

# **Castle Minerals Limited**

**ABN 83 116 095 802**

## **Annual Financial Report**

**for the year ended 30 June 2015**

## Corporate Information

**ABN 83 116 095 802**

### **Directors**

Michael Ashforth (Non-Executive Chairman)  
Michael Ivey (Managing Director)  
Campbell Ansell (Non-Executive Director)

### **Company Secretary**

Desmond Kelly

### **Registered Office**

Unit 6, 1 Clive Street  
WEST PERTH WA 6005  
Telephone: (08) 9322 7018  
Facsimile: (08) 9315 2233

### **Postal Address**

PO Box 437  
WEST PERTH WA 6872

### **Solicitors**

Gilbert + Tobin  
1202 Hay Street  
WEST PERTH WA 6005

### **Bankers**

National Australia Bank Limited  
1232 Hay Street  
WEST PERTH WA 6005

### **Share Register**

Security Transfer Registrars Pty Ltd  
770 Canning Highway  
APPLECROSS WA 6153  
Telephone: (08) 9315 2333  
Facsimile: (08) 9315 2233

### **Auditors**

BDO Audit (WA) Pty Ltd  
38 Station Street  
SUBIACO WA 6008

### **Internet Address**

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

### **Email Address**

[info@castleminerals.com](mailto:info@castleminerals.com)

### **Stock Exchange Listing**

Castle Minerals Limited shares are listed on the Australian Securities Exchange (ASX code CDT).

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# Directors' Report

Your directors submit their report on the consolidated entity (referred to hereafter as the Group) consisting of Castle Minerals Limited and the entities it controlled at the end of, or during, the year ended 30 June 2015.

## DIRECTORS

The names and details of the Group's directors in office during the financial year and until the date of this report are as follows. Where applicable, all current and former directorships held in listed public companies over the last three years have been detailed below. Directors were in office for this entire period unless otherwise stated.

### Names, qualifications, experience and special responsibilities

**Michael Ashforth**, JD, LLB (Non-Executive Chairman, chairman of remuneration committee, member of audit committee), Independent Director.

Michael Ashforth is Executive Chairman, AMB Holdings Pty Ltd. He was formerly an Executive Director of Macquarie Capital and previously Managing Director of Gresham Advisory Partners. Mr Ashforth has advised on a wide range of mergers and acquisitions transactions for Australian and international clients across a wide range of industry sectors. He has extensive experience in transactions across the resources sector.

Mr Ashforth was appointed as a director of Castle Minerals on 5 September 2005. Mr Ashforth is a former director of Cradle Resources Limited within the last 3 years.

**Michael Ivey**, B. App. Sc (Geol), M.Sc. (Min.Econ.) WASM, M.Aus.I.M.M., (Managing Director)

Michael Ivey has been involved in the mineral exploration industry in Western Australia for over 25 years and has held a number of senior public company roles in the gold industry. He graduated from Curtin University with a Bachelor of Applied Science degree majoring in geology and has a Master of Science (Mineral Economics) from the WA School of Mines.

Mr Ivey is also Principal of MetalsEx Capital. Mr Ivey has not held any other public company directorships in the last 3 years.

**Campbell Ansell**, FCA, (Non-Executive Director, chairman of audit committee, member of remuneration committee), Independent Director.

Campbell Ansell is a Chartered Accountant who is also a nonexecutive director of several other successful business operations and has had a long term involvement with the resources sector and several government and semi government boards. Campbell has not held any other public company directorships in the last 3 years.

## COMPANY SECRETARY

### Desmond Kelly

Mr Kelly has more than 30 years financial and corporate management experience focussed mainly in the resources sector and has acquired extensive financial, audit and company secretarial skills during his career.

### Interests in the shares and options of the Company and related bodies corporate

As at the date of this report, the interests of the directors in the shares and options of Castle Minerals Limited were:

	Ordinary Shares	Options over Ordinary Shares	Performance Rights
Michael Ashforth	5,980,000	-	-
Michael Ivey	7,378,498	-	2,000,000
Campbell Ansell	1,759,250	-	-

## PRINCIPAL ACTIVITIES

During the year the Group carried out exploration on its tenements and applied for or acquired additional tenements with the objective of identifying gold and other economic mineral deposits.

There was no significant change in the nature of the Group's activities during the year.

## DIVIDENDS

No dividends were paid or declared during the financial year. No recommendation for payment of dividends has been made.

## REVIEW OF OPERATIONS

An Exploration Review, including the business strategies and prospects of the Group, and the Directors Review are contained in the previous sections of the annual report.

## Directors' Report continued

### Finance Review

The Group began the financial year with a cash reserve of \$310,480. During the year, a placement of 2,500,000 ordinary shares was completed raising \$30,000. Funds were used to actively advance the Group's projects located in Ghana, West Africa.

During the year total exploration expenditure incurred by the Group amounted to \$328,426 (2014: \$1,362,300). In line with the Company's accounting policies, all exploration expenditure is expensed as incurred. Net administration expenditure incurred amounted to \$447,495 (2014: \$138,022). This has resulted in an operating loss after income tax for the year ended 30 June 2015 of \$775,921 (2014: \$1,500,322).

At 30 June 2015 surplus funds available totalled \$182,518.

### Operating Results for the Year

Summarised operating results are as follows:

	2015	
	Revenues	Results
	\$	\$
Consolidated entity revenues and loss before income tax expense	115,444	(775,921)

### Shareholder Returns

	2015	2014
Basic loss per share (cents)	(0.6)	(1.2)

### Risk Management

The board is responsible for ensuring that risks, and also opportunities, are identified on a timely basis and that activities are aligned with the risks and opportunities identified by the board.

The Company believes that it is crucial for all board members to be a part of this process, and as such the board has not established a separate risk management committee.

The board has a number of mechanisms in place to ensure that management's objectives and activities are aligned with the risks identified by the board. These include the following:

- Board approval of a strategic plan, which encompasses strategy statements designed to meet stakeholders needs and manage business risk.
- Implementation of board approved operating plans and budgets and board monitoring of progress against these budgets.

### SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Other than as disclosed in this Annual Report no significant changes in the state of affairs of the Group occurred during the financial year.

### SIGNIFICANT EVENTS AFTER THE REPORTING DATE

No matters or circumstances, besides those disclosed at note 19, have arisen since the end of the financial year which 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.

### LIKELY DEVELOPMENTS AND EXPECTED RESULTS

The Group expects to maintain the present status and level of operations and hence there are no likely developments in the entity's operations.

### ENVIRONMENTAL REGULATION AND PERFORMANCE

The Group is subject to significant environmental regulation in respect to its exploration activities.

The Group aims to ensure the appropriate standard of environmental care is achieved, and in doing so, that it is aware of and is in compliance with all environmental legislation. The directors of the Group are not aware of any breach of environmental legislation for the year under review.

The directors have considered the recently enacted National Greenhouse and Energy Reporting Act 2007 (the NGER Act) which introduces a single national reporting framework for the reporting and dissemination of information about greenhouse gas emissions, greenhouse gas projects, and energy use and production of corporations. At the current stage of development, the directors have determined that the NGER Act will have no effect on the Group for the current, nor subsequent, financial year. The directors will reassess this position as and when the need arises.

# Directors' Report continued

## REMUNERATION REPORT (AUDITED)

The information provided in this audited remuneration report has been audited as required by section 308(3C) of the *Corporations Act 2001*.

### Principles used to determine the nature and amount of remuneration

#### Remuneration Policy

The Remuneration Committee is comprised of the two non-executive directors. The remuneration policy of Castle Minerals Limited has been designed to align director and executive objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific long-term incentives based on key performance areas affecting the Group's financial results. All short term incentives are decided at Board level. The board of Castle Minerals Limited believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best executives and directors to run and manage the Group.

The board's policy for determining the nature and amount of remuneration for board members and senior executives of the Group is as follows:

The remuneration policy, setting the terms and conditions for the executive directors and other senior executives, was developed by the board. All executives receive a base salary (which is based on factors such as length of service and experience) and superannuation. The board reviews executive packages annually by reference to the Group's performance, executive performance and comparable information from industry sectors and other listed companies in similar industries.

The board may exercise discretion in relation to approving incentives, bonuses and options. The policy is designed to attract and retain the highest calibre of executives and reward them for performance that results in long-term growth in shareholder wealth.

Executives are also entitled to participate in the employee share and option arrangements.

The executive directors and executives receive a superannuation guarantee contribution required by the government, which was 9.5% for the 2015 financial year, and do not receive any other retirement benefits. Some individuals, however, may choose to sacrifice part of their salary to increase payments towards superannuation.

All remuneration paid to directors and executives is valued at the cost to the Group and expensed. Shares given to directors and executives are valued as the difference between the market price of those shares and the amount paid by the director or executive. Options are valued using either the Black-Scholes or Binomial methodologies.

The board policy is to remunerate non-executive directors at market rates for comparable companies for time, commitment and responsibilities. The board determines payments to the non-executive directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders at the Annual General Meeting (currently \$200,000). Fees for non-executive directors are not linked to the performance of the Group. However, to align directors' interests with shareholder interests, the directors are encouraged to hold shares in the Company and are able to participate in the employee option plan.

#### Performance based remuneration

The Group currently has performance based remuneration components built into director and executive remuneration packages.

#### Performance Rights

Michael Ivey was issued 2,000,000 performance rights for nil consideration on the 7 December 2011 following shareholder approval granted at the Annual General Meeting held on 22 November 2011. The Performance Rights will vest only if a total Gold Resource (Measured, Indicated or Inferred) equal to or exceeding 1,000,000oz of gold, or gold equivalent for other precious or base metals, in accordance with the JORC Code, is obtained, provided that the total Resource must contain at least 80% of the ounces within the Measured and Indicated categories as defined by the JORC Code.

The rights expire on the 22 November 2016.

#### Company performance, shareholder wealth and directors' and executives' remuneration

No relationship exists between shareholder wealth, director and executive remuneration and Company performance due to the Group still being in the exploration phase.

The table below shows the gross revenue, losses and earnings per share for the last five years for the listed entity.

	2015	2014	2013	2012	2011
	\$	\$	\$	\$	\$
Revenue	115,444	528,810	320,125	434,268	418,744
Net loss	(775,921)	(1,500,322)	(2,099,816)	(4,538,103)	(5,053,439)
Loss per share (cents)	(0.6)	(1.2)	(1.8)	(4.0)	(5.2)
Share price at year end (cents)	1.0	1.0	2.9	26.0	35.0

No dividends have been paid.

## Directors' Report continued

### Use of remuneration consultants

The Group did not employ the services of any remuneration consultants during the financial year ended 30 June 2015.

### Voting and comments made at the Company's 2014 Annual General Meeting

The remuneration report vote, while carried, (21,859,812 For and 19,325,812 Against) had more than 25% of the votes cast against the resolution and as a result constitutes a first strike for the purposes of the Corporations Act.

### Details of remuneration

Details of the remuneration of the directors and the key management personnel of the Group are set out in the following table.

The key management personnel of the Group include the directors and the following executive officer who has authority and responsibility for planning, directing and controlling the activities of the Group:

- Haydn Hadlow – *Exploration Manager (resigned February 2014)*

Given the size and nature of operations of the Group, there are no other employees who are required to have their remuneration disclosed in accordance with the *Corporations Act 2001*.

### Key management personnel of the Group

	Short-Term		Post Employment		Share-Based Payments	Total	Percentage Relevant to Share-Based Payments	Percentage Performance Related
	Salary & Fees	Non-Cash benefits	Superannuation	Retirement benefits	Performance rights			
	\$	\$	\$	\$	\$	\$	%	%
<b>Directors</b>								
Michael Ashforth <sup>(1)</sup>								
2015	50,000	3,953	4,750	-	-	58,703	-	-
2014	50,000	-	4,625	-	-	54,625	-	-
Michael Ivey <sup>(2)</sup>								
2015	250,000	3,953	-	-	20,498	274,451	7.5	7.5
2014	183,333	-	-	-	20,498	203,831	10.1	10.1
Campbell Ansell <sup>(1)</sup>								
2015	30,000	3,953	2,850	-	-	36,803	-	-
2014	30,000	-	2,775	-	-	32,775	-	-
<b>Other key management personnel</b>								
Haydn Hadlow <sup>(3)</sup> (resigned February 2014)								
2014	86,492	-	8,001	-	<sup>(3)</sup> (92,400)	2,093	-	-
<b>Total key management personnel compensation</b>								
2015	330,000	11,859	7,600	-	20,498	369,957		
2014	349,825	-	15,401	-	(71,902)	293,324		

(1) The Salary and Fees paid to Michael Ashforth and Campbell Ansell have not been paid and have been accrued in full.

(2) The Salary and Fees paid to Michael Ivey represent \$76,250 as paid and the remainder accrued.

(3) Mr Hadlow's performance rights were cancelled by right of forfeiture when he left the Company's employment in February 2014. Therefore, as no rights have ultimately vested due to failure to satisfy the vesting conditions, the previously expensed amount has been reversed during the current period.

### Service agreements

The details of service agreements of the key management personnel of Castle Minerals Limited and the Group are as follows:

Michael Ivey, Managing Director:

- Term of agreement – 4 years commencing 1 July 2010. . The agreement has been extended to 30 June 2016
- Annual consultancy fees of \$250,000 are paid to M Ivey Pty Ltd, a company controlled by Mr Ivey.
- The agreement may be terminated by the Company, without reason, by giving the consultant 12 months written notice. The consultant may terminate the agreement, without reason, by giving the Company 3 months' written notice. There are no benefits payable on termination other than entitlements accrued to the date of termination.

None of the other directors or key management personnel have service agreements in place.

## Directors' Report continued

### Share-based compensation

#### Options

Options are issued to directors and executives as part of their remuneration. The options are not issued based on performance criteria, but are issued to the majority of directors and executives of Castle Minerals Limited to increase goal congruence between executives, directors and shareholders. The Company does not have a formal policy in relation to the key management personnel limiting their exposure to risk in relation to the securities, but the Board actively discourages key personnel management from obtaining mortgages in securities held in the Company. There were no options granted to or vesting with key management personnel during the year.

#### Ordinary Shares

No ordinary shares in the Company have been provided as a result of the exercise of remuneration options to each director of Castle Minerals Limited and other key management personnel of the Group during the year.

#### Performance Rights

Performance rights are issued to directors and executives as part of their remuneration, following the approval by shareholders of the Company's Performance Rights Plan at the 2011 Annual General Meeting. The Company does not have a formal policy in relation to the key management personnel limiting their exposure to risk in relation to the securities, but the Board actively discourages key personnel from obtaining mortgages in securities held in the Company.

The terms and conditions of each grant of performance rights affecting remuneration in the current or a future reporting period are as follows:

	Grant Date	Granted Number	Vested Number	Forfeited %	Date Vesting and Exercisable	Expiry Date	Value per right at grant date (cents) <sup>(1)</sup>	% of Remuneration
<b>Directors</b>								
Michael Ivey	22/11/2011	2,000,000	Nil	-	(2)	22/11/2016	27.0	7.5

(1) The value at grant date in accordance with AASB 2: Share Based Payments of performance rights granted during the year as part of remuneration. The value is the closing share price on grant date.

(2) The performance condition for these rights is:

"The Company achieving a total Gold Resource (Measured, Indicated or Inferred) equal to or exceeding 1,000,000oz of gold, or gold equivalent for other precious or base metals, in accordance with the JORC Code, provided that the total Resource must contain at least 80% of the ounces within the Measured and Indicated categories as defined by the JORC code."

At the reporting date, the Board has determined that the probability of this performance condition being met is 17%.

### Equity instruments held by key management personnel

#### Share holdings

The numbers of shares in the Company held during the financial year by each director of Castle Minerals Limited and other key management personnel of the Group, including their personally related parties, and any nominally held, are set out below. There were no shares granted during the reporting period as compensation.

2015

	Balance at start of the year	Received during the year on the exercise of options	Other changes during the year	Balance at end of the year <sup>(1)</sup>
<b>Directors of Castle Minerals Limited</b>				
<b>Ordinary shares</b>				
Michael Ashforth	5,980,000	-	-	5,980,000
Michael Ivey	7,378,498	-	-	7,378,498
Campbell Ansell	1,759,250	-	-	1,759,250

(1) At year end there are no nominally held shares.

#### Performance right holdings

Michael Ivey was issued 2,000,000 performance rights for nil consideration on the 7 December 2011 following shareholder approval granted at the Annual General Meeting held on 22 November 2011. The Performance Rights will vest only if a total Gold Resource (Measured, Indicated or Inferred) equal to or exceeding 1,000,000oz of gold, or gold equivalent for other precious or base metals, in accordance with the JORC Code, is obtained, provided that the total Resource must contain at least 80% of the ounces within the Measured and Indicated categories as defined by the JORC Code.

The rights expire on the 22 November 2016.

No other member of the key management personnel holds options or performance rights in the Company.



## Directors' Report continued

### Loans to key management personnel

There were no loans to key management personnel during the year.

### Other transactions with key management personnel

During the year, the Group leased office accommodation from Henmik Pty Ltd ("Henmik"), a company associated with Mr Ivey. The lease terms are set at normal commercial rates, with amounts paid during the year totalling \$74,544 (2014: \$74,544). Castle sublet office space during the year to third parties and during the year recouped a total of \$36,083 for office accommodation. There are no amounts outstanding at the reporting date.

### End of audited Remuneration Report

### DIRECTORS' MEETINGS

During the year the Company held six meetings of directors. The attendance of directors at meetings of the board were:

	Directors Meetings		Committee Meetings			
	A	B	Audit		Remuneration	
	A	B	A	B	A	B
Michael Ashforth	6	6	2	2	1	1
Michael Ivey	6	6	*	*	*	*
Campbell Ansell	6	6	2	2	1	1

#### Notes

A - Number of meetings attended.

B - Number of meetings held during the time the director held office during the year.

\* - Not a member of the relevant Committee.

### SHARES UNDER OPTION

Unissued ordinary shares of Castle Minerals Limited under option at the date of this report are as follows:

Date options issued	Expiry date	Exercise price (cents)	Number of options
30 May 2011	1 September 2016	40	1,050,000
<b>Total number of options outstanding at the date of this report</b>			<b>1,050,000</b>

No option holder has any right under the options to participate in any other share issue of the Company or any other entity.

### INSURANCE OF DIRECTORS AND OFFICERS

During the financial year, Castle Minerals Limited paid a premium to insure the directors and secretary of the Company. The total amount of insurance contract premiums paid is confidential under the terms of the insurance policy. The amount has been included in the compensation amounts disclosed for key management personnel elsewhere in this report and in the notes to the financial statements.

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

## Directors' Report continued

### NON-AUDIT SERVICES

The following non-audit services were provided by the entity's auditor, BDO Audit (WA) Pty Ltd or associated entities. The directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The directors are satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

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

BDO Audit (WA) Pty Ltd or associated entities received or are due to receive the following amounts for the provision of non-audit services:

	2015 \$	2014 \$
Tax compliance services	10,589	6,630
<b>Total remuneration for non-audit services</b>	<b>10,589</b>	<b>6,630</b>

### PROCEEDINGS ON BEHALF OF THE COMPANY

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

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

### AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 10.

Signed in accordance with a resolution of the directors.



Michael Ivey  
Managing Director  
Perth, 29 September 2015

DECLARATION OF INDEPENDENCE BY GLYN O'BRIEN TO THE DIRECTORS OF CASTLE MINERALS LIMITED

As lead auditor of Castle Minerals Limited for the year ended 30 June 2015, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Castle Minerals Limited and the entities it controlled during the period.



Glyn O'Brien

Director

BDO Audit (WA) Pty Ltd

Perth, 29 September 2015

## Corporate Governance Statement

### *The Board of Directors*

The Company's constitution provides that the number of directors shall not be less than three and not more than nine. There is no requirement for any share holding qualification.

As and if the Company's activities increase in size, nature and scope the size of the board will be reviewed periodically, and as circumstances demand. The optimum number of directors required to supervise adequately the Company's constitution will be determined within the limitations imposed by the constitution.

The membership of the board, its activities and composition, is subject to periodic review. The criteria for determining the identification and appointment of a suitable candidate for the board shall include quality of the individual, background of experience and achievement, compatibility with other board members, credibility within the Company's scope of activities, intellectual ability to contribute to board's duties and physical ability to undertake board's duties and responsibilities.

Directors are initially appointed by the full board subject to election by shareholders at the next general meeting. Under the Company's constitution the tenure of a director (other than managing director, and only one managing director where the position is jointly held) is subject to reappointment by shareholders not later than the third anniversary following his or her last appointment. Subject to the requirements of the *Corporations Act 2001*, the board does not subscribe to the principle of retirement age and there is no maximum period of service as a director. A managing director may be appointed for any period and on any terms the directors think fit and, subject to the terms of any agreement entered into, may revoke any appointment.

The board considers that the Company is not currently of a size, nor are its affairs of such complexity to justify the formation of separate or special committees (other than audit, remuneration and nominations committees) at this time. The board as a whole is able to address the governance aspects of the full scope of the Company's activities and to ensure that it adheres to appropriate ethical standards.

### *Role of the Board*

The board's primary role is the protection and enhancement of long-term shareholder value.

To fulfil this role, the board is responsible for oversight of management and the overall corporate governance of the Company including its strategic direction, establishing goals for management and monitoring the achievement of these goals.

### *Appointments to Other Boards*

Directors are required to take into consideration any potential conflicts of interest when accepting appointments to other boards.

### *Independent Professional Advice*

The board has determined that individual directors have the right in connection with their duties and responsibilities as directors, to seek independent professional advice at the Company's expense. With the exception of expenses for legal advice in relation to director's rights and duties, the engagement of an outside adviser is subject to prior approval of the Chairman and this will not be withheld unreasonably.

### *Continuous Review of Corporate Governance*

Directors consider, on an ongoing basis, how management information is presented to them and whether such information is sufficient to enable them to discharge their duties as directors of the Company. Such information must be sufficient to enable the directors to determine appropriate operating and financial strategies from time to time in light of changing circumstances and economic conditions. The directors recognise that mineral exploration is an inherently risky business and that operational strategies adopted should, notwithstanding, be directed towards improving or maintaining the net worth of the Company.

### *ASX Principles of Good Corporate Governance*

The board has reviewed its current practices in light of the ASX Principles of Good Corporate Governance and Best Practice Guidelines with a view to making amendments where applicable after considering the Company's size and the resources it has available.

As the Company's activities develop in size, nature and scope, the size of the board and the implementation of any additional formal corporate governance committees will be given further consideration.

The following table sets out the Company's present position with regard to adoption of these Principles.

	ASX Principle	Status	Reference/comment
<b>Principle 1:</b>	<b>Lay solid foundations for management and oversight</b>		
1.1	A listed entity should disclose: (a) The respective roles and responsibilities of its board and management; and (b) Those matters expressly reserved to the board and those delegated to management	A	The Roles and responsibilities of the Board and management are set out in the Annual Report
1.2	A listed entity should: (a) Undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and (b) Provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director	A	The Chairman undertakes appropriate reference checks
1.3	A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment	A	The Company's Notice of Meeting for election of Directors include material information
1.4	The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board	A	
1.5	A listed entity should: (a) Have a diversity policy which includes requirements for the board or a relevant committee of the board to set measureable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them (b) Disclose that policy or a summary of it; and (c) Disclose at the end of each reporting period the measureable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them and either:	N/A	The Company is committed to providing a workplace that promotes diversity. Diversity includes, gender, age, ethnicity, cultural background or disability. Due to the small size and nature of the company it does not propose to implement a formal code or policy with measurable objectives.

	<p>(i) The respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined 'senior executive' for these purposes); or</p> <p>(ii) If the entity is a "relevant employer" under the Workplace Gender Equality Act the entity's most recent "Gender Equality Indicators", as defined in and published under the Act</p>	A	The Company has employed three female employees part time, nil in executive or Board positions. Proportion of females is 25% of employees across the whole organisation
1.6	<p>A listed entity should:</p> <p>(a) Have and disclose a process for periodically evaluating the performance of the Board, its committees and individual directors; and</p> <p>(b) Disclose , in relation to each reporting period whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	A	<p>Evaluations were conducted in the current year using a performance survey to:</p> <p>(a) Review the respective roles of the Board;</p> <p>(b) Review the mix of experience and skills required by the Board;</p> <p>(c) Assess the performance of the Board as a whole over the previous 12 months</p> <p>(d) Assess the effectiveness of Board processes; and</p> <p>(e) Examine ways of assisting the Board in performing its duties more effectively and efficiently</p> <p>The Managing Director's performance evaluation is also undertaken annually by the Board. The performance of non-executive Directors is reviewed by the Board with the exclusion of the Director concerned.</p>
1.7	<p>A listed entity should:</p> <p>(a) Have and disclose a process for periodically evaluative the performance of its senior executives; and</p> <p>(b) Disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process</p>	A	Evaluations were conducted in the current year using a performance survey.
<b>Principle 2:</b>	<b>Structure the board to add value</b>		
2.1	<p>The board of a listed entity should:</p> <p>(a) Have a nomination committee which:</p>	N/A	

- (i) Have at least three members, a majority of whom are independent directors; and
- (ii) Is chaired by an independent director, and discloses;
- (iii) The charter of the committee;
- (iv) The members of the committee; and
- (v) As at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings;

**OR**

- (b) If it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively

**A** The full Board carries out the duties that would normally fall to the nomination committee. This includes the selection of new directors and re-election of incumbent directors. The Board's policy on appointment of Directors is based on the qualifications, experience and industry relevance.

2.2 A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to

**A** The skills and experiences of Directors are set out in the Company's Annual Report and on its website

2.3 A listed entity should have and disclose:

- (a) The names of the directors considered by the board to be independent directors;
- (b) If the director has an interest, position, associated or relationship of the type described in Box 2.3 but the Board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship

**A** Messrs Ashforth and Ansell are considered independent

	in question and an explanation of why the board is of that opinion; and		
	(c) The length of service of each director	A	Is disclosed in the Annual Report's Directors Report
2.4	A majority of the board of a listed entity should be independent directors	A	Two of the three directors are considered independent
2.5	The chair of the board of a listed entity should be an independent director	A	
2.6	A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.	A	All board members maintain their own professional memberships and continuing professional development requirements of those memberships. This is encouraged by the Board.
<b>Principle 3: Act Ethically and Responsibly</b>			
3.1	A listed entity should:		
	(a) Have a code of conduct for its directors, senior executives and employees; and	A	
	(b) Disclose that code or a summary of it	A	Disclosed on the website <a href="http://www.castleminerals.com/corporate/companyoliciesandprocedures/codeofconduct">www.castleminerals.com/corporate/companyoliciesandprocedures/codeofconduct</a>
<b>Principle 4: Safeguard Integrity in Corporate Reporting</b>			
4.1	The board of a listed entity should:	A	
	(a) Have an audit committee which:	A	The Company has established an audit committee which comprises only non-executive directors
	(i) Has at least three members, all whom are non-executive directors and a majority of whom are independent directors; and	N/A	The Company only has two non-executive directors
	(ii) Is chaired by an independent director, who is not the chair of the board; and disclose;	A	
	(iii) The charter of the committee;	A	
	(iv) The relevant qualifications and experience of the members of the committee; and	A	Is disclosed at <a href="http://www.castleminerals.com/corporate/companyoliciesandprocedures/auditcommitteecharter">www.castleminerals.com/corporate/companyoliciesandprocedures/auditcommitteecharter</a>
	(v) In relation to each reporting	A	Details are disclosed in the Company Annual Report's Directors' Report



period, the number of times the committee met throughout the period and the individual attendances of the members of those meetings;

**OR**

- (b) If it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner

4.2 The board of a listed entity should, before it approves the entity's financial statements for a financial period, received from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively

A

4.3 A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit

A

**Principle 5: Make Timely and Balanced Disclosure**

5.1 A listed entity should:

(a) Have a written policy for complying with continuous disclosure obligations under the Listing Rules; and

(b) Disclose that policy or a summary of it

A

[www.castleminerals.com/corporate/company\\_policies\\_and\\_procedures/continuous\\_disclosure\\_policy](http://www.castleminerals.com/corporate/company_policies_and_procedures/continuous_disclosure_policy)

A = Adopted

N/A = Not adopted

	ASX Principle	Status	Reference/comment
<b>Principle 6:</b>	<b>Respect the Rights of Security Holders</b>		
6.1	A listed entity should provide information about itself and its governance to investors via its website	A	www.castleminerals.com
6.2	A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors	A	All shareholders are kept informed of major developments affecting the Company. This disclosure is through regular shareholder communications including the Annual Report, Quarterly Reports, the Company website and the distribution of specific releases cover major transactions or events
6.3	A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders	A	All shareholders receive Notices of Meetings and are encouraged to participate at all meetings
6.4	A listed entity should give security holders the option to receive communications to, the entity and its security registry electronically	A	www.castleminerals.com/corporate/companyoliciesandprocedures/continuousdisclosurepolicy
<b>Principle 7:</b>	<b>Recognise and Manage Risk</b>		
7.1	The board of a listed entity should:	N/A	
	(a) Have a committee or committees to oversee risk, each of which:		
	(i) Has at least three members, a majority of whom are independent directors; and		
	(ii) Is chaired by an independent director, and disclose;		
	(iii) The charter of committee;		
	(iv) The members of the committee and		
	(v) As at the end of each of the reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings;		
	<b>OR</b>		
	(b) If it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the process it employs for overseeing the entity's risk	A	While the Company does have formalised policies on risk management the Board recognises its responsibility for identifying areas of significant business risk and for ensuring that arrangements are in place for adequately managing these risks. This issue is regularly reviewed at Board meetings and risk management culture is encouraged amongst employees and contractors. The risk

	management framework		management policy is outlined on the website at <a href="http://www.castleminerals.com/corporate/copmanypoliciesandprocedures/riskmanagementpolicy">www.castleminerals.com/corporate/copmanypoliciesandprocedures/riskmanagementpolicy</a>
7.2	<p>The board or a committee of the board should:</p> <p>(a) Review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and</p> <p>(b) Disclose, in relation to each reporting period, whether such a review has taken place</p>	<p>A</p> <p>A</p>	<p>The Board is responsible for ensuring the Company establishes and maintains policies for risk oversight and management. It is the Board's responsibility to ensure that an effective internal control framework exists within the entity. This includes internal controls to be dealt with both the effectiveness and efficiency of significant business processes. This also includes the safeguarding of assets, the maintenance of proper accounting records, and the reliability of financial information as well as non-financial considerations</p> <p>The audit committee is responsible for monitoring the development and annual review of the Company's risk profile and systems of risk management. The audit committee also provides the board with additional assurance regarding the reliability of the financial information for the inclusion in the financial reports. This review has taken place</p>
7.3	<p>A listed entity should disclose;</p> <p>(a) If it has an internal audit function, how the function is structured and what role it performs; <b>OR</b></p> <p>(b) If it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes</p>	<p>N/A</p> <p>A</p>	<p>The Board requires management to establish appropriate systems and procedures to manage the Company's material business risks and to report on the effective management of those risks. An annual review has been completed.</p>
7.4	A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.	A	The Company has exposure to capital markets risk which are managed by promotional activities to those markets
<b>Principle 8: Remunerate Fairly and Responsibly</b>			
8.1	<p>The board of a listed entity should:</p> <p>(a) Have a remuneration committee which:</p> <p>(i) Has at least three members, a majority of whom are independent directors; and</p> <p>(ii) Is chaired by an independent director; and disclose</p> <p>(iii) The charter of the committee;</p> <p>(iv) The members of the committee; and</p> <p>(v) As at the end of each reporting period, the</p>	<p>A</p> <p>(in part)</p> <p>N/A</p> <p>A</p> <p>N/A</p> <p>A</p> <p>A</p>	<p>Due to the size of the Board, the remuneration committee consists of only two non-executive directors</p> <p>There is no formal charter</p> <p>Messrs Ansell and Ashforth are members</p> <p>This is disclosed in the Annual Report's Directors Report</p>

number of times  
the committee  
met throughout  
the period and  
the individual  
attendances of  
the members at  
those meetings;

**OR**

- (b) If it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executive and ensuring that such remuneration is appropriate and not excessive

8.2	A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives	N/A	The Company does not have separate policies and practices regarding remuneration but endeavours to remunerate fairly given the economic circumstances of the company and the market based realities for employment opportunities
8.3	A listed entity which has an equity-based remuneration scheme should: (a) Have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and disclose that policy or a summary of it	N/A	There is no formal charter or policy on prohibiting the entering into transactions in associated products which limit the economic risk of participating in unvested entitlements under any equity based remuneration schemes

*A = Adopted*

*N/A = Not adopted*

## Consolidated Statement of Profit or Loss and Other Comprehensive Income

YEAR ENDED 30 JUNE 2015

	Notes	Consolidated	
		2015	2014
		\$	\$
<b>REVENUE</b>	4(a)	<b>5,396</b>	33,326
Other income	4(b)	<b>110,048</b>	495,484
<b>EXPENDITURE</b>			
Depreciation expense		<b>(144,689)</b>	(156,188)
Salaries and employee benefits expense		<b>(145,017)</b>	(140,199)
Tenement acquisition and exploration expenses		<b>(328,426)</b>	(1,362,300)
Corporate expenses		<b>(61,212)</b>	(68,269)
Administration expenses		<b>(149,523)</b>	(191,891)
Fair value loss on investments held for trading	9	<b>(42,000)</b>	(176,000)
Share based payment (expense)/income	22(c)	<b>(20,498)</b>	65,715
<b>LOSS BEFORE INCOME TAX</b>		<b>(775,921)</b>	(1,500,322)
<b>INCOME TAX EXPENSE</b>	6	-	-
<b>LOSS FOR THE YEAR ATTRIBUTABLE TO MEMBERS OF CASTLE MINERALS LIMITED</b>		<b>(775,921)</b>	(1,500,322)
<b>OTHER COMPREHENSIVE INCOME</b>			
<i>Items that may be reclassified to profit or loss</i>			
Exchange differences on translation of foreign operations		<b>45,493</b>	5,229
Other comprehensive income for the year, net of tax		<b>45,493</b>	5,229
<b>TOTAL COMPREHENSIVE LOSS FOR THE YEAR ATTRIBUTABLE TO MEMBERS OF CASTLE MINERALS LIMITED</b>		<b>(730,428)</b>	(1,495,093)
Basic and diluted loss per share attributable to the members of Castle Minerals Limited (cents per share)	21	<b>(0.6)</b>	(1.2)

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

## Consolidated Statement of Financial Position

AT 30 JUNE 2015

	Notes	Consolidated	
		2015	2014
		\$	\$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	7	182,518	310,480
Trade and other receivables	8	18,719	157,333
Financial assets at fair value through profit or loss	9	34,000	76,000
<b>TOTAL CURRENT ASSETS</b>		<b>235,237</b>	<b>543,813</b>
<b>NON-CURRENT ASSETS</b>			
Plant and equipment	10	237,929	344,113
<b>TOTAL NON-CURRENT ASSETS</b>		<b>237,929</b>	<b>344,113</b>
<b>TOTAL ASSETS</b>		<b>473,166</b>	<b>887,926</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	11	429,550	164,380
<b>TOTAL CURRENT LIABILITIES</b>		<b>429,550</b>	<b>164,380</b>
<b>TOTAL LIABILITIES</b>		<b>429,550</b>	<b>164,380</b>
<b>NET ASSETS</b>		<b>43,616</b>	<b>723,546</b>
<b>EQUITY</b>			
Contributed equity	12	23,222,885	23,192,885
Reserves	13	950,715	884,724
Accumulated losses		(24,129,984)	(23,354,063)
<b>TOTAL EQUITY</b>		<b>43,616</b>	<b>723,546</b>

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

## Consolidated Statement of Changes in Equity

YEAR ENDED 30 JUNE 2015

	Notes	Contributed Equity \$	Share-based Payments Reserve \$	Foreign Currency Translation Reserve \$	Accumulated Losses \$	Total \$
<b>Consolidated</b>						
<b>BALANCE AT 1 JULY 2013</b>		23,044,308	733,856	211,354	(21,853,741)	2,135,777
Loss for the year		-	-	-	(1,500,322)	(1,500,322)
<b>OTHER COMPREHENSIVE INCOME</b>						
Exchange differences on translation of foreign operations		-	-	5,229	-	5,229
<b>TOTAL COMPREHENSIVE INCOME</b>		-	-	5,229	(1,500,322)	(1,495,093)
<b>TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS</b>						
Shares issued during the year	12	148,577	-	-	-	148,577
Options vesting with employees and contractors	22	-	6,187	-	-	6,187
Performance rights (cancelled)/vesting with employees	22	-	(71,902)	-	-	(71,902)
<b>BALANCE AT 30 JUNE 2014</b>		23,192,885	668,141	216,583	(23,354,063)	723,546
Loss for the year		-	-	-	(775,921)	(775,921)
<b>OTHER COMPREHENSIVE INCOME</b>						
Exchange differences on translation of foreign operations		-	-	45,493	-	45,493
<b>TOTAL COMPREHENSIVE INCOME</b>		-	-	45,493	(775,921)	(730,428)
<b>TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS</b>						
Shares issued during the year	12	30,000	-	-	-	30,000
Performance rights vesting with employees	22	-	20,498	-	-	20,498
<b>BALANCE AT 30 JUNE 2015</b>		23,222,885	688,639	262,076	(24,129,984)	43,616

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

## Consolidated Statement of Cash Flows

YEAR ENDED 30 JUNE 2015

	Notes	Consolidated	
		2015	2014
		\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Payments to suppliers and employees		(258,680)	(413,027)
Interest received		6,671	40,843
Expenditure on mining interests		(164,245)	(1,189,642)
Proceeds on sale of mining interests		-	85,000
Research and development incentive grant received		171,428	174,586
Other income received		58,264	18,085
NET CASH (OUTFLOW) FROM OPERATING ACTIVITIES	20	(186,562)	(1,284,155)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceed on disposal of plant and equipment		28,383	-
Payments for plant and equipment		(1,138)	(40,557)
NET CASH INFLOW/(OUTFLOW) FROM INVESTING ACTIVITIES		27,245	(40,557)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from issues of ordinary shares		30,000	-
Payment of share issue costs		-	(385)
NET CASH INFLOW/(OUTFLOW) FROM FINANCING ACTIVITIES		30,000	(385)
NET (DECREASE) IN CASH AND CASH EQUIVALENTS		(129,317)	(1,325,097)
Cash and cash equivalents at the beginning of the financial year		310,480	1,636,882
Effects of exchange rate changes on cash and cash equivalents		1,355	(1,305)
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR</b>	7	<b>182,518</b>	<b>310,480</b>

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



# Notes to the Consolidated Financial Statements

30 JUNE 2015

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the consolidated entity consisting of Castle Minerals Limited and its subsidiaries. The financial statements are presented in the Australian currency. Castle Minerals Limited is a company limited by shares, domiciled and incorporated in Australia. The financial statements were authorised for issue by the directors on 29 September 2015. The directors have the power to amend and reissue the financial statements.

### (a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the *Corporations Act 2001*. Castle Minerals Limited is a for-profit entity for the purpose of preparing the financial statements.

#### (i) Compliance with IFRS

The consolidated financial statements of the Castle Minerals Limited Group also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

#### (ii) New and amended standards adopted by the Group

The Group has adopted all of the new and revised Standards and Interpretations issued by the AASB that are relevant to their operations and effective for the current annual reporting period.

New and revised Standards and amendments thereof and Interpretations effective for the first time for the annual reporting period commencing 1 July 2014 that are relevant to the Group include:

- AASB 2013-3 *Amendment to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets*; and
- AASB 2014-1 *Amendments to Australian Accounting Standards*.

The adoption of all the new and revised Standards and Interpretations has not resulted in any changes to the Group's accounting policies and has no effect on the amounts reported for the current or prior years. However, the above standards have affected the disclosures in the notes to the financial statements.

#### (iii) Early adoption of standards

The Group has not elected to apply any pronouncements before their operative date in the annual reporting period beginning 1 July 2014.

#### (iv) Historical cost convention

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, which have been measured at fair value.

#### (v) Change in accounting policy for Research and Development Incentives

The Group previously accounted for refundable R&D tax incentives as an income tax benefit. The Group has determined that these incentives are more akin to government grants because they are not conditional upon earning taxable income and has therefore made a voluntary change in accounting policy during the reporting period. Refundable tax incentives are now accounted for as government grants under AASB 120 *Accounting for Government Grants and Disclosure of Government Assistance* because the directors consider this policy to provide more relevant information to meet the economic decision-making needs of users, and to make the financial statements more reliable. This change in policy resulted in the income tax benefit in 2014 of \$136,441 now being reclassified as other income.

#### (vi) Going concern

The financial report has been prepared on a 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. During the year the Group incurred a net loss of \$775,921 (2014: \$1,500,322), incurred net cash outflows from operating activities of \$186,562 (2014: \$1,284,155) and at 30 June 2015 was in a net current liability position of \$194,313 (2014: net current assets of \$379,433) primarily due to accrued Directors fees. The Directors' fees have agreed not to be called upon from twelve months of signing the financial report or until funds are available.

The ability of the Group to continue as a going concern is dependent on the Group being able to raise additional funds through sale of the Group's tenements and/or non-core assets or through equity, to meet ongoing exploration commitments and for working capital. The Directors believe that they will be able to raise additional funds as required and are in the process of evaluating the Group's cash requirements. The Directors believe that the Group will continue as a going concern. As a result the financial report has been prepared on a going concern basis. However should the Group be unsuccessful in undertaking additional raisings, there is a material uncertainty related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. No adjustments have been made relating to the recoverability and classification of assets and liabilities that might be necessary should the Group not continue as a going concern.

### (b) Principles of consolidation

#### (i) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the

Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

# Notes to the Consolidated Financial Statements continued

30 JUNE 2015

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

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

### (ii) Changes in ownership interests

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of Castle Minerals Limited.

When the Group ceases to have control, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, jointly controlled entity or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

If the ownership interest in a jointly controlled entity or associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

### (c) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the full Board of Directors.

### (d) Foreign currency translation

#### (i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Australian dollars, which is Castle Minerals Limited's functional and presentation currency.

#### (ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss. They are deferred in equity if they are attributable to part of the net investment in a foreign operation.

#### (iii) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- income and expenses for each statement of profit or loss and other comprehensive income are translated at average exchange rates (unless that is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

### (e) Revenue recognition

Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial assets. Rent revenue is recognised upon receipt of payment.

# Notes to the Consolidated Financial Statements continued

30 JUNE 2015

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### (f) Government grants

The Research and Development Tax Incentive Grant received from the Australian Taxation Office is recognised in profit or loss in the period in which it becomes receivable, with the amount included in other income.

### (g) Income tax

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

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company's subsidiaries and associated operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

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

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

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

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

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

### (h) Leases

Leases of property, plant and equipment where the Group, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other short-term and long-term payables. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the asset's useful life and the lease term.

Leases where a significant portion of the risks and rewards of ownership are not transferred to the Group as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

### (i) Business combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred;
- liabilities incurred;
- equity interests issued by the Group;
- fair value of any asset or liability resulting from a contingent consideration arrangement; and
- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

# Notes to the Consolidated Financial Statements continued

30 JUNE 2015

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

The excess of:

- consideration transferred;
- amount of any non-controlling interest in the acquired entity; and
- acquisition-date fair value of any previous equity interest in the acquired entity;

over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss.

### (j) Impairment of assets

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

### (k) Cash and cash equivalents

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

### (l) Trade and other receivables

Receivables are recognised initially at fair value and subsequently at amortised cost. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written-off as incurred.

### (m) Financial assets

#### Classification

The Group classifies its financial assets in the following categories: loans and receivables; and financial assets at fair value through profit or loss. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its financial assets at initial recognition.

#### (i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the reporting date which are classified as non-current assets.

Collectability of loans and receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. An allowance account (provision for impairment) is used when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables or in an otherwise timely manner. The amount of the impairment allowance is the difference between the asset's carrying amount and the estimated future cash flows. None of the Group's loans and receivables has an applicable interest rate hence the cash flows are not discounted.

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

#### (ii) Financial assets at fair value through profit or loss

Financial assets classified as held for trading are included in the category 'financial assets at fair value through profit or loss'. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. Derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on investments held for trading are recognised in profit or loss.

# Notes to the Consolidated Financial Statements continued

30 JUNE 2015

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### *Recognition and derecognition*

Regular purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

### *Measurement*

Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method. Details on how the fair value of financial investments is determined are disclosed in note 2.

### *Impairment*

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

### **(n) Plant and equipment**

All plant and equipment is stated at historical cost less depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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

Depreciation of plant and equipment is calculated using either the reducing balance or straight line methods to allocate their cost, net of their residual values, over their estimated useful lives. The rates vary between 20% and 40% per annum.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 1(j)).

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

### **(o) Exploration and evaluation costs**

Exploration and evaluation costs are expensed (and not capitalised) in the year they are incurred.

### **(p) Trade and other payables**

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. They are recognised initially at fair value and subsequently at amortised cost. The amounts are unsecured and are paid on normal commercial terms.

### **(q) Employee benefits**

#### *(i) Wages and salaries and annual leave*

Liabilities for wages and salaries, including non-monetary benefits, and annual leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

#### *(ii) Share-based payments*

The Group provides benefits to employees (including directors) of the Group in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares ('equity-settled transactions'), refer to note 22.

The cost of these equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an internal valuation using an appropriate option pricing model.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ('vesting date').

# Notes to the Consolidated Financial Statements continued

30 JUNE 2015

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the number of options that, in the opinion of the directors of the Group, will ultimately vest. This opinion is formed based on the best available information at reporting date. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date.

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

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

Options over ordinary shares have also been issued as consideration for services and the acquisition of interests in tenements. These options have been treated in the same manner as employee options described above, with the expense being included as part of exploration expenditure.

### (r) Contributed equity

Ordinary shares are classified as equity.

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

### (s) Earnings per share

#### (i) Basic earnings per share

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

#### (ii) Diluted earnings per share

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

### (t) Goods and Services Tax (GST) and Value Added Tax (VAT)

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

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

The Group's transactions in Ghana are subject to VAT administered by the Value Added Tax Service of the Republic of Ghana. VAT may only be recoverable once the Group's operations are producing revenue in Ghana. Hence, at the Group's current level of activity, being exploration, VAT is recognised as part of the cost of acquisition of an asset or as part of an item of expense. Receivables and payables in the statement of financial position are shown inclusive of VAT.

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

### (u) Share-based payments

The Group granted benefits to suppliers and consultants in the form of share-based payment transactions.

The share-based payments are measured at fair value equal to the value of goods and services received.

### (v) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2015 reporting periods. The Group's assessment of the impact of these new standards and interpretations is set out below. New standards and interpretations not mentioned are considered unlikely to impact on the financial reporting of the Group.



# Notes to the Consolidated Financial Statements continued

30 JUNE 2015

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

*AASB 9: Financial Instruments, AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9, AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010), AASB 2012-6 Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and Transition Disclosures and AASB 2013-9 Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments, AASB 2014-1 Amendments to Australian Accounting Standard: Part E Financial Instruments, 2014-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2014), AASB2014-8 Amendments to Australian Accounting Standards arising from AASB 9 (December 2014) – Application of AASB 9 (December 2009) and AASB 9 (December 2010) (effective from 1 January 2018)*

AASB 9 replaces the multiple classification and measurement models in AASB 139 *Financial instruments: Recognition and measurement* with a single model that has only two classification categories: amortised cost and fair value.

Classification of debt assets will be driven by the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. A 'simple' debt instrument is measured at amortised cost if: a) the objective of the business model is to hold the financial asset for the collection of the contractual cash flows, and b) the contractual cash flows under the instrument solely represent payments of principal and interest.

All other financial assets, including investments in complex debt instruments and equity investments, must be recognised at fair value.

All fair value movements on financial assets are taken through the income statement, except for equity investments that are not traded, which may be recorded in the income statement or in reserves.

For financial liabilities that are measured under the fair value option entities will need to recognise the part of the fair value change that is due to changes in their own credit risk in other comprehensive income rather than profit or loss.

The new hedge accounting rules that were released in December 2013 align hedge accounting more closely with common risk management practices. As a general rule, it will be easier to apply hedge accounting going forward. The new standard also introduces expanded disclosure requirements and changes in presentation.

In December 2014, the AASB made further changes to the classification and measurement rules and also introduced a new impairment model. With these amendments, AASB 9 is now complete. The changes introduce:

- a third measurement category (FVOCI) for certain financial assets that are debt instruments; and
- a new expected credit loss (ECL) model which involves a three-stage approach whereby financial assets move through the three stages as their credit quality changes. The stage dictates how an entity measures impairment losses and applies the effective interest rate method. A simplified approach is permitted for lease and trade receivables. On initial recognition, entities will record a day-1 loss equal to the twelve month ECL (or lifetime ECL for trade receivables), unless the assets are considered impaired.

For financial years commencing before 1 February 2015, entities can elect to apply AASB 9 early for any of the following:

- the own credit risk requirements for financial liabilities;
- classification and measurement (C&M) requirements for financial assets;
- C&M requirements for financial assets and financial liabilities; or
- The full current version of AASB 9 (C&M requirements for financial assets and liabilities and hedge accounting).

After 1 February 2015, the new rules must be adopted in their entirety.

Based on the financial assets and liabilities currently held, the Group does not anticipate any impact on the financial statements upon adoption of this standard. The Group does not presently engage in hedge accounting.

None of the other amendments or Interpretations are expected to affect the accounting policies of the Group.

## (w) Critical accounting judgements, estimates and assumptions

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

### *Share based payment transactions*

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by an internal valuation using an appropriate option pricing model or quoted active market price, using the assumptions detailed in note 22. If any of these assumptions, including the probability of achieving the performance hurdle were to change, there may be an impact on the amounts reported.

### *Exploration expenditure*

Exploration and evaluation costs are expensed as they are incurred.

### *VAT Recoverability*

The Group pays VAT on invoices from Ghana which is expensed as incurred until such time as the Group goes into production and can recover the past 12 months' expense incurred prior to production commencing.



# Notes to the Consolidated Financial Statements continued

30 JUNE 2015

## 2. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, price risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group.

Risk management is carried out by the full Board of Directors as the Group believes that it is crucial for all board members to be involved in this process. The executive chairman, with the assistance of senior management as required, has responsibility for identifying, assessing, treating and monitoring risks and reporting to the board on risk management.

### (a) Market risk

#### (i) Foreign exchange risk

The Group operates internationally and are exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar.

Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the entity's functional currency. The Group has not formalised a foreign currency risk management policy however, it monitors its foreign currency expenditure in light of exchange rate movements.

The functional currency of the subsidiary companies is the US dollar. All parent entity balances are in Australian dollars and all Group balances are in either Australian or US dollars, so the Group does not have any exposure to foreign currency risk at the reporting date (2014: Nil exposure).

#### (ii) Price risk

The Group is exposed to equity securities price risk. This arises from investments held by the Group and classified in the statement of financial position as at fair value through profit or loss. Given the current level of operations, the Group is not currently exposed to commodity price risk.

To minimise the risk the Group's investments are of high quality and are publicly traded on the ASX. The investments are managed on a day to day basis so as to pick up any significant adjustments to market prices.

#### *Sensitivity analysis*

At 30 June 2015, if the value of the equity instruments held had increased/decreased by 15% with all other variables held constant, post-tax loss for the Group would not have been \$5,100 lower/higher as a result of gains/losses on equity securities classified as at fair value through profit or loss (2014: \$6,150 lower/higher).

#### (iii) Interest rate risk

The Group is exposed to movements in market interest rates on cash and cash equivalents. The Group policy is to monitor the interest rate yield curve out to 120 days to ensure a balance is maintained between the liquidity of cash assets and the interest rate return.

#### *Sensitivity analysis*

At 30 June 2015, if interest rates had changed by +/- 100 basis points from the weighted average rate for the year with all other variables held constant, post-tax loss for the Group would have been \$2,393 lower/higher (2014: \$10,500 lower/higher) as a result of lower/higher interest income from cash and cash equivalents. The directors believe that in the current economic environment a 1% increase in interest rates is reasonable given comments made by the Reserve Bank of Australia. Weighted average interest rate for the year was 2.2% (2014: 3.2%).

### (b) Credit risk

The maximum exposure to credit risk at reporting date is the carrying amount (net of provision for impairment) of those assets as disclosed in the statement of financial position and notes to the financial statements. The only significant concentration of credit risk for the Group is the cash and cash equivalents held with financial institutions. All material deposits are held with the major Australian banks for which the Board evaluate credit risk to be minimal.

As the Group does not presently have any trade receivables, lending, significant stock levels or any other credit risk, a formal credit risk management policy is not maintained.

### (c) Liquidity risk

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

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

# Notes to the Consolidated Financial Statements continued

30 JUNE 2015

## 2. FINANCIAL RISK MANAGEMENT (cont'd)

### (d) Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes. The equity investments held by the Group are classified as available-for-sale. The market value of all equity investments represents the fair value based on quoted prices on active markets (ASX) as at the reporting date without any deduction for transaction costs. These investments are classified as level 1 financial instruments.

The carrying amounts and estimated fair values of financial assets and financial liabilities are as follows:

	Consolidated	
	2015	2014
	\$	\$
<b>Financial Assets</b>		
Cash and cash equivalents	182,518	310,480
Trade and other receivables	18,719	157,333
Available-for-sale financial assets	34,000	76,000
Total Financial Assets	235,237	543,813
<b>Financial Liabilities</b>		
Trade and other payables	429,550	164,380
Total Financial Liabilities	429,550	164,380

The methods and assumptions used to estimate the fair value of financial instruments are outlined below:

#### Cash

The carrying amount is fair value due to the liquid nature of these assets.

#### Receivables/Payables

Due to the short term nature of these financial rights and obligations, their carrying amounts are estimated to represent their fair values.

#### Fair value measurements of financial assets

The carrying values of financial assets and liabilities of the Group approximate their fair values. Fair values of financial assets and liabilities have been determined for measurement and / or disclosure purposes.

#### Fair value hierarchy

The Group classifies assets and liabilities carried at fair value using a fair value hierarchy that reflects the significance of the inputs used in determining that value. The following table analyses financial instruments carried at fair value by the valuation method. The different levels in the hierarchy have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

## Notes to the Consolidated Financial Statements continued

30 JUNE 2015

### 2. FINANCIAL RISK MANAGEMENT (cont'd)

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
<b>30 June 2015</b>				
Available-for-sale financial asset	34,000	-	-	34,000
<b>Total as at 30 June 2015</b>	<b>34,000</b>	<b>-</b>	<b>-</b>	<b>34,000</b>
<b>30 June 2014</b>				
Available-for-sale financial asset	76,000	-	-	76,000
<b>Total as at 30 June 2014</b>	<b>76,000</b>	<b>-</b>	<b>-</b>	<b>76,000</b>

Due to their short term nature, the carrying amount of the current receivables and current payables is assumed to approximate their fair value.

### 3. SEGMENT INFORMATION

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

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

	Consolidated	
	2015 \$	2014 \$
<b>Ghana exploration segment</b>		
Ghana segment income	26,203	337,000
Reconciliation of Ghana segment revenue to total revenue before tax:		
Interest revenue	5,396	33,326
Research and development incentive grant	34,987	136,441
Other income	48,858	22,043
<b>Total revenue and other income</b>	<b>115,444</b>	<b>528,810</b>
Ghana segment results	(170,901)	(550,385)
Reconciliation of Ghana segment result to net loss before tax:		
Corporate depreciation	(14,699)	(15,373)
Other corporate and administration	(590,321)	(934,564)
<b>Net loss before tax</b>	<b>(775,921)</b>	<b>(1,500,322)</b>
Ghana segment operating assets	196,207	280,952
Reconciliation of Ghana segment operating assets to total assets:		
Other corporate and administration assets	276,959	606,974
<b>Total assets</b>	<b>473,166</b>	<b>887,926</b>
Total assets includes additions to plant and equipment:		
Ghana exploration segment	-	-
Other corporate and administration	1,138	40,557
	<b>1,138</b>	<b>40,557</b>

# Notes to the Consolidated Financial Statements continued

30 JUNE 2015

	Consolidated	
	2015	2014
	\$	\$
<b>4. REVENUE AND OTHER INCOME</b>		
<b>(a) Revenue</b>		
<i>Other revenue</i>		
Interest	5,396	33,326
<b>(b) Other income</b>		
Profit on sale of mining interests	9,483	337,000
Net gain on disposal of plant and equipment	14,882	-
Research and development incentive grant	34,987	136,441
Other	50,696	22,043
	<b>110,048</b>	<b>495,484</b>
<b>5. EXPENSES</b>		
<b>Loss before income tax includes the following specific expenses:</b>		
Defined contribution superannuation expense	6,916	22,057
Minimum lease payments relating to operating leases	-	15,530
Depreciation	144,689	156,188
Fair value loss on investments held for trading	42,000	176,000
<b>6. INCOME TAX</b>		
<b>(a) Income tax benefit</b>		
Current tax	-	-
Deferred tax	-	-
	<b>-</b>	<b>-</b>
<b>(b) Numerical reconciliation of income tax expense to prima facie tax payable</b>		
Loss from continuing operations before income tax expense	(775,921)	(1,500,322)
Prima facie tax benefit at the Australian tax rate of 30% (2014: 30%)	(232,776)	(450,097)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Share-based payments	6,149	(19,715)
Research and development incentive grant	(10,496)	(40,932)
Other	78,723	174,316
	<b>(158,400)</b>	<b>(336,428)</b>
Movements in unrecognised temporary differences	8,813	30,312
Tax effect of current year tax losses for which no deferred tax asset has been recognised	158,605	352,486
Foreign tax rate differential	(9,018)	(46,370)
Income tax expense	<b>-</b>	<b>-</b>

# Notes to the Consolidated Financial Statements continued

30 JUNE 2015

	Consolidated	
	2015	2014
	\$	\$
<b>6. INCOME TAX (cont'd)</b>		
(c) Unrecognised temporary differences		
<b>Deferred Tax Assets (at 30%)</b>		
<i>On Income Tax Account</i>		
Capital raising costs	-	4,787
Foreign exploration tax losses	6,354,485	6,291,351
Accruals and other provisions	8,387	7,387
Financial assets at fair value	65,400	52,800
Australian carry forward tax losses	658,579	571,017
	<b>7,086,851</b>	<b>6,927,342</b>
<b>Deferred Tax Liabilities (at 30%)</b>	-	-

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

The Group's ability to use losses in the future is subject to the companies in the Group satisfying the relevant tax authority's criteria for using these losses.

Foreign exploration tax losses are incurred in Ghana and are arrived at after adjusting losses reported in financial statements in line with tax principles. Mining concerns are allowed to deduct the losses over a five-year period subsequent to the year in which the loss was incurred.

## 7. CURRENT ASSETS – CASH AND CASH EQUIVALENTS

Cash at bank and in hand	81,975	109,083
Short-term deposits	100,543	201,397
Cash and cash equivalents as shown in the statement of financial position and the statement of cash flows	<b>182,518</b>	<b>310,480</b>

Cash at bank and in hand earns interest at floating rates based on daily bank deposit rates.

Short-term deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates, refer to note 2(a)(iii).

## 8. CURRENT ASSETS – TRADE AND OTHER RECEIVABLES

Government taxes receivable	1,686	143,531
Other receivables	17,033	13,802
	<b>18,719</b>	<b>157,333</b>

Other receivables are not past due nor impaired, and based on history are expected to be fully recoverable. Information about the Group's exposure to credit risk is provided in note 2.

## 9. CURRENT ASSETS – FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Australian listed equity securities		
Opening value	76,000	-
Acquisitions	-	252,000
Revaluation adjustment through profit or loss	(42,000)	(176,000)
Closing value	<b>34,000</b>	<b>76,000</b>

The equity investments are all classified as held for trading. The market value of all equity investments represent the fair value based on quoted prices on active markets (ASX) as at the reporting date without any deduction for transaction costs. These investments are classified as Level 1 financial instruments. There have been no transfers between levels of the fair value hierarchy used in measuring the fair value of these financial instruments, or changes in its classification as a result of a change in the purpose or use of these assets.

# Notes to the Consolidated Financial Statements continued

30 JUNE 2015

## 10. NON-CURRENT ASSETS – PLANT AND EQUIPMENT

	Plant and Equipment	Motor Vehicles	Computer Equipment	Total
Consolidated	\$	\$	\$	\$
<b>At 1 July 2013</b>				
Cost	541,601	152,343	101,162	795,106
Accumulated depreciation	(178,249)	(71,191)	(76,659)	(326,099)
Net book amount	363,352	81,152	24,503	469,007
<b>Year ended 30 June 2014</b>				
Opening net book amount	363,352	81,152	24,503	469,007
Exchange differences	(7,945)	(1,295)	(23)	(9,263)
Additions	40,557	-	-	40,557
Depreciation charge	(101,191)	(45,101)	(9,896)	(156,188)
Closing net book amount	294,773	34,756	14,584	344,113
<b>At 30 June 2014</b>				
Cost	563,199	147,710	72,841	783,750
Accumulated depreciation	(268,426)	(112,954)	(58,257)	(439,637)
Net book amount	294,773	34,756	14,584	344,113
<b>Year ended 30 June 2015</b>				
Opening net book amount	294,773	34,756	14,584	344,113
Exchange differences	46,380	4,553	39	50,972
Additions	-	-	1,138	1,138
Disposals	(2,607)	(10,411)	(587)	(13,605)
Depreciation charge	(110,886)	(28,898)	(4,905)	(144,689)
Closing net book amount	227,660	-	10,269	237,929
<b>At 30 June 2015</b>				
Cost	640,947	126,304	57,457	824,708
Accumulated depreciation	(413,287)	(126,304)	(47,188)	(586,779)
Net book amount	227,660	-	10,269	237,929

## 11. CURRENT LIABILITIES - TRADE AND OTHER PAYABLES

	Consolidated	
	2015	2014
	\$	\$
Trade payables	57,667	83,482
Director's fees accruals	261,350	8,194
Other payables and accruals	110,533	72,704
	429,550	164,380

Information about the Group's exposure to foreign exchange and liquidity risk is provided in note 2.

# Notes to the Consolidated Financial Statements continued

30 JUNE 2015

## 12. CONTRIBUTED EQUITY

		2015		2014	
	Notes	Number of shares	\$	Number of shares	\$
<b>(a) Share capital</b>					
Ordinary shares fully paid	12(b), 12(e)	130,992,519	23,222,885	128,492,519	23,192,885
Total contributed equity		130,992,519	23,222,885	128,492,519	23,192,885
<b>(b) Movements in ordinary share capital</b>					
Beginning of the financial year		128,492,519	23,192,885	124,247,452	23,044,308
Issued during the year:					
– Issued for cash at 1.2 cents		2,500,000	30,000	-	-
– Issued as consideration for drilling services	22(c)	-	-	4,245,067	148,577
End of the financial year		130,992,519	23,222,885	128,492,519	23,192,885

### (c) Movements in options on issue

	Number of options	
	2015	2014
Beginning of the financial year	1,050,000	1,050,000
End of the financial year	1,050,000	1,050,000

### (d) Movements in performance rights on issue

	Number of performance rights	
	2015	2014
Beginning of the financial year	2,000,000	2,000,000
End of the financial year	2,000,000	2,000,000

### (e) Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held.

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

Ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

### (f) Capital risk management

The Group's objectives when managing capital are to safeguard their ability to continue as a going concern, so that they may continue to provide returns for shareholders and benefits for other stakeholders.

Due to the nature of the Group's activities, being mineral exploration, the Group does not have ready access to credit facilities, with the primary source of funding being equity raisings. Therefore, the focus of the Group's capital risk management is the current working capital position against the requirements of the Group to meet exploration programmes and corporate overheads. The Group's strategy is to ensure appropriate liquidity is maintained to meet anticipated operating requirements, with a view to initiating appropriate capital raisings as required. The working capital position of the Group at 30 June 2015 and 30 June 2014 are as follows:

	Consolidated	
	2015	2014
	\$	\$
Cash and cash equivalents	182,518	310,480
Trade and other receivables	18,719	157,333
Financial assets at fair value through profit or loss	34,000	76,000
Trade and other payables	(429,550)	(164,380)
Working capital position	(194,313)	379,433

The Directors believe that they will be able to raise additional capital as required to meet ongoing exploration commitments and for working capital and are in the process of evaluating the Group's available options. The Directors believe that the Group will continue as a going concern. The Directors note that \$261,350 of current liabilities relate to amounts owed to Directors and the Directors do not intend to call these liabilities until future funding can be obtained.

# Notes to the Consolidated Financial Statements continued

30 JUNE 2015

Consolidated

2015	2014
\$	\$

## 13. RESERVES

### (a) Reserves

Foreign currency translation reserve

262,076	216,583
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Share-based payments reserve

688,639	668,141
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<b>950,715</b>	<b>884,724</b>
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### (b) Nature and purpose of reserves

#### (i) Foreign currency translation reserve

Exchange differences arising on translation of the foreign controlled entity are recognised in other comprehensive income as described in note 1(d) and accumulated within a separate reserve within equity. The cumulative amount is reclassified to profit or loss when the net investment is disposed of.

#### (ii) Share-based payments reserve

The share-based payments reserve is used to recognise the fair value of options and performance rights granted.

## 14. DIVIDENDS

No dividends were paid during the financial year. No recommendation for payment of dividends has been made.

## 15. REMUNERATION OF AUDITORS

During the year the following fees were paid or payable for services provided by the auditor of the parent entity, its related practices and non-related audit firms:

### (a) Audit services

BDO Audit (WA) Pty Ltd - audit and review of financial reports

31,328	30,475
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Non-related audit firm for the audit or review of financial reports of Group subsidiary entities

7,462	4,274
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Total remuneration for audit services

<b>38,790</b>	<b>34,749</b>
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### (b) Non-audit services

BDO (WA) Pty Ltd - tax compliance services

10,589	6,630
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Total remuneration for other services

<b>10,589</b>	<b>6,630</b>
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## 16. CONTINGENCIES

The Group holds exploration areas of interest in Ghana for which various prospecting license, administration fees, reconnaissance licences, annual mineral rights fees and other fees are periodically levied to the Group. At 30 June 2015, all invoices received for the fees from the Ghanaian authorities have been paid or accrued as liabilities, however due to the timeframes in receiving some invoices from local authorities, there may be amounts which the Group may be required to settle in the future which have not been taken up as liabilities at 30 June 2015. The amounts and the timing of payment are not able to be determined at the period end and accordingly, no liability has been recognised for the contingent liability.



# Notes to the Consolidated Financial Statements continued

30 JUNE 2015

Consolidated

2015 2014  
\$ \$

## 17. RELATED PARTY TRANSACTIONS

### (a) Parent entity

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

### (b) Subsidiaries

Interests in subsidiaries are set out in note 18.

### (c) Key management personnel compensation

Short-term benefits	341,859	349,825
Post-employment benefits	7,600	15,401
Other long-term benefits	-	-
Termination benefits	-	-
Share-based payments	20,498	(71,902)
	<b>369,957</b>	<b>293,324</b>

Detailed remuneration disclosures are provided in the remuneration report on pages 5 to 8.

### (d) Transactions and balances with other related parties

During the year, the Group leased office accommodation from Henmik Pty Ltd ("Henmik"), a company associated with Mr Ivey. The lease terms are set at normal commercial rates, with amounts paid during the year totalling \$74,544 (2014: \$74,544). Castle sublet office space during the year to third parties and during the year recouped a total of \$36,083 for office accommodation. There are no amounts outstanding at the reporting date.

### (e) Loans to related parties

Castle Minerals Limited has provided unsecured, interest free loans to its wholly owned subsidiaries Carlie Mining Limited and Topago Mining Limited totalling \$17,984,286 (2014: \$17,942,637). An impairment assessment is undertaken each financial year by examining the financial position of each subsidiary and the market in which the respective subsidiary operates to determine whether there is objective evidence that the subsidiary is impaired. When such objective evidence exists, the Company recognises an allowance for the impairment loss.

## 18. SUBSIDIARIES

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

Name	Country of incorporation	Class of shares	Equity Holding*	
			2015 %	2014 %
Carlie Mining Ltd	Ghana	Ordinary	100	100
Topago Mining Ltd	Ghana	Ordinary	100	100

\*The proportion of ownership interest is equal to the proportion of voting power held.

## 19. EVENTS OCCURRING AFTER THE REPORTING DATE

On 28 September 2015 Castle announced that it had executed a put option/sale agreement with private Australian company, Bunda Resources Pty Ltd (Bunda) over the Julie West Project. Under the terms of the agreement Castle has a 14 day option to sell the Julie West Project to Bunda in consideration for a cash payment of A\$500,000 plus a four percent net smelter gold royalty (the Put Option). The cash component of the purchase price is payable in two tranches. The first tranche comprises a non refundable A\$250,000 deposit which has been paid and is to be held in escrow pending exercise of the Put Option. The remaining A\$250,000 component is payable to Castle upon Ministerial approval for the transfer of the Julie West Prospecting Licence to Bunda. If Castle elects to not exercise the Put Option then a fee of A\$40,000 would be payable to Bunda and the deposit would be refunded.

A number of mining tenements and/or applications were surrendered subsequent to the year end; a full tenement listing is provided on page 47 of this report. No other matter or circumstance has arisen since 30 June 2015, which has significantly affected, or may significantly affect the operations of the Group, the result of those operations, or the state of affairs of the Group in subsequent financial years.

# Notes to the Consolidated Financial Statements continued

30 JUNE 2015

	Consolidated	
	2015	2014
	\$	\$
<b>20. CASH FLOW INFORMATION</b>		
<b>Reconciliation of net loss after income tax to net cash outflow from operating activities</b>		
Net loss for the year	(775,921)	(1,500,322)
<b>Non-Cash Items</b>		
Depreciation of non-current assets	144,689	156,188
Net gain on disposal of plant and equipment	(14,882)	-
Net exchange differences	2,834	14,649
Share based payment expense	20,498	(65,715)
Fair value loss on financial assets at fair value through profit or loss	42,000	176,000
Financial assets received as consideration on sale mining interests	-	(252,000)
Shares issued as consideration for drilling services*	-	148,577
<b>Change in operating assets and liabilities</b>		
Decrease in trade and other receivables	138,614	54,363
Increase/(decrease) in trade and other payables	255,606	(15,895)
Net cash outflow from operating activities	(186,562)	(1,284,155)

As at 30 June 2015 the Group had no non-cash investing and financing activities, except as noted below.

\* Shares issued as consideration for drilling services during the 2014 financial year are mentioned in note 22(c).

## 21. LOSS PER SHARE

### (a) Reconciliation of earnings used in calculating loss per share

Loss attributable to the owners of the Company used in calculating basic and diluted loss per share

(775,921) (1,500,322)

Number of shares Number of shares

### (b) Weighted average number of shares used as the denominator

Weighted average number of ordinary shares used as the denominator in calculating basic and diluted loss per share

129,574,711 125,747,763

### (c) Information on the classification of options

As the Group has made a loss for the year ended 30 June 2015, all options on issue are considered anti-dilutive and have not been included in the calculation of diluted earnings per share. These options could potentially dilute basic earnings per share in the future.

## 22. SHARE-BASED PAYMENTS

### (a) Employees and Contractors Option Plan

The Group provides benefits to employees (including directors) and contractors of the Group in the form of share-based payment transactions, whereby employees or consultants render services in exchange for options to acquire ordinary shares. The exercise price of the options granted under the plan is 40 cents per option, with an expiry date of 1 September 2016.

Options granted carry no dividend or voting rights. When exercisable, each option is convertible into one ordinary share in the capital of the Company with full dividend and voting rights.

Set out following are summaries of granted options:

# Notes to the Consolidated Financial Statements continued

30 JUNE 2015

## 22. SHARE-BASED PAYMENTS (cont'd)

	Consolidated			
	2015		2014	
	Number of options	Weighted average exercise price cents	Number of options	Weighted average exercise price cents
Outstanding at the beginning of the year	1,050,000	40.0	1,050,000	40.0
Granted	-	-	-	-
Forfeited	-	-	-	-
Exercised	-	-	-	-
Expired	-	-	-	-
Outstanding at year-end	1,050,000	40.0	1,050,000	40.0
Exercisable at year-end	1,050,000	40.0	1,050,000	40.0

The weighted average remaining contractual life of share options outstanding at the end of the year was 1.17 years (2014: 2.17 years), and the exercise price is 40 cents. Option expiry date is 1 September 2016.

There were no options granted during the 2015 or 2014 financial years.

### (b) Employees and contractors performance rights

The Group provides benefits to employees (including directors) and contractors of the Group in the form of share-based payment transactions, whereby performance rights over ordinary shares are issued as an incentive to improve employee and shareholder goal congruence. Performance rights granted to the Managing Director have an expiry date of 22 November 2016 whilst rights granted to an employee have no expiration date.

Performance rights granted carry no dividend or voting rights. When each performance condition is satisfied, each performance right is converted into one ordinary share of the Company with full dividend and voting rights.

Set out below are summaries of the performance rights granted:

	2015	2014
Outstanding at the beginning of the year	2,000,000	3,000,000
Granted	-	-
Forfeited/cancelled	-	(1,000,000)
Exercised	-	-
Expired	-	-
Outstanding at year-end	2,000,000	2,000,000

There were no performance rights granted during the 2015 or 2014 financial years. The performance rights previously granted to an employee were cancelled by right of forfeiture when the employee left the Company's employment in February 2014. Therefore, as no rights ultimately vested due to failure to satisfy the vesting conditions, the previously expensed amount (\$92,400) was reversed during the 2014 financial year.

### (c) Expenses arising from share-based payment transactions

Total expenses arising from share-based payment transactions recognised during the period were as follows:

	Consolidated	
	2015	2014
	\$	\$
Options granted to and vesting with employees and contractors	-	6,187
Performance rights (cancelled)/granted to and vesting with employees	20,498	(71,902)
Shares issued to a supplier	-	148,577
	20,498	82,862

## Notes to the Consolidated Financial Statements continued

30 JUNE 2015

2015

2014

\$

\$

### 23. PARENT ENTITY INFORMATION

The following information relates to the parent entity, Castle Minerals Limited, at 30 June 2015. The information presented here has been prepared using accounting policies consistent with those presented in note 1.

Current assets	223,305	537,920
Non-current assets	53,654	69,052
<b>Total assets</b>	<b>276,959</b>	<b>606,972</b>
Current liabilities	379,473	122,799
<b>Total liabilities</b>	<b>379,473</b>	<b>122,799</b>
Contributed equity	23,222,885	23,192,885
Share-based payments reserve	688,639	668,141
Accumulated losses	(24,014,038)	(23,376,853)
<b>Total equity</b>	<b>(102,514)</b>	<b>484,173</b>
Loss for the year	(637,185)	(1,304,167)
<b>Total comprehensive loss for the year</b>	<b>(637,185)</b>	<b>(1,304,167)</b>

As detailed in note 16, there are contingent liabilities in respect to tenement acquisition agreements that the parent entity has co-signed with subsidiary entities.

## Directors' Declaration

In the directors' opinion:

- (a) the financial statements comprising the statement of profit or loss and other comprehensive income, statement of financial position, statement of changes in equity, statement of cash flows and accompanying notes set out on pages 20 to 42 are in accordance with the *Corporations Act 2001*, including:
  - (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
  - (ii) giving a true and fair view of the consolidated entity's financial position as at 30 June 2015 and of its performance for the financial year ended on that date;
- (b) there are reasonable grounds to believe that the consolidated entity will be able to pay its debts as and when they become due and payable;
- (c) the remuneration disclosures included in the Directors' Report (as part of the audited Remuneration Report), for the year ended 30 June 2015, comply with Section 300A of the *Corporations Act 2001*; and
- (d) a statement that the attached financial statements are in compliance with International Financial Reporting Standards has been included in the notes to the financial statements.

The directors have been given the declarations by the chief executive officer and chief financial officer required by section 295A of the *Corporations Act 2001*.

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



Michael Ivey  
Managing Director  
Perth, 29 September 2015

## INDEPENDENT AUDITOR'S REPORT

To the members of Castle Minerals Limited

### Report on the Financial Report

We have audited the accompanying financial report of Castle Minerals Limited, 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 gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1(a), the directors also state, in accordance with 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 our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

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

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

#### Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which



has been given to the directors of Castle Minerals Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

#### Opinion

In our opinion:

- (a) the financial report of Castle Minerals Limited is in accordance with the *Corporations Act 2001*, including:
  - (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2015 and of its performance for the year ended on that date; and
  - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- (b) the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1(a).

#### Emphasis of matter

Without modifying our opinion, we draw attention to Note 1(a)(vi) in the financial report, which indicates that the ability of the Group to continue as a going concern is dependent upon the Group being able to raise additional funds through the sale of tenements and/or non-core assets, or through equity, as required. These conditions, along with other matters as set out in Note 1(a)(vi), indicate the existence of a material uncertainty that may cast significant doubt about the group's ability to continue as a going concern and therefore, the group may be unable to realise its assets and discharge its liabilities in the normal course of business.

#### Report on the Remuneration Report

We have audited the Remuneration Report included in pages 5 to 8 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 Castle Minerals Limited for the year ended 30 June 2015 complies with section 300A of the *Corporations Act 2001*.

BDO Audit (WA) Pty Ltd

A handwritten signature in blue ink, appearing to read 'Glyn O'Brien', is written over the printed name. Above the signature, the letters 'BDO' are handwritten in blue ink.

Glyn O'Brien

Director

Perth, 29 September 2015

## ASX Additional Information

Additional information required by Australian Stock Exchange Ltd and not shown elsewhere in this report is as follows. The information is current as at 10 September 2015.

### (a) Distribution of equity securities

Analysis of numbers of equity security holders by size of holding:

			Ordinary shares	
			Number of holders	Number of shares
1	-	1,000	29	3,379
1,001	-	5,000	81	235,287
5,001	-	10,000	106	891,801
10,001	-	100,000	276	10,562,296
100,001		and over	104	119,299,756
			596	130,992,519
			448	

The number of shareholders holding less than a marketable parcel of shares are:

### (b) Equity Security Holders

*Twenty largest quoted equity security holders*

The names of the twenty largest holders of quoted ordinary shares are:

			Listed ordinary shares	
			Number of shares	Percentage of ordinary shares
1	Azumah Res Ltd		19,315,812	14.75
2	Lujeta Pty Ltd		10,195,000	7.78
3	Bridgelane Capital Pty Ltd		7,550,000	5.76
4	Henry Wiechecki		5,332,000	4.07
5	Bunda Holdings Pty Ltd		4,883,000	3.69
6	Redstar Resources Limited		4,702,256	3.59
7	M Ivey Pty Ltd		4,400,000	3.36
8	Merrill Lynch (Australia)		4,285,714	3.27
9	Ausdrill International Pty Ltd		4,245,067	3.24
10	Michael Filan Ashforth		3,830,000	2.92
11	Paul Amoako – Atta		3,784,644	2.89
12	Shoredown Limited		3,777,663	2.88
13	Computer Visions PL		2,335,000	1.78
14	Twynam Agricultural Group Pty Ltd		2,076,670	1.59
15	M Ivey Pty Ltd		2,008,000	1.53
16	Ivoryrose Holdings PL		1,915,000	1.46
17	Henry Wiechecki		1,837,100	1.40
18	Grizzley Holdings Pty Limited		1,810,807	1.38
19	Foxton Nominees PL		1,310,000	1.00
20	Darren Furzer		1,032,005	0.79
			90,575,738	69.13

### *Unquoted equity securities*

	Number on issue	Number of holders
Options issued under the Castle Minerals Limited Employees and Contractors Option Plan to take up ordinary shares	1,050,000	1
Performance Rights issued under the Castle Minerals Limited Performance Rights Plan to take up ordinary shares	2,000,000	1



## ASX Additional Information continued

### (c) Substantial shareholders

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

	Number of Shares
Azumah Resources Limited	19,315,812
Lujeta Pty Ltd	10,135,000
Bridgelane Capital Pty Ltd	7,550,000
David Harper	8,527,919
Henry Wiechecki	7,279,100
Michael Ivey	7,378,498

### (d) Voting rights

All ordinary shares (whether fully paid or not) carry one vote per share without restriction.

### (e) There are no restricted securities or securities subject to voluntary escrow on issue

### (f) There is no current on market buy back

### (g) Schedule of interests in mining tenements

Location	Tenement Name	Tenement Reference	Percentage held
Antubia, Ghana	Boizan	PL2/400	100
Bondaye, Ghana	Bondaye	Application	100
Akoko, Ghana(1)	Akoko	PL. 2/398	100
Akoko, Ghana	Akoko West	PL. 2/425	100
Opon Mansi, Ghana	Opon Mansi	Application	100
Wa, Ghana	Wonachiyiri	Application	100
Wa, Ghana	Jang	RL. 10/23	100
Wa, Ghana	Julie West	PL. 10/13	100
Wa, Ghana	Wa	RL. 10/13	100
Wa, Ghana	Degbiwu	PL 10/26	100
Wa, Ghana	Bulenga	PL 10/23	100
Wa, Ghana	Charingu	PL 10/25	100
Wa, Ghana	Kandia	Application	100
Wa, Ghana	Baayiri	PL 10/24	100
Wa, Ghana	Kunche Trend 1	Application	100
Wa, Ghana	Kunche Trend 2	Application	100
Wa, Ghana	Gbinyiri	RL. 8/27	100
Wa, Ghana	Gurungu	RL. 8/28	100
Wa, Ghana	Jumo	RL. 8/31	100
Wa, Ghana	Chasia	RL. 8/30	100
Wa, Ghana	Perisi	RL. 8/29	100
Wa, Ghana	Funsi	Application	100
Wa, Ghana	Kambale	PL10/47	100

(1) Conditional sale agreement to sell a 100% interest to Goldcrest Resources Inc.

Government of Ghana has the right to acquire a 10% free carried interest in all tenements.