	5,000	-	-	-	-	5,000
Jason Bontempo[7]	-	-	-	-	-	-
Joe Ariti[8]	-	-	-	-	-	-
Total	**8,917**	**32,334**	**48,331**	**-**	**-**	**89,582**

[1] Appointed 17 April 2014. Mr Bowker did not draw his 2014 director's entitlement in order to help preserve the Company's cash reserves. Amounts in 'Other' represent company secretarial and accounting fees as per an agreement with Somerville Advisory Group (Somerville), an entity of which Mr Bowker is a director.

[2] Mr Sage did not draw his 2014 entitlement in order to help preserve the Company's cash reserves.

[3] Appointed 17 April 2014. Mr Nottas did not draw his 2014 entitlement in order to help preserve the Company's cash reserves.

[4] Resigned 17 July 2014. Mr Hamilton did not draw his 2014 entitlement in order to help preserve the Company's cash reserves.

[5] Appointed 25 February 2014, resigned 17 April 2014. Mr Alabakis was paid his director fees upon resignation.

[6] Appointed 25 February 2014, resigned 17 April 2014. Mr Dormer was paid his director fees upon resignation.

[7] Resigned 25 February 2014. No entitlement was paid to Mr Bontempo during the financial year.

[8] Resigned 26 July 2013. No entitlement was paid to Mr Ariti during the financial year.

Bonuses and share-based payments granted as compensation for the current financial year

Bonuses
No bonuses were paid to key management personnel during the financial year (2014: nil).

Incentive share-based payments arrangements
During the financial year, there were no share-based payment arrangements in existence (2014: nil).

No options over ordinary shares or shares in the Company were granted as remuneration to the directors or any of its employees during the current year (2014: nil).

Key terms of employment contracts

Remuneration and other terms of employment for Mr Antony Sage, non-executive director are formalised in a consultancy agreement (dated 1 March 2014). Major provisions of the agreement are set out below:

- Term of agreement – commencing 1 March 2014.
- Consultancy fee of $30,000 p.a (excluding GST).
- The agreement may be terminated by either party providing one month's notice in writing.
- Payment of termination benefit on early termination by the Company equal to 3 months remuneration amounting to $7,500 (excluding GST).

The key terms of appointment of Mr Keith Bowker and Mr Michael Nottas are formalised in non-executive agreements (dated 17 April 2014) , the key terms and conditions of which are:

- Term of agreement – commencing 17 April 2014.
- Fees of $30,000 p.a (excluding GST).
- The agreement may be terminated by either party providing one month's notice in writing.
- Payment of termination benefit on early termination by the Company equal to 3 months remuneration amounting to $7,500 (excluding GST).

Key management personnel equity holdings

Fully paid ordinary shares of Caeneus Minerals Ltd

2015	Balance at 1 July 2014 No.	Granted as compensation No.	Received on exercise of options No.	Net other change No.	Number held on resignation No.	Balance at 30 June 2015 No.
K Bowker	14,692,191	-	-	-	n/a	14,692,191
A Sage	25,000,000	-	10,000,000	-	n/a	35,000,000
M Nottas	-	-	-	-	n/a	-
J Hamilton[1]	2,862,614	-	-	-	(2,862,614)	-

[1] Resigned 17 July 2014

2014	Balance at 1 July 2013 No.	Granted as compensation No.	Received on exercise of options No.	Net other change No.	Number held on resignation No.	Balance at 30 June 2014 No.
K Bowker[1]	-	-	-	14,692,191	n/a	14,692,191
A Sage[2]	60,000,000	-	-	(35,000,000)	n/a	25,000,000
M Nottas[1]	-	-	-	-	n/a	-
J Hamilton[3]	-	-	-	2,862,614	n/a	2,862,614
T Alabakis[4]	-	-	-	10,712,250	(10,712,250)	-
M Dormer[4]	-	-	-	1,428,700	(1,428,700)	-
J Bontempo[5]	40,000,000	-	-	(1,291,201)	(38,708,799)	-
J Ariti[6]	8,000,000	-	-	-	(8,000,000)	-

[1] Appointed 17 April 2014

[2] Amounts in 'Net other change' represents shares disposed during the year

[3] Appointed 26 July 2013, resigned 17 July 2014

[4] Appointed 25 February 2014, resigned 17 April 2014

[5] Appointed 26 July 2013, resigned 25 February 2014

[6] Resigned 26 July 2013

Share options of Caeneus Minerals Ltd

2015	Balance at 1 July 2014 No.	Granted as compen-sation No.	Exercised No.	Net other change No.	Balance at 30 June 2015 No.	Balance vested at 30 June 2015 No.	Vested and exercisable No.	Options vested during year No.
K Bowker	14,692,191	-	-	-	14,692,191	14,692,191	14,692,191	-
A Sage	10,000,000	-	10,000,000	-	-	-	-	-
M Nottas	-	-	-	-	-	-	-	-
J Hamilton[1]	-	-	-	-	-	-	-	-

[1] Resigned 17 July 2014

2014	Balance at 1 July 2013 No.	Granted as compen-sation No.	Exer-cised No.	Net other change No.	Number held on resignation No.	Balance at 30 June 2014 No.	Balance vested at 30 June 2014 No.	Vested and exercisable No.	Options vested during year No.
K Bowker[1]	-	-	-	14,692,191	n/a	14,692,191	-	14,692,191	-
A Sage	10,000,000	-	-	-	n/a	10,000,000	-	10,000,000	-
M Nottas[1]	-	-	-	-	n/a	-	-	-	
J Hamilton[2]	-	-	-	-	n/a	-	-	-	-
T Alabakis[3]	-	-	-	10,712,250	(10,712,250)	-	-	-	-
M Dormer[3]	-	-	-	1,428,700	(1,428,700)	-	-	-	-
J Bontempo[4]	9,500,000	-	-	-	(9,500,000)	-	-	-	-
J Ariti[5]	10,000,000	-	-	-	(10,000,000)	-	-	-	-

[1] Appointed 17 April 2014

[2] Appointed 26 July 2013, resigned 17 July 2014

[3] Appointed 25 February 2014, resigned 17 April 2014

[4] Appointed 26 July 2013, resigned 25 February 2014

[5] Resigned 26 July 2013

No share options were exercised by key management personnel during the financial year (2014: nil) apart from Mr Antony Sage who exercised 10,000,000 options.

This is the end of the remuneration report.

This directors' report is signed in accordance with a resolution of directors made pursuant to s.298(2) of the Corporations Act 2001.

On behalf of the directors

Mr Keith Bowker

Non-Executive Director

Perth, 25 September 2015

Stantons International Audit and Consulting Pty Ltd
trading as
Stantons International
Chartered Accountants and Consultants

PO Box 1908
West Perth WA 6872
Australia

Level 2, 1 Walker Avenue
West Perth WA 6005
Australia

Tel: +61 8 9481 3188
Fax: +61 8 9321 1204

ABN: 84 144 581 519
www.stantons.com.au

25 September 2015

Board of Directors
Caeneus Minerals Ltd
Suite 1,
56 Kings Park Road
West Perth, WA 6005

Dear Sirs

RE: CAENEUS MINERALS LTD

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Caeneus Minerals Ltd.

As Audit Director for the audit of the financial statements of Caeneus Minerals Ltd for the year ended 30 June 2015, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

Yours faithfully,

STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD
(Trading as Stantons International)
(An Authorised Audit Company)

Samir R Tirodkar
Director

Stantons International Audit and Consulting Pty Ltd
trading as
Stantons International
Chartered Accountants and Consultants

PO Box 1908
West Perth WA 6872
Australia

Level 2, 1 Walker Avenue
West Perth WA 6005
Australia

Tel: +61 8 9481 3188
Fax: +61 8 9321 1204

ABN: 84 144 581 519
www.stantons.com.au

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CAENEUS MINERALS LTD

Report on the Financial Report

We have audited the accompanying financial report of Caeneus Minerals Ltd, which comprises the consolidated statement of financial position as at 30 June 2015, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In note 3.1, the directors also state, in accordance with Australian Accounting Standard AASB 101 Presentation of Financial Statements, that the financial statements comply with International Financial Reporting Standards.

Auditor's responsibility

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

Independence

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

Basis for Disclaimer of Opinion

As more fully set out in note 3.4 to consolidated financial report, the group's ability to continue to meet its debts as and when they fall due is reliant on ongoing funding and management of the group's working capital. As at the date of this report, the consolidated entity has limited unrestricted cash, a net asset deficiency and was unsuccessful in raising funds for the acquisition of contractual rights to mine the Silver Swan underground nickel mine from Poseidon Nickel Limited.

On 11th September 2015, the group announced that it has terminated the binding agreement with Poseidon Nickel Limited in relation to the acquisition of contractual rights to mine the Silver Swan underground nickel mine and further resolved to cancel the scheduled General Meeting of shareholders on 14th September 2015.

As set out in note 20 Contingencies, the group further disclosed that following the termination of this agreement, Poseidon Nickel Limited has made a claim of $947,352 for the reimbursement of the care and maintenance costs between 1 April 2015 and up to 14 September 2015. The directors believe that this amount is not payable as the binding agreement was terminated before completion occurred and therefore no provision has been made in the accounts for this claim.

We have been unable to obtain sufficient appropriate audit evidence as to whether the group can obtain sufficient ongoing funding to meet its liabilities as they fall due or the eventual outcome of the claim from Poseidon Nickel Limited in order to determine whether it is appropriate to prepare the financial statements on a going concern basis.

Disclaimer of Opinion

Because of the significance of the matters described in the Basis for Disclaimer of Opinion paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on the financial report.

Report on the Remuneration Report

We have audited the remuneration report included in pages 8 to 13 of the directors' report for the year ended 30 June 2015. 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.

Opinion

In our opinion the remuneration report of Caeneus Minerals Ltd for the year ended 30 June 2015 complies with section 300A of the Corporations Act 2001.

STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD
(Trading as Stantons International)
(An Authorised Audit Company)

Stantons International

Samir R Tirodkar
Director
West Perth, Western Australia
25 September 2015

Directors' declaration

The directors declare that:

(a) in the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable;

(b) in the directors' opinion, the attached financial statements are in compliance with International Financial Reporting Standards, as stated in note 3 to the financial statements;

(c) in the directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the Group; and

(d) the directors have been given the declarations required by s.295A of the Corporations Act 2001.

Signed in accordance with a resolution of the directors made pursuant to s.295(5) of the Corporations Act 2001.

On behalf of the directors

Mr Keith Bowker
Non-Executive Director
Perth, 25 September 2015

Consolidated statement of profit or loss and other comprehensive income for the year ended 30 June 2015

		Consolidated Year ended	
	Note	30 June 2015 $	30 June 2014 $
Continuing operations			
Other income	6	53,756	48,343
Administration costs	7	(74,144)	(98,984)
Consultants costs	7	(440,733)	(161,599)
Compliance costs	7	(101,191)	(60,201)
Other expenses		-	(4,782)
Impairment expenses	7,11	(860,405)	(2,757,574)
Loss before income tax		**(1,422,717)**	**(3,034,797)**
Income tax expense	8	-	-
Loss for the year		**(1,422,717)**	**(3,034,797)**
Other comprehensive income, net of income tax			
Items that will not be reclassified subsequently to profit or loss		-	-
Items that may be reclassified subsequently to profit or loss		-	-
Other comprehensive income for the year, net of income tax		-	-
Total comprehensive loss for the year		**(1,422,717)**	**(3,034,797)**
Loss and total comprehensive loss for the year attributable to Owners of Caeneus Minerals Ltd		**(1,422,717)**	**(3,034,797)**
Loss per share:			
Basic and diluted (cents per share)	9	(0.23)	(0.74)

Notes to the consolidated financial statements are included on pages 22 to 42.

Consolidated statement of financial position as at 30 June 2015

	Note	Consolidated	
		30 June 2015	**30 June 2014**
	Note	**$**	**$**
Current assets			
Cash and cash equivalents	19	4,576	372,059
Trade and other receivables	10	44,565	30,199
Total current assets		**49,141**	**402,258**
Non-current assets			
Exploration and evaluation expenditure	11	-	654,242
Deposit for acquisition of contractual rights	12	-	-
Total non-current assets		**-**	**654,242**
Total assets		**49,141**	**1,056,500**
Current liabilities			
Trade and other payables	13	234,230	71,372
Total current liabilities		**234,230**	**71,372**
Total liabilities		**234,230**	**71,372**
Net (liabilities)/assets		**(185,089)**	**985,128**
Equity			
Issued capital	14	73,348,924	73,096,424
Reserves	15	1,000	1,000
Accumulated losses		(73,535,013)	(72,112,296)
Total (deficiency)/equity		**(185,089)**	**985,128**

Notes to the consolidated financial statements are included on pages 22 to 42.

Consolidated statement of changes in equity for the year ended 30 June 2015

	Issued Capital $	Options Reserve $	Accumulated losses $	Total $
Balance at 1 July 2013	**70,009,924**	**1,000**	**(69,077,499)**	**933,425**
Loss for the year	-	-	(3,034,797)	(3,034,797)
Total comprehensive loss for the year	**-**	**-**	**(3,034,797)**	**(3,034,797)**
Issue of ordinary shares	30,000	-	-	30,000
Issue of ordinary shares related to subsidiaries acquired	3,061,500	-	-	3,061,500
Share issue costs	(5,000)	-	-	(5,000)
Balance at 30 June 2014	**73,096,424**	**1,000**	**(72,112,296)**	**985,128**
Balance at 1 July 2014	**73,096,424**	**1,000**	**(72,112,296)**	**985,128**
Loss for the year	-	-	(1,422,717)	(1,422,717)
Total comprehensive loss for the year	**-**	**-**	**(1,422,717)**	**(1,422,717)**
Issue of ordinary shares	102,500	-	-	102,500
Issue of ordinary shares related to acquisition of contractual rights (*refer to note 12*)	150,000	-	-	150,000
Balance at 30 June 2015	**73,348,924**	**1,000**	**(73,535,013)**	**(185,089)**

Notes to the consolidated financial statements are included on pages 22 to 42.

Consolidated statement of cash flows for the year ended 30 June 2015

	Note	Consolidated Year ended 30 June 2015 $	Consolidated Year ended 30 June 2014 $
Cash flows from operating activities			
Payments to suppliers and employees		(470,326)	(263,838)
Interest received	6	3,756	7,499
Interest paid		-	(4,782)
Net cash used in operating activities	19.1	(466,570)	(261,121)
Cash flows from investing activities			
Cash acquired from acquisition of subsidiary		-	373
Payments for exploration and evaluation expenditure		(53,413)	(60,779)
Proceeds from sale of tenements		50,000	-
Net cash used in investing activities		(3,413)	(60,406)
Cash flows from financing activities			
Proceeds from issue of equity instruments of the Company		102,500	-
Payment for share issue costs		-	(5,000)
Net cash provided by/(used) in financing activities		102,500	(5,000)
Net decrease in cash and cash equivalents		**(367,483)**	**(326,527)**
Cash and cash equivalents at the beginning of the year		372,059	698,586
Cash and cash equivalents at the end of the year	19	**4,576**	**372,059**

Notes to the consolidated financial statements are included on pages 22 to 42.

Notes to the consolidated financial statements for the year ended 30 June 2015

1. General information

Caeneus Minerals Ltd ("the Company") is a listed public company incorporated in Australia. The addresses of its registered office and principal place of business are disclosed in the corporate directory to the annual report.

The principal activities of the Company and its controlled entity ("the Group") are described in the directors' report.

2. Application of new and revised Accounting Standards

2.1 Amendments to AASBs and the new Interpretation that are mandatorily effective for the current year

In the current year, the Group has applied a number of amendments to AASBs and a new Interpretation issued by the Australian Accounting Standards Board (AASB) that are mandatorily effective for an accounting period that begins on or after 1 July 2014, and therefore are relevant for the current year end.

AASB 1031 'Materiality', AASB 2013-9 'Amendments to Australian Accounting Standards' – Conceptual Framework, Materiality and Financial Instruments' (Part B: Materiality), AASB 2014-1 'Amendments to Australian Accounting Standards' (Part C: Materiality)	The revised AASB 1031 is an interim standard that cross-references to other Standards and the 'Framework for the Preparation and Presentation of Financial Statements' (issued December 2013) that contain guidance on materiality. The AASB is progressively removing references to AASB 1031 in all Standards and Interpretations. Once all of these references have been removed, AASB 1031 will be withdrawn. The adoption of AASB 1031, AASB 2013-9 (Part B) and AASB 2014-1 (Part C) does not have any material impact on the disclosures or the amounts recognised in the Group's consolidated financial statements.

2.2 Standards and Interpretations in issue not yet adopted

At the date of authorisation of the financial statements, the Standards and Interpretations that were issued but not yet effective are listed below:

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 9 'Financial Instruments', and the relevant amending standards[1]	1 January 2018	30 June 2019
AASB 2015-2 'Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101'	1 January 2016	30 June 2017
AASB 2015-3 'Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality'	1 July 2015	30 June 2016

[1] The AASB has issued the following versions of AASB 9:

- AASB 9 'Financial Instruments' (December 2009) and the relevant amending standard;
- AASB 9 'Financial Instruments' (December 2010) and the relevant amending standards;
- AASB 2013-9 'Amendment to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments', Part C – Financial Instruments
- AASB 9 'Financial Instruments' (December 2014) and the relevant amending standards

All the standards have an effective date of annual reporting periods beginning on or after 1 January 2018. Either AASB 9 (December 2009) or AASB 9 (December 2010) can be early adopted if the initial application date is before 1 February 2015. After this date only AASB 9 (December 2014) can be early adopted.

3. Significant accounting policies

3.1 Statement of compliance

These financial statements are general purpose financial statements which have been prepared in accordance with the Corporations Act 2001, Accounting Standards and Interpretations and comply with other requirements of the law.

The financial statements comprise the consolidated financial statements of the Group. For the purposes of preparing the consolidated financial statements, the Company is a for-profit entity.

Accounting Standards include Australian Accounting Standards. Compliance with Australian Accounting Standards ensures that the financial statements and notes of the Company and the Group comply with International Financial Reporting Standards ('IFRS').

The financial statements were authorised for issue by the directors on 25 September 2015.

3.2 Basis of preparation

The consolidated financial statements have been prepared on the basis of historical cost, except for certain financial instruments that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair values of the consideration given in exchange for goods and services. All amounts are presented in Australian dollars, unless otherwise noted.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or liability, the Group takes into account the characteristics of the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of AASB 2, leasing transactions that are within the scope of AASB 117, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in AASB 2 or value in use in AASB 136.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included in Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

3.3 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holdings of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and

any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

3.4 *Going concern basis*

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

For the year ended 30 June 2015, the Group incurred a loss after tax of $1,422,717 (2014: $3,034,797), and a net cash outflow from operations of $466,570 (2014: $261,121). At 30 June 2015, the Group had net current liabilities of $185,089 (2014: net current assets of $330,886). The Group's ability to continue as a going concern and pay its debts as and when they fall due, given the Group's intended operational plans, assumes the following:

a) a capital raising of up to $300,000 on or before end of calendar year 2015 to meet working capital requirements;

b) additional capital raising via a placement of to raise up to $2m-$3; and

c) active management of the current level of discretionary expenditure in line with the funds available to the Group.

The directors have reviewed the business outlook and cash flow forecasts and are of the opinion that the use of the going concern basis of accounting is appropriate as they believe the Group will achieve the matters set out above. As such, the directors believe that they will continue to be successful in securing additional funds through debt and/or equity issues as and when the need to raise working capital arises.

Should the Group be unable to continue as a going concern, it may be required to monetise its assets and extinguish its liabilities other than in the normal course of business and at amounts different from those stated in the consolidated financial statements.

The consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts nor to the amounts and classification of liabilities that may be necessary should the Group be unable to continue as a going concern.

3.5 *Revenue recognition*

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Interest income

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts though the expected life of the financial asset to that asset's net carrying amount on initial recognition.

3.6 *Borrowing costs*

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

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

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

3.7 Employee benefits

Short-term and long-term employee benefits

A liability is recognised for benefits accrued to employees in respect of wages and salaries and annual leave when it is probable that settlement will be required and they are capable of being measured reliably.

Liabilities recognised in respect of short-term employee benefits are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Liabilities recognised in respect of long term employee benefits are measured as the present value of the estimated future cash outflows to be made by the Group in respect of services provided by employees up to reporting date.

3.8 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

3.8.1 Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax as reported in the consolidated statement of profit or loss and other comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's current tax is calculated using the tax rates that have been enacted or substantively enacted by the end of the reporting period.

3.8.2 Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax liabilities and assets are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same authority and the Group intends to settle its current tax assets and liabilities on a net basis.

3.8.3 Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case the current and deferred tax are also recognised in other comprehensive income or directly in equity, respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

3.9 Exploration and evaluation expenditure

In accordance with AASB 6 *Exploration for and Evaluation of Mineral Resources*, exploration and evaluation costs incurred are accumulated in respect of each identifiable area of interest. Exploration and evaluation costs are carried forward at cost where the rights of tenure are current and:

(i) such costs are expected to be recouped through successful development and exploration of the area of interest, or alternatively by its sale; or

(ii) exploration activities in the area have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable resources.

Exploration and evaluation assets are assessed annually for impairment in accordance with AASB 6 and where impairment indicators exist, recoverable amounts of these assets will be estimated based on discounted cash flows from their associated cash generating units. An impairment loss is recognised in the statement of profit or loss and other comprehensive income where the carrying values of exploration and evaluation assets exceed their recoverable amounts.

In the event that an area of interest is abandoned or if the directors consider the expenditure to be of reduced value, accumulated costs carried forward are written off in the period in which that assessment is made. Each area of interest is reviewed at the end of each accounting period and accumulated costs are written off to the extent that they will not be recoverable in the future.

3.10 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

3.11 Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

3.11.1 Financial assets

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' (FVTPL), 'held-to maturity' investments, 'available-for-sale' (AFS) financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

3.11.1.1 <u>Financial assets at FVTPL</u>

Financial assets are classified as at FVTPL when the financial asset is either held for trading or it is designated as at FVTPL.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and AASB 139 'Financial Instruments: Recognition and Measurement' permits the entire combined contract to be designated as at FVTPL.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'other gains and losses' line item.

3.11.1.2 <u>Loans and receivables</u>

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the effect of discounting is immaterial.

3.11.1.3 Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For financial assets that are carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial asset that are carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

When an AFS financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of AFS securities, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income and accumulated under the heading of investments revaluation reserve.

3.11.1.4 Derecognition of financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

On derecognition of a financial asset other than in its entirety (e.g. when the Group retains an option to repurchase part of a transferred asset), the Group allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

3.11.2 Financial liabilities and equity instruments

3.11.2.1 Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

3.11.2.2 Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a group of entity are recognised at the proceeds received, net of direct issue costs.

3.11.2.3 Financial liabilities

Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'other financial liabilities'.

3.11.2.4 Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is either held for trading or it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and AASB 139 'Financial Instruments: Recognition and Measurement' permits the entire combined contract to be designated as at FVTPL.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'other gains and losses' line item.

3.11.2.5 Other financial liabilities

Other financial liabilities, including borrowings and trade and other payables, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

3.11.2.6 Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

3.12 Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of goods and services tax, except:

i. where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
ii. for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

Cash flows are included in the cash flow statement on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified within operating cash flows.

3.13 Comparative amounts

When current period balances have been classified differently within current period disclosures when compared to prior periods, comparative disclosures have been restated to ensure consistency of presentation between periods.

4. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described in note 3, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period on which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

4.1 Key sources of estimation uncertainty

Impairment of exploration and evaluation expenditure

Exploration and evaluation expenditure is reviewed for impairment if there is any indication that the carrying amount may not be recoverable.

The directors are required to exercise judgement on future events and the likelihood of defining an economic reserve. Assumptions made are altered as exploration and evaluation continues and more information becomes available. Where it is evident that the value of exploration and evaluation expenditure cannot be recovered, the capitalised amount will be impaired through the statement of profit or loss and other comprehensive income.

Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the directors to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. Where the actual future cash flows are less than expected, a material impairment loss may arise.

5. Segment information

The Company operates in one business segment and one geographical segment, namely the mineral exploration industry in Australia only. AASB 8 'Operating Segments' states that similar operating segments can be aggregated to form one reportable segment. Also, based on the quantitative thresholds included in AASB 8, there is only one reportable segment, namely the mineral exploration industry. However, none of the other operating segments currently meet any of the prescribed quantitative thresholds and as such do not have to be reported separately. The Group has therefore decided to aggregate all its reporting segments into one reportable operating segment.

The revenue and results of this segment are those of the Group as a whole and are set out in the consolidated statement of profit or loss and other comprehensive income. The segment assets and liabilities are those of the Group and set out in the consolidated statement of financial position.

6. Other income

	2015 $	2014 $
Interest income	3,756	7,499
Other income (sale of tenements)	50,000	40,844
	53,756	48,343

7. Loss for the year

Loss for the year has been arrived at after charging the following items of expenses:	2015 $	2014 $
Administration costs	74,144	98,984
Consultants costs	440,733	161,599
Compliance costs		
ASX expenses	23,944	23,964
Share registry expenses	41,545	16,094
Audit expenses	34,068	18,298
ASIC expenses	1,634	1,845
Total compliance costs	101,191	60,201
Impairment expenses	860,405	2,757,574

8. Income taxes relating to continuing operations

8.1 Income tax recognised in profit or loss

	2015 $	2014 $
Current tax	-	-
Deferred tax	-	-
	-	-

The income tax expense for the year can be reconciled to the accounting loss as follows:

	2015 $	2014 $
Loss before tax from continuing operations	(1,422,717)	(3,034,797)
Income tax expense calculated at 30% (2014: 30%)	(426,815)	(910,439)
Effect of expenses that are not deductible in determining taxable loss	256,949	28,381
Effect of deductible capitalised expenditure	(16,024)	(131,995)
Effect of unused tax losses not recognised as deferred tax assets	185,890	1,014,053
	-	-

The tax rate used for the 2015 and 2014 reconciliations above is the corporate tax rate of 30% payable by Australian corporate entities on taxable profits under Australian tax law.

8.2 Unrecognised deferred tax assets

	2015 $	2014 $
Unused tax losses (revenue) for which no deferred tax assets have been recognised (at 30%)	6,234,074	6,048,184

This benefit from tax losses totalling $20,780,247 (2014: $20,160,613) will only be obtained if the specific entity carrying forward the tax losses derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the losses to be realised, and the Company complies with the conditions for deductibility imposed by tax legislation.

9. Loss per share

	2015 cents per share	2014 cents per share
Basic and diluted loss per share	0.23	0.74

9.1 Basic and diluted loss per share

The loss and weighted average number of ordinary shares used in the calculation of basic loss per share are as follows:

	2015 $	2014 $
Loss for the year attributable to owners of the Company	(1,422,717)	(3,034,797)

	2014 No.	2013 No.
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	627,471,389	411,029,686

10. Trade and other receivables

	2015 $	2014 $
Prepayments	8,420	8,250
Tenement bonds	-	12,500
Other receivables	36,145	9,449
	44,565	30,199

At the reporting date, none of the receivables were past due.

11. Exploration and evaluation expenditure

	2015 $	2014 $
Carried forward exploration and evaluation expenditure	654,242	214,259
Expenditure incurred during the year	56,163	693,972
Impairment of exploration and evaluation expenditure (i)	(710,405)	(253,989)
	-	654,242

(i) An impairment expense of $710,405 has been recognised for the year ended 30 June 2015 (2014: $253,989).

All exploration and evaluation expenditure was impaired for the year ended 30 June 2015 as the directors believed that value of exploration and evaluation expenditure could not be recovered hence the capitalised amount was impaired through the statement of profit or loss and other comprehensive income.

12. Deposit for acquisition of contractual rights

	2015 $	2014 $
Deposit (i)	150,000	-
Impairment of deposit (ii)	(150,000)	-
	-	-

(i) This represents the issue of 10,714,286 fully paid ordinary shares at a deemed issue price of $0.014 per share to Poseidon Nickel Limited (ASX: POS) for the deposit payment in regards to the acquisition of contractual rights to mine at Silver Swan pursuant to a binding terms sheet.

(ii) The non-refundable deposit was impaired as a result of the termination of the binding agreement with Poseidon Nickel Limited.

13. Trade and other payables

	2015 $	2014 $
Trade and other payables	203,980	30,205
Accrued expenses	30,250	41,167
	234,230	71,372

14. Issued capital

	2015 $	2014 $
646,515,616 fully paid ordinary shares (30 June 2014: 615,301,330)	73,348,924	73,096,424

Fully paid ordinary shares	30 June 2015		30 Jun 2014	
	No.	$	No.	$
Balance at beginning of year	615,301,330	73,096,424	306,151,329	70,009,924
Exercise of options (i)	10,000,000	50,000	-	-
Exercise of options (ii)	10,500,000	52,500	-	-
Issue of shares to Poseidon Nickel Limited (iii)	10,714,286	150,000	-	-
Issue in business combination (iv)	-	-	306,150,001	3,061,500
Shares issued (v)	-	-	3,000,000	30,000
Share issue costs	-	-	-	(5,000)
	646,515,616	73,348,924	615,301,330	73,096,424

(i) Exercise of unlisted options at $0.005 each on 23 July 2014.
(ii) Exercise of unlisted options at $0.005 each during the month of May 2015.
(iii) Issue of 10,714,286 fully paid ordinary shares at a deemed issue price of $0.014 per share to Poseidon Nickel Limited (ASX: POS) on 22 May 2015 for the deposit payment in regards to the acquisition of contractual rights to mine at Silver Swan pursuant to a binding terms sheet.
(iv) Shares issued on 1 March 2014 at $0.01 each for non-cash consideration for the acquisition of 100% of the issued capital of Caeneus Resources Pty Ltd.
(v) Shares issued on 17 March 2014 to an external party in consideration for services rendered.

Fully paid ordinary shares carry one vote per share and carry a right to dividends.

The fair value of shares issued in consideration for services rendered was determined by reference to the market rate for similar services.

Ordinary shares participate in the proceeds on winding up of the Company in proportion to the number of shares held.

15. Reserves

At 30 June 2015, there were 19,500,000 unlisted options on issue (2014: 40,000,000) with an exercise price of $0.005 each expiring 31 December 2016 and 306,150,001 unlisted options (2014: 306,150,001) with an exercise price of $0.03 each expiring 28 February 2017. Total reserves as at 30 June 2015 is $1,000 (2014: $1,000).

16. Financial instruments

16.1 Capital management

The Group manages its capital to ensure that it will be able to continue as going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Board’s policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Capital management requires the maintenance of a strong cash balance to support ongoing exploration.

Given the nature of the business, the Group monitors capital on the basis of current business operations and cash flow requirements. There were no changes in the Company’s approach to capital management during the year. The Group is not subject to any externally imposed capital requirements.

16.2 *Categories of financial instruments*

	2015 $	2014 $
Financial assets		
Cash and cash equivalents	4,576	372,059
Trade and other receivables (non-interest bearing)	44,565	30,199
	49,141	402,258
Financial liabilities		
Trade and other payables (non-interest bearing)	203,980	30,205
	203,980	30,205

The fair value of the above financial instruments approximates their carrying values.

16.3 *Financial risk management objectives*

In common with all other businesses, the Group is exposed to risks that arise from its use of financial instruments. This note describes the Group's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of those risks is presented throughout these financial statements.

There have been no substantive changes in the Group's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

The Board has overall responsibility for the determination of the Group's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Group's finance function. The Group's risk management policies and objectives are therefore designed to minimise the potential impacts of these risks on the Group where such impacts may be material. The Board receives monthly financial reports through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets. The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Group's competitiveness and flexibility.

16.4 *Market risk*

Market risk for the Group arises from the use of interest bearing financial instruments. It is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rate (see 16.5 below).

16.5 *Interest rate risk management*

Interest rate risk arises on cash and cash equivalents and receivables from related parties. The Group does not enter into any derivative instruments to mitigate this risk. As this is not considered a significant risk for the Group, no policies are in place to formally mitigate this risk.

Interest rate sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates for non-derivative instruments at the end on the reporting period.

If interest rates had been 100 basis points higher/lower and all other variables were held constant, the Group's loss for the year ended 30 June 2015 would increase/decrease by $46 (2014: $3,721).

Fair value of financial assets and liabilities

The carrying amount of financial assets and financial liabilities recorded in the consolidated financial statements represents their respective net fair values, determined in accordance with the accounting policies disclosed in note 3.

16.6 Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group only transacts with entities that are rated the equivalent of investment grade and above. This information is supplied by independent rating agencies where available and, if not available, the Group uses other publicly available financial information and its own trading records to rate its major customers. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

16.7 Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Board, which has established an appropriate liquidity risk management framework for the management of the Group's short-, medium- and long-term funding and liquidity management requirements. The Group manages liquidity by maintaining adequate banking facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

		Contractual cash flows				
	Carrying Amount	**Less than 1 month**	**1-3 months**	**3-12 months**	**1 year to 5 years**	**Total contractual cash flows**
	$	**$**	**$**	**$**	**$**	**$**
2015						
Trade and other payables	234,230	-	234,230	-	-	234,230
2014						
Trade and other payables	71,372	-	71,372	-	-	71,372

17. Key management personnel

The aggregate compensation made to directors and other members of key management personnel of the Group is set out below:

	2015 $	2014 $
Short-term employee benefits	197,386	89,582
Post-employment benefits	-	-
Share-based payment	-	-
	197,386	89,582

Short-term employee benefits

These amounts include fees paid to non-executive directors who resigned during the year as well as unpaid fees. It also includes fees paid to entities controlled by the directors. The compensation of each member of the key management personnel of the Group is set out in the remuneration report on page 10.

18. Related party transactions

18.1 Entities under the control of the Group

The Group consists of the parent entity, Caeneus Minerals Ltd and its wholly-owned subsidiary Caeneus Resources Pty Ltd.

Balances and transactions between the Company and its subsidiary, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note.

18.2 Key management personnel

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity, are considered key management personnel.

For details of disclosures relating to key management personnel, refer to the remuneration report contained in the directors' report and note 18.3.

18.3 Other related party transactions

Mr Bowker's company secretarial services are provided by Somerville Advisory Group (Somerville). Mr Bowker is a founding director of Somerville. Company secretarial fees paid to Somerville are disclosed in the remuneration report.

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

19. Cash and cash equivalents

For the purposes of the consolidated statement of cash flows, cash and cash include cash on hand and in banks, net of outstanding bank overdrafts. Cash and cash equivalents at the end of the reporting period as shown in the consolidated statement of cash flows can be reconciled to the related items in the consolidated statement of financial position as follows:

	2015 $	**2014** $
Cash and bank balances	4,576	372,059

19.1 Reconciliation of loss for the year to net cash flows from operating activities

	2015 $	**2014** $
Cash flow from operating activities		
Loss for the year	(1,422,717)	(3,034,797)
Adjustments for:		
Impairment	860,405	2,757,574
Share based payments	-	30,000
Net liability assumed from acquisition of subsidiary	-	1,423
Sale of tenements	(50,000)	-
Movements in working capital		
Increase in trade and other receivables	(14,365)	(41,893)
Increase in trade and other payables	160,107	53,572
Decrease in provisions	-	(27,000)
Net cash flow from operating activities	(466,570)	(261,121)

The Company issued 10,714,826 shares at a deemed issue price of $0.014 each for a non-cash consideration to Poseidon Nickel Limited (ASX: POS) for the deposit payment in regards to the acquisition of contractual rights to mine at Silver Swan (*refer to note 12 for more information*). Apart from this, there were no other non-cash financing or investing activities during the year.

20. Contingencies

Following the termination of the binding agreement with Poseidon Nickel Limited (“Poseidon”) in relation to the Company’s acquisition of the contractual rights to mine the Silver Swan underground nickel mine, Poseidon acknowledged the termination via a letter sent to the Company on 14 September 2015 whereby Poseidon believes that the Company remains responsible for a payment estimated at $947,352 being reimbursement of care and maintenance costs between 1 April 2015 to 14 September 2015. Poseidon indicated in the letter that it has the rights to be reimbursed these costs by either a cash payment or an issue of shares in the Company at its election. Representatives from the Company and Poseidon are currently into negotiations and are discussing the liability of these outstanding costs as well as their repayment. The directors of the Company believe that these costs are not payable as the binding agreement was terminated before completion occurred.

21. Commitments for expenditure

21.1 Exploration expenditure on granted tenements

	2015 $	2014 $
Not longer than 1 year	57,680	57,680
Longer than 1 year and not longer than 5 years	270,720	196,069
	328,400	253,749

In order to retain the rights of tenure to its granted tenements, the Company is required to meet the minimum statutory expenditure requirements but may reduce these at any time by reducing the size of the tenements. The figures quoted above assume that no new tenements are granted and that only compulsory statutory area reductions are made.

If the Company decides to relinquish certain leases and/or does not meet these obligations, assets recognised in the consolidated statement of financial position may require review to determine the appropriateness of carrying values. The sale, transfer or farm-out exploration rights to third parties will reduce or extinguish these obligations.

22. Remuneration of auditors

Auditor of the Group

	2015 $	2014 $
Audit and review of financial reports	34,068	18,298

The auditor of the Group is Stantons International Audit and Consulting Pty Ltd

23. Events after the reporting period

On 28 July 2015, the Company announced that Poseidon Nickel Limited (Poseidon) has agreed to extend the completion date for its acquisition of the contractual rights to mine at Silver Swan nickel mine from 1 August 2015 to 14 September 2015 (revised Completion Date). In consideration for Poseidon agreeing to extend the completion date, Poseidon may elect to be either:

- reimbursed the care and maintenance costs for the period 1 August 2015 to the revised Completion Date in the sum of $300,000 in cash; or
- issued the number of fully paid ordinary shares in Caeneus which when multiplied by the lower of the actual price of the capital raising being undertaken and the 5 day VWAP for shares prior to the revised Completion Date will equal $300,000.

On 11 August 2015, the Company announced that it has raised $150,000 via the issue of $150,000 convertible notes at $1.00 each.

On 11 September 2015, the Company announced that it had terminated the binding agreement with Poseidon Nickel Limited in relation to the Company's acquisition of contractual rights to mine the Silver Swan underground nickel mine. The Company was unsuccessful in raising the required funds to complete the transaction. On 14 September 2015, Poseidon acknowledged the termination of the binding agreement via a letter to the Company detailing a total amount of $947,352 outstanding representing care and maintenance costs. Poseidon indicated in the letter that it has the rights to be reimbursed these costs by either a cash payment or an issue of shares in the Company at its election. Representatives from the Company and Poseidon are currently into negotiations and are discussing the liability of these outstanding costs as well as their repayment. The directors of the Company believe that these costs are not payable as the binding agreement was terminated before completion occurred.

24. Parent entity information

The accounting policies of the parent entity, which have been applied in determining the financial information shown below, are the same as those applied in the consolidated financial statements. Refer to note 3 for a summary of significant accounting policies relating to the Group.

Financial position

	2015 $	2014 $
Assets		
Current assets	45,894	399,165
Non-current assets	-	-
Total assets	45,894	399,165
Liabilities		
Current liabilities	232,365	69,950
Total liabilities	232,365	69,950
Net (liabilities)/assets	(186,471)	329,215
Equity		
Issued capital	73,348,924	73,096,424
Reserves	1,000	1,000
Accumulated losses	(73,536,395)	(72,768,209)
Total (deficiency)/equity	(186,471)	329,215
Financial performance		
Loss for the year	(768,186)	(3,690,710)

Commitments and contingencies

There were no other material commitments or contingencies at the reporting date for the parent company except for those mentioned in note 21 above.

25. Subsidiaries

Details of the Company's subsidiary at the end of the reporting period are as follows:

Name of subsidiary	Principal activity	Place of incorporation	Proportion of ownership interest and voting power held by the Group	
			2015	2014
Caeneus Resources Pty Ltd	Holds tenements and is a non-operating subsidiary	Australia	100%	100%

26. Share based payment

In the prior reporting period, on 28 February 2014 Caeneus Minerals Ltd acquired 100% of the capital of private company Caeneus Minerals Pty Ltd via the issue of 306,150,001 shares and 306,150,001 unlisted options exercisable at $0.03 each expiring 27 February 2017. As at 30 June 2015, none of these options series (Series 2) were exercised (2014: nil).

27. Options

27.1 The following options arrangements were in existence at the reporting date:

Option series	Number	Grant date	Grant date fair value $	Exercise price $	Expiry date	Vesting date
1	19,500,000[i]	21 Dec 2011	0.000025	0.005	31 Dec 2016	Vested
2	306,150,001[ii]	28 Feb 2014	0.0100	0.030	27 Feb 2017	Vested

[i] Issued to directors pursuant to a Prospectus dated 13 December 2011.
[ii] Refer to note 26 for more information.

There has been no alteration of the terms and conditions of the above options arrangements since the grant date.

27.2 Movements in options during the year

The following reconciles options outstanding at the beginning and end of the year:

	2015		2014	
	Number of options No.	Weighted average exercise price $	Number of options No.	Weighted average exercise price $
Balance at beginning of the year	346,150,001	0.027	40,000,000	0.005
Granted during the year[i]	-	-	306,150,001	0.030
Forfeited during the year	-	-	-	-
Exercised during the year[ii]	(20,500,000)	0.005	-	-
Expired during the year	-	-	-	-
Balance at end of year	**325,650,001**	**0.029**	**346,150,001**	**0.027**
Exercisable at end of year	**325,650,001**	**0.029**	**346,150,001**	**0.027**

[i] Refer to note 26 for further information.
[ii] Refer to note 27.3 below.

27. Options (cont'd)

27.3 Share options exercised during the year

The following share options were exercised during the year (2014: nil):

2015 Options series	Number exercised	Exercise date	Share price at exercise date
1	10,000,000	23 July 2014	$0.010
1	10,000,000	6 May 2015	$0.019
1	500,000	15 May 2015	$0.019

27.4 Options outstanding at the end of the year

Options outstanding at the end of the year had a weighted average exercise price of $0.029 (2014: $0.027) and a weighted average remaining contractual life of 605 days (2014: 966 days).

28. Approval of financial statements

The financial statements were approved by the board of directors and authorised for issue on 25 September 2015.

ASX Additional Information as at 22 September 2015

Ordinary share capital

646,515,616 fully paid ordinary shares are held by 5,072 individual shareholders.

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

Options

19,500,000 unlisted $0.005 options expiring 31 December 2016 are held by 2 individual option holders.

306,150,001 unlisted $0.030 options expiring 27 February 2017 are held by 32 individual option holders.

Options do not carry a right to vote.

Convertible notes

150,000 10% fully paid convertible notes are held by 2 individual shareholders.

Convertible notes do not carry a right to vote.

Distribution of holdings

Category (size of holding)	Number of ordinary shares	Number of holders	% holding
1 – 1,000	1,171,209	2,799	0.18
1,001 – 5,000	3,321,756	1,422	0.51
5,001 – 10,000	1,667,254	227	0.26
10,001 – 100,000	10,469,374	254	1.62
100,001 and over	629,886,023	370	97.43
	646,515,616	**5,072**	**100.00**

Unmarketable parcels

There are 4,708 shareholdings held in less than the marketable parcels.

Substantial shareholders

	Number of shares	% holding
1. Antony William Paul Sage & Lucy Fernandes Sage <Egas Superannuation Fund A/C>	35,000,000	5.41
2. Mr John Charles Cherry	32,990,000	5.10

Restricted securities

The Company has no restricted securities on issue.

On-Market buy-back

There is no current on-market buy-back.

Twenty (20) largest shareholders of quoted equity securities

Name	Number of Shares Held	% of Issued Capital
Antony William Paul Sage & Lucy Fernandes Sage <Egas Superannuation Fund A/C>	35,000,000	5.41
Mr John Charles Cherry	32,990,000	5.10
Mr Paul Frederick Townsend	25,000,000	3.87
HSBC Custody Nominees (Australia) Limited	23,721,231	3.67
Value Set Investments Pty Ltd	21,043,380	3.26
Mr James Nicholas Ivanoff	20,100,207	3.11
Mr Dean Anthony Evans	17,610,538	2.72
Mrs Tiziana Battista <Morriston A/C>	17,000,000	2.63
Mr David Crooks	15,307,499	2.37
Somerville Equity Pty Ltd <Somerville Equity A/C>	14,287,108	2.21
Mr Timothy William Hipworth & Miss Narelle Christine Maiolo	12,651,514	1.96
Prodigy Management Pty Ltd <C & K A/C>	11,824,162	1.83
Mr Volker Huesgen	11,000,000	1.70
Poseidon Nickel Limited	10,714,286	1.66
Mr Jason Bontempo & Mrs Tiziana Battista	10,000,000	1.55
Mr Giuseppe Vince Ariti	10,000,000	1.55
Mr Roger Scott Alter	6,777,120	1.05
Agens Pty Ltd <The Mark Collins Family A/C>	6,700,000	1.04
Mr David George Jones	6,138,287	0.95
Mr Brian Thomas Ryan	6,000,000	0.93
	313,865,332	**48.57**

Convertible noteholders	Convertible notes Number	Percentage
Mr John Charles Cherry	100,000	66.67
Mr Robert Moltoni	50,000	33.33
	150,000	**100.00**

Unquoted equity securities holdings greater than 20%

All the securities listed below are options to purchase ordinary shares in the Company at the prices shown.

Name	Expiry date	Number of options	Exercise price ($)
Malvasia Pty Ltd <The Spyder Super Fund A/C>	31 December 2016	10,000,000	0.005
Mrs Tiziana Battista <Morriston A/C>	31 December 2016	9,500,000	0.005

Schedule of tenements held at balance sheet date

Location	Project Name	Tenement #	Ownership	Titleholder
Western Australia	SuperNova	E69/3066	100%	Caeneus Resources Pty Ltd
Western Australia	Mt Davis	P37/7803	100%	Caeneus Resources Pty Ltd
Western Australia	Mt Davis	P37/7804	100%	Caeneus Resources Pty Ltd
Western Australia	Mt Davis	P37/7820	100%	Caeneus Resources Pty Ltd
Western Australia	Mt Davis	P37/7821	100%	Caeneus Resources Pty Ltd
Western Australia	Mt Davis	P37/7824	100%	Caeneus Resources Pty Ltd
Western Australia	Mt Davis	P37/7825	100%	Caeneus Resources Pty Ltd
Western Australia	Mt Davis	P37/7826	100%	Caeneus Resources Pty Ltd
Western Australia	Mt Davis	P37/7827	100%	Caeneus Resources Pty Ltd