DAKOTA MINERALS LIMITED

ABN: 16 009 146 794

Annual Financial Report

For the year ended 30 June 2016

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CHAIRMANS' LETTER

I am pleased to provide you with the Annual Report on the performance of Dakota Minerals for the FY2016 period, a period during which we have seen a material improvement in the key measures of the Company's business and operations.

During FY2016 the Company has successfully established the foundations of a potentially significant lithium company through its capital raisings of $15.9 million and the acquisitions of the Lynas Find lithium project in WA and the Lusidakota lithium project in Portugal, Europe's leading lithium producing country. In addition, the Board and management team has been strengthened to position the Company for further growth.

At the beginning of the financial year, the Company's principal activity was mineral exploration. Dakota Minerals had entered into Joint Venture agreements on both its major project areas in Victoria and NSW and had no expenditure commitments for exploration. Exploration activities were the responsibility of our Joint Venture partners of that time, freeing the Company's directors to look for new mineral opportunities.

Aligned with the Company's business strategy at the time, directors continued to evaluate advanced exploration and mining projects in both Australia and overseas, with a view to securing an opportunity capable of growing the business for shareholders.

Creating wealth for Shareholders was a primary goal, and this continues to be the case for the board and management team. As a result of this approach, and following an extended period of project evaluation to identify a suitable target acquisition, Dakota was successful in securing its first lithium project and by the end of the calendar year 2015 was well on the way to advancing its strategy of positioning to become a leading player in lithium.

Dakota's long-term strategy is to be a major supplier of lithium carbonate and lithium hydroxide to the globally significant European market. The directors have identified Europe as likely to be the earliest mover in widespread electric vehicle penetration and home energy storage using lithium-ion batteries. Manufacturers in the region have already begun to commit significant investment towards new all-electric vehicle models.

During this reporting period, not only has the board overseen the development of a new lithium junior with a portfolio of assets in Australia and overseas, but the successful acquisitions and capital raise has now positioned the Company at the end of the reporting period with Net Assets of almost $20 million and cash in bank of over $14 million. This compares to having cash at bank at end of 30 June 2015 of less than $0.5 million.

Looking to continue the strong turnaround in the Company's affairs, directors remain focused on managing expenses diligently whilst looking to advance Dakota's two projects strategically and with due consideration for the potential of each.

Since the acquisition dates of both projects, exploration has been underway in both Australia and Portugal (after the close of the FY2016 reporting period). Accordingly, I look forward to reporting back to shareholders on what I am sure will be an exciting period of activity in FY2017 as Dakota Minerals announces a maiden mineral resource in WA in the first half of the financial year and continues exploration in Portugal.

Yours Sincerely

J Fitzgerald

John Fitzgerald
CHAIRMAN OF THE BOARD

DIRECTORS' REPORT

The Board of Dakota Minerals Limited ("Dakota" or "the Company") presents its report on the Company for the year ended 30 June 2016.

DIRECTORS

The following persons were directors of Dakota for the whole of the financial year and up to the date of this report unless noted otherwise:

Current
Mr John Fitzgerald (Non-executive Chairman) – Appointed 23 December 2015
Dr Francis Wedin (Executive Director) – Appointed 23 December 2015
Mr David Frances (Managing Director) – Appointed 19 April 2016
Prof Dudley Kingsnorth (Non-executive Director) – Appointed 22 August 2016

Retired
Mr Wade Guo (Non-executive Director) – Resigned 19 April 2016
Mr Anthony Rechner (Executive Director) – Resigned 23 December 2015
Mr Timothy Neesham (Non-executive Director) – Resigned 23 December 2015
Mr Joshua Wellisch (Non-executive Director) – Resigned 28 January 2016
Mr Ping Zhao (Alternate Director for Mr Guo) – Resigned 23 December 2015

Note: The number and composition of the Board has changed significantly since the last AGM in line with the change in strategy and level of activity and complexity of the Company.

PRINCIPAL ACTIVITIES

The nature of the operations and principal activities of the Company are mineral exploration and project development.

FINANCIAL RESULTS AND FINANCIAL POSITION

The financial position of the Company has changed materially during the past year and Dakota Minerals is in a much stronger position than in the previous year. This is in large part due to the decision by the Board and shareholders to change the Company's overall strategy and to focus on the Lithium sector and the associated capital raises that the successful implementation of this strategy allowed.

The net loss of the Company after income tax for the financial year ended 30 June 2016 was $1,912,704 (Restated 2015: $279,380).

The Company has not reached a stage in its development where it is generating an operating profit. All the Company's efforts go into project exploration and development.

At the end of the financial period the Company had cash on hand, including deposits of $14,115,625 (Restated 2015: $457,236) and Net Assets of $19,403,226 (Restated 2015: $478,896).

DIVIDENDS

No dividends have been declared since the end of the previous financial year and no dividends have been recommended by the directors.

REVIEW OF OPERATIONS

During the 2016 financial year the Company's Board and shareholders agreed to alter the strategy of the Company, from a passive, non-contributing joint venture partner, in two base metals projects in Eastern Australia, to pursuing and executing a Lithium exploration strategy. To this end the Company has now initiated and progressed its strategy to establish the foundations of a globally significant lithium company through:

- Successful capital raisings totalling $15.9 million to fund future work and acquisitions;
- The acquisition and exploration of the Lynas Find lithium project in WA, where the Company is in the process of completing resource modelling and estimation to develop a maiden mineral resource in the first half of FY 17; and
- The acquisition of Dakota's first overseas asset by entry, in June, into an agreement to acquire 100% rights to a number of key tenements ("Lusidakota") prospective for lithium mineralisation in Portugal, Europe's leading lithium producing country.

Dakota's long-term strategy is to be a major supplier of lithium carbonate and lithium hydroxide to the globally significant European market. Europe has been identified as a likely first mover in widespread electric vehicle penetration and home energy storage using lithium-ion batteries. European industrial groups are already producing an affordable home energy storage unit and leading automotive manufacturers in the region continue to commit significant investment towards new all-electric vehicle models.

In addition during the period Dakota has developed a significant level of industry intelligence on a number of highly prospective lithium projects at various stages of development, in Australia and overseas. Dakota was able to commence marketing programs with investors in Europe and North America, with initial feedback auguring well for future support for the Company among international investors as the strategy is progressed.

Technical Activity

The technical focus for the year was to prove-up the Company's Lynas Find project in the highly prospective Pilgangoora region in WA, whilst commencing initial work in Portugal.

Lynas Find Project

The Company completed significant exploration programmes at the Lynas Find lithium project. This included two phases of exploration reverse circulation (RC) drilling, for a total of 5,276 metres drilled. The drilling was successful in defining high grade mineralisation from surface, open at depth, including intercepts of 35m @ 2.14 % Li_2O, and 35m @ 1.75% Li_2O[1]. Resource modelling and estimation are now under way, targeting a maiden resource for Lynas Find.

One hundred metres of diamond drilling was also carried out at Lynas Find during the period primarily to support the metallurgical test work programme. Pegmatite was intersected from 0.5 to 51.90m in 16DD01, and 16.77 to 44.00m in 16DD02[2]. Spodumene mineralisation, visually estimated to be up to 60% of the core in some zones with very little or no mica, was present in both pegmatite intercepts. The core was cut and sampled at SGS Metallurgy in Perth. Metallurgical test-work, to determine optimal processing routes for the spodumene, is currently under way. The results of this work will complement the resource modelling and estimation process. Initial results indicate excellent Li_2O recoveries of over 90% from Heavy Liquid Separation.

Lusidakota (Northern Portugal) Project

In June 2016 the Company entered into an agreement with Lusorecursos LDA to acquire 100% rights to a number of key tenements prospective for lithium mineralisation in Northern Portugal. Dakota's "Lusidakota" lithium projects in Northern Portugal are located over three broad districts of pegmatitic dyke swarms which contain spodumene and petalite-bearing pegmatites. The three main districts are the Serra de Arga, Barroso-Alvão and Barca de Alva pegmatite fields, all three of which are highly prospective for lithium mineralisation. The Lusidakota tenement package consists of eight exploration licences (one granted and seven under application).

Portugal is the leading lithium producer in Europe; it also has public policies deemed to be highly supportive of mining: it ranked in the global Top 10 of all countries in the Fraser Institute 2015 Survey of Mining Companies for Policy Perception Index, an assessment of the attractiveness of mining policies. It is strategically positioned with respect to rapidly growing electric vehicle production and uptake in Europe, powered by lithium-ion batteries. For these reasons, the Company have been pursuing projects in areas most prospective for lithium in Portugal.

Following acquisition of the Lusidakota projects, Dakota immediately commenced exploration activities in the Barroso-Alvão region, within granted tenement MNPP04612 ("Sepeda" prospect). Works included rock-chip sampling in areas of open pit and underground historic mine workings, and shallow auger drilling over an area of historic tailings. Sampling over the open pit and underground workings, within the Sepeda pegmatite swarm, yielded multiple samples grading more than 1% Li_2O and up to 2.8% Li_2O, with spodumene and petalite identified[3.]

Following these positive results, Dakota commenced a planned 2500 m RC drilling program at Sepeda in late August with the aim of drill-testing the main pegmatites.

[1] See DKO ASX announcement 13/05/2016
[2] See DKO ASX announcement 15/07/2016
[3] See DKO ASX announcement 14/07/2016
[3] See DKO ASX announcement 14/07/2016

Corporate

Capital raisings

The Company successfully completed the following capital raisings during the year:

- A placement to raise a total of $3.6 million (before costs) by the issue of a total of 120 million shares at $0.03 per share which was completed in two tranches on 24 December 2015 and 19 February 2016; and
- A placement to raise $12.3 million (before costs) by the issue of 61,658,473 Shares at $0.20 per share on 10 May 2016.

Capital structure

As at the date of this report the Company's Capital structure is as follows:

Quoted Securities:

Number	Class	ASX Code
320,379,879	Ordinary Fully Paid	DKO

Un-quoted Securities:

Number	Class	ASX Code
2,900,000	Options exercisable at $0.016 expiring 31 December 2018	DKOAA
2,437,500	Options exercisable at $0.035 expiring 31 December 2017	DKOAB
16,625,000	Options exercisable at $0.060 expiring 31 December 2017	DKOAB
9,250,000	Options exercisable at $0.090 expiring 31 December 2017	DKOAB

Performance Rights

Number	Class	ASX Code
11,750,000	Performance Rights (Tranche 1) expiring 23 December 2018*	N/a
11,750,000	Performance Rights (Tranche 2) expiring 23 December 2018**	N/a

*Tranche 1 Performance rights will vest on the establishment by the company of a 5 million tonne JORC Compliant Inferred Mineral Resource of Li_2O of a grade of at least 1.2%, and in the event the milestone is not met within 3 years of 23 December 2015 any unvested performance rights will be cancelled.
** Tranche 2 Performance rights will vest on the establishment by the company of a 15 million tonne JORC Compliant Inferred Mineral Resource of Li_2O of a grade of at least 1.2% and in the event the milestone is not met within 3 years of 23 December 2015 any unvested performance rights will be cancelled.

SIGNIFICANT EVENTS AFTER THE BALANCE DATE

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect significantly the operations, the results of those operations, or the state of affairs of the Company in future financial years.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

The Company will continue its evaluation of its mineral projects and undertake generative work to identify and acquire new resource projects and opportunities. Due to the nature of the business, the result is not predictable.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Other than reported above in the Review of Operations, there were no significant changes in the state of affairs of the Company during the reporting period.

ENVIRONMENTAL REGULATIONS AND PERFORMANCE

The Company is required to carry out the exploration and evaluation of its mining tenements in accordance with various State Government Acts and Regulations.

In regard to environmental considerations, the Company is required to obtain approval from various State regulatory authorities before any exploration requiring ground disturbance, such as line clearing, drilling programs and costeaning is carried out. It is normally a condition of such regulatory approval that any area of ground disturbed during the Company's activities is rehabilitated in accordance with various guidelines. The Company conducts its exploration activities in an environmentally sensitive manner and is not aware of any significant breaches of these guidelines.

INFORMATION ON DIRECTORS

CURRENT DIRECTORS

Name	Mr John Fitzgerald
Title	Non-executive Chairman
Appointed	23 December 2015
Experience and Expertise	Mr Fitzgerald is an experienced Company Director and resource financier. He has worked with the resources sector for 30 years providing corporate advisory, project finance and commodity risk management services to a large number of companies in that sector. Mr Fitzgerald is a Non-Executive Director of Northern Star Resources Ltd, Danakali Resources Ltd and Non –executive Chairman of Carbine Resources Limited. He has previously held positions as Chairman of Integra Mining Ltd and Atherton Resources as well as senior executive roles with a number of Investment Banks with a focus on the provision of services to the mining sector. Mr Fitzgerald is a Chartered Accountant, a Fellow of FINSIA and a graduate member of the Australian Institute of Company Directors.

Name	Mr David Frances
Title	Managing Director
Appointed	19 April 2016
Experience and Expertise	David Frances is an international mining executive of 25 years with a track record of developing assets in Africa (Democratic Republic of Congo) with Mawson West (TSX: MWE) from 2006- 2012. Mr Frances took MWE private in 2009 when it was a $5M ASX listed company with exploration and development projects in the DRC. After successfully completing a transaction with Anvil Mining and subsequently recommissioning and restarting the Dikulushi copper-silver mine Mr Frances then completed the largest base metals capital raise and IPO in the world for 2010 when MWE was listed on the TSX with a market capitalisation of $250M. David has also overseen other successful developments and his experience in successfully exploring, funding, and developing projects, his proven corporate strategic skills, and his knowledge of equity capital and debt markets will complement the highly experienced and successful management team of Dakota.

Name	Mr Francis Wedin
Title	Executive- Technical Director
Appointed	23 December 2015
Experience and Expertise	Francis Wedin is an experienced mining industry professional, with a diverse expatriate working background spanning three continents and multiple commodities, producing a proven track record of exploration management, discovery and resource development success in the industry. Francis has a PhD in mineral exploration parameters focused on the Tethyan Metallogenic Belt, is a Fellow of the Geological Society, London, and a member of the Australasian Institute of Mining and Metallurgy. He is bilingual in English and Turkish, with proficiencies in other languages, and is currently studying an MBA with a focus on renewable energy technologies

Name	Professor Dudley Kingsnorth
Title	Non-executive Director
Appointed	22 August 2016
Experience and Expertise	Professor Kingsnorth is a Fellow of the Australian Institute of Company Directors, in addition to being a Fellow and past VP of the Australasian Institute of Mining and Metallurgy (AusIMM), and a Fellow of the Institute of Materials, Minerals, and Mining (UK).He has more than 45 years' experience in the international mining industry, and is internationally recognised as a world authority on lithium and rare earths markets. Dudley is the current leader of the Curtin Graduate School of Business's Critical Materials Initiative. He is also an experienced director and has acted as Chairman, Managing Director, CEO, Director, Project Manager, and Marketing Manager, for various listed and unlisted Companies in the, lithium, rare earths, tantalum, gold, iron ore and aluminium sectors.

FORMER DIRECTORS

Name	Mr Anthony Rechner
Title	Technical Director
Appointed /Resigned	Appointed 24 October 2014 : Resigned 23 December 2015
Experience and Expertise	Mr Rechner has over forty years' experience in Australia and overseas working in mineral and petroleum exploration and holds a Bachelor of Science degree in Geology and Physics from the University of Adelaide. Mr Rechner is a director of Strategic Energy Limited (ASX:SER)

Name	Mr Joshua Wellisch
Title	Non-executive Director
Appointed/Resigned	Appointed 12 March 2012: Resigned 28 January 2016
Experience and Expertise	Mr Wellisch is a corporate professional and company director whose career has included acquisition and management of mineral geological projects. Mr Wellisch is currently Managing Director of Kairos Minerals Limited (ASX:KAI).

Name	Mr Wade Guo
Title	Non-executive Director
Appointed/Resigned	Appointed 17 May 2012: Resigned 19 April 2016
Experience and Expertise	Mr Guo has been an executive with the Yucai Group China since 2005 as a representative for the Group's Australian operations. Mr Guo has a wide range of experience and knowledge in the Australian business community and diverse industries. Mr Guo has an engineering background in telecommunication. Prior to joining the Yucai Group he ran his own electrical and electronics service business for over 10 years.

Name	Mr Timothy Neesham
Title	Non-executive Director
Appointed/ Resigned	Appointed 24 October 2014:Resigned 23 December 2015
Experience and Expertise	Mr Neesham has been involved in the financial markets for over 10 years and has provided advice in respect of corporate structuring, initial public offerings, capital raisings, company restructuring and operations.

Name	Mr Ping Zhao
Title	Alternate director
Appointed/ Resigned	Appointed 5 March 2015: Resigned 23 December 2015
Experience and Expertise	Mr Zhao is involved in Australian mine exploration through his role as Managing Director of Soaraway Development Pty Ltd and owns the China based Yucai Group of Companies.

COMPANY SECRETARY

Mr Mathew Whyte BCom CPA FGIA

Mr Whyte was appointed as Company Secretary and CFO on 9 November 2011. He is a CPA and a fellow of the Governance Institute of Australia (formerly Chartered Secretaries Australia). He has over 20 years' commercial experience in the financial management, direction and corporate governance of ASX listed companies. He has held senior executive roles on a number of Australian listed entities with operations in Australia and overseas in the mining, mining services, power infrastructure and biotech industries. Mr Whyte was Company Secretary for Kingston Resources Limited from September 2011 to July 2016.

DIRECTORS' INTERESTS IN SHARES AND PERFORMANCE RIGHTS OF THE COMPANY

As at the date of this report, the interest of the directors in securities of Dakota Minerals Limited were:

	Number of Ordinary Shares	***Performance Rights***
J Fitzgerald	2,500,000	4,000,000
Francis Wedin	2,750,000	8,000,000
David Frances	280,000	10,000,000
Dudley Kingsnorth	150,000	N/A*

*Subject to the Company obtaining shareholder approval at the next AGM Prof Kingsnorth is to be issued with 2,000,000 Performance rights.

DIRECTORS' MEETINGS

The following table sets out the number of meetings of directors held during the year ended 30 June 2016 and the number of meetings attended by each director.

	Meetings of Directors Held While in Office	**Number of Meetings Attended**
J Fitzgerald (Appointed 23 December 2015)	6	6
F Wedin (Appointed 23 December 2015)	6	6
D Frances (Appointed 19 April 2016)	6	6
J Wellisch (Resigned 28 January 2016)	4	4
W Guo (Resigned 19 April 2016)	5	5
A Rechner (Resigned 24 December 2015)	3	3
T Neesham (Resigned 24 December 2015)	4	4
P Zhao (Alternate Director for Mr Guo) – Resigned 23 December 2015	3	0

REMUNERATION REPORT (Audited)

The Directors of Dakota Minerals Limited present the Remuneration Report ('the Report") for the Company for the year ended 30 June 2016 ("FY16"). This Report forms part of the Directors Report and has been audited as required by section 300 A of the *Corporations Act 2001*.

Key management personnel disclosed in this report
For the purposes of this Report, key management personnel (KMP) of the Company are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company, directly or indirectly, including a director (whether executive or otherwise) of the Company.

Details of key management personnel:
Current:
Mr John Fitzgerald (Non-executive Chairman) – Appointed 23 December 2015
Dr Francis Wedin (Executive Director) – Appointed 23 December 2015
Mr David Frances (Managing Director) – Appointed 19 April 2016
Mr Dudley Kingsnorth (Non- executive Director) – Appointed 22 August 2016
Retired:
Mr Joshua Wellisch (Non-executive Director) – Resigned 28 January 2016
Mr Wade Guo (Non-executive Director) – Resigned 19 April 2016
Mr Anthony Rechner (Executive Director) – Resigned 24 December 2015
Mr Timothy Neesham (Non-executive Director) – Resigned 24 December 2015
Mr Ping Zhao (Alternate Director for Mr Guo) – Resigned 23 December 2015

Remuneration Philosophy

The performance of the Company depends upon the quality of its Directors and Executives. To prosper the Company must attract, motivate and retain highly skilled directors and KMP.

To this end Dakota aims to reward executives with a level and mix of remuneration commensurate with their position and responsibility so as to align the interests of executives with those of shareholders and to ensure total remuneration is competitive by market standards.

Remuneration and nomination issues are handled at the full Board level. Due to the small number of directors and KMP no committee has been established for this purpose.

Board members, as per groupings detailed below, are responsible for determining and reviewing compensation arrangements.

In order to maintain good corporate governance, the Non- executive Directors assume responsibility for determining and reviewing compensation arrangements for the Executive Directors of the Group. The Executive Directors in turn are responsible for determining and reviewing the compensation arrangements for the Non – executive Directors.

The assessment considers the appropriateness of the nature and amount of remuneration of KMP's on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality Board and executive team.

Independent external advice is sought from remuneration consultants when required, however no advice has been sought during the period ended 30 June 2016. The Corporate Governance Statement provides further information on the Company's remuneration governance.

Remuneration structure

In accordance with best practice corporate governance, the structure of Non-executive Director and Executive Director's remuneration is separate and distinct.

A. Non-executive Directors remuneration

Objective

The Board seeks to set aggregate remuneration at a level that provides the Company with the ability to attract and retain directors of the highest calibre, whilst incurring a cost that is acceptable to shareholders.

Structure

The Board policy is to remunerate non-executive directors at commercial market rates for comparable companies for their time, commitment and responsibilities.

On appointment to the Board, all non-executive directors enter into a service agreement with the Company in the form of a letter of appointment. The letter summarises the Board policies and terms including remuneration, relevant to the office of director.

The constitution and the ASX Listing rules specify that the aggregate remuneration of non-executive directors shall be determined from time to time by shareholders at general meeting. The latest determination was at the Executive General Meeting (EGM) held on 16 April 2013 when shareholders approved an aggregate remuneration of $160,000 per annum.

Non-executive directors receive a fixed fee plus superannuation contributions. Fees for non-executive directors are not linked to the performance of the Company. Subject to approval by shareholders, Non-executive directors' remuneration may also include an incentive portion consisting of Performance Rights. To this end Non- executive Directors are entitled to participate in the Company's Long Term Incentive Plan (LTI Plan).

A total of 4,000,000 Performance Rights with a fair value of $208,000 (deemed at $0.052 per performance right on date of approval at General Meeting on 12 February 2016) were granted to Mr John Fitzgerald during the year.

Subject to shareholder approval to be sought at the upcoming AGM Mr Dudley Kingsnorth is to be granted 2,000,000 Performance Rights pursuant to the LTI Plan.

On 24 October 2014, and by a unanimous agreement all now retired Directors (Rechner, Neesham, Guo and Wellisch) waived any remuneration for their services, effective 1 October 2014. Accordingly the Directors did not receive any remuneration for their services for the 15 months up to 31 December 2015.

On 26 November 2015, the Company granted 1,600,000 fully paid ordinary shares (400,000 each to Rechner, Neesham Guo and Wellisch) ,valued at the grant date at $0.025 per share, issued as consideration for director remuneration in lieu of cash for services to be provided from 1 January 2016 to 30 June 2016 as approved at the Annual General Meeting. Subsequently all of the above named Directors resigned, however the shares were retained by the Directors.

The remuneration of Non – executive Directors for the period ended 30 June 2016 is detailed in the table in Section C of this Report.

B. Executive Directors remuneration

Objective

The Company aims to reward Executive Directors with a level and mix of remuneration commensurate with their position and responsibilities within the Company and so as to:
- Align the interests of Executive Directors with those of shareholders.
- Link rewards with the strategic goals and performance of the Company
- Ensure total remuneration is competitive by market standards.

Structure

In determining the level of remuneration paid to Executive Directors, the Board took into account the activities of the Company and available benchmarks.

Employment Contracts have been entered into with all Executive Directors of the Company. Details of these contracts are provided in Section D of this Report.

Remuneration consist of the following key elements:
- Fixed remuneration
- Variable Remuneration
    - Short Term Incentive (STI); and
    - Long Term Incentive (LTI).

The proportion of fixed remuneration and variable remuneration (potential STI and LTI incentives) is established for each Executive Director by the Board. The table in Section C of this Report details the fixed and variable components (%) of the Executive Directors of the Company.

Fixed Remuneration

The level of fixed remuneration is set as a cash salary plus superannuation contributions so as to provide a base level of remuneration which is both appropriate to the position and is competitive in the market.

The Board reviewed the fixed remuneration of Executive directors on 21 September 2016. Changes to the fixed remuneration as outlined in Section D were made effective from 1 July 2016.

Variable remuneration – Long Term Incentives (LTI)

LTI grants to executives are delivered in the form of Performance Rights issued pursuant to the Company's LTI Plan as approved by shareholders on 12 February 2016.

The table in Section C provides details of Performance Rights granted and the value of equity instruments granted, exercised and lapsed during the year. Performance Rights were issued free of charge. Each Performance Right entitles the holder to subscribe for one (1) fully paid ordinary share in the Company based on achieving vesting conditions at a nil exercise price. The terms and conditions including the service and performance criteria that must be met are as follows:-

Each Performance Right, issued for nil consideration, entitles the participant to acquire one (1) fully paid ordinary share, by way of issue of new Shares or transfer of existing Shares.

The Performance Rights were granted to each participant in 2 tranches subject to satisfaction of the following performance hurdles and vesting conditions: and otherwise in accordance with the LTI Plan Rules.

Tranche	Performance Hurdle	Number of Performance Rights	Expiry date*
Tranche 1	The establishment by the Company of a JORC Compliant 5 million tonne resource of Li_2O of a grade of at least 1.2%.	11,750,000	23 December 2018
Tranche 2	The establishment by the Company of a JORC Compliant 15 million tonne resource of Li_2O of a grade of at least 1.2%.	11,750,000	23 December 2018

*All Performance Rights that have not vested by the expiry date will automatically lapse and be forfeited.

4,000,000 Performance Rights (with a fair value of $208,000) were issued to Mr John Fitzgerald, 10,000,000 Performance Rights (with a fair value of $520,000) were granted to Mr David Frances and 8,000,000 Performance Rights (with a fair value $416,000) were granted to Mr Francis Wedin. The Performance Rights were granted to each participant in 2 tranches subject to satisfaction of the following performance hurdles and vesting conditions, and otherwise in accordance with the LTI Plan Rules:

- Tranche 1 – 50% vesting upon the establishment by the Company of a JORC Compliant 5 million tonne resource of Li_2O of a grade of at least 1.2%. The expected vesting date of tranche 1 is 31 March 2017;
- Tranche 2 – 50% vesting on the establishment by the Company of a JORC Compliant 15 million tonne resource of Li_2O of a grade of at least 1.2%. The expected vesting date of tranche 2 is 23 December 2018.

All Performance Rights that have not vested by 23 December 2018 will automatically lapse and be forfeited.

Variable remuneration – Short Term Incentives (STI)

No STI incentives were paid to Executive Directors during the financial year ended 30 June 2016.

Subsequent to 30 June 2016 The Board has established an STI program for Executive Directors. Short Term Incentives are to be paid in the form of cash bonuses to Executive Directors upon achieving a mix of Company based and personal performance targets.

Mr David Frances can receive an STI of up to 50% of his fixed base salary.

Mr Francis Wedin can receive an STI of up to 50% of his fixed base salary.

Actual STI payments granted will depend on the extent to which pre- set targets are met. The targets consist of a number of Key Performance Indicators covering operational and strategic goals of the Company. Payment of the STI's is to be at the discretion of the Independent Non-executive Directors.

Relationship between remuneration and Company performance

In considering the Company's performance and benefits for shareholder wealth, the Board have regard to the following indices in respect of the current financial year and the previous 4 financial years:

	2016	Restated 2015[1]	Restated 2014[2]	Restated 2013[2]	Restated 2012[2]
Loss per share (¢)	1.314	0.564	2.05	10	6.19
Share price (¢)	0.098	0.019	0.001	0.1	0.2

[1] Post consolidation on a 1:100 basis on 24 December 2014 and restated for change of policy (see note 3)

[2] Comparative loss per share has been restated to reflect the impact of the 1:100 share consolidation on 24 December 2014. The share price reflects the market share price and has not been restated post share consolidation.

Voting and comments made at the Company's 2015 Annual General Meeting

Dakota received 100% of "yes" votes on its Remuneration Report for the 2015 financial year. The Company did not receive any specific feedback at the AGM or throughout the year on its remuneration practices.

C. Remuneration Details for the Year Ended 30 June 2016

Details of the nature and amount of each element of the remuneration of each KMP of the Company are shown in the table below:

	Short-term benefits		Long-term benefits	Post employment	Share-based payments			
	Salary & fees $	Non monetary benefits $	Annual and Long Service Leave $	Super-annuation $	Perform-ance Rights $	Shares $	Total $	Perform-ance Related %
CURRENT DIRECTORS								
J Fitzgerald (Non-executive Chairman appointed 23 December 2015)								
2016	25,000	881	-	2,375	58,689	-	86,945	67.5
2015	-	-	-	-	-	-	-	-
F Wedin (Executive Director appointed 23 December 2015)								
2016	75,000	881	5,917	7,125	117,378	-	206,301	56.9
2015	-	-	-	-	-	-	-	-
D Frances (CEO appointed 23 December 2015, Executive Director appointed 19 April 2016)								
2016	100,000	336	4,426	9,500	146,722	-	260,984	56.2
2015	-	-	-	-	-	-	-	-
PAST RETIRED DIRECTORS								
P Zhao (Alternate Director for Mr Guo resigned 23 December 2015)								
2016	-	820	-	-	-	5,000	5,820	-
2015	30,000	1,283	-	2,850	-	-	34,133	-
J Wellisch (Non-executive Director resigned 28 January 2016)								
2016	1,000	987	-	-	-	10,000	11,987	-
2015	10,000	2,007	-	-	-	-	12,007	-

W Guo (Non-executive Director resigned 19 April 2016)								
2016	5,333	1,370	-	-	-	5,000	11,703	-
2015	10,000	2,007	-	-	-	-	12,007	-
A Rechner (Executive Director resigned 23 December 2015)								
2016	1,900	825	-	-	-	10,000	12,725	-
2015	-	1,369	-	-	-	-	1,369	-
T Neesham (Non-executive Director resigned 23 December 2015)								
2016	-	825	-	-	-	10,000	10,825	-
2015	-	1,369	-	-	-	-	1,369	-
Total 2016	**208,233**	**6,925**	**10,343**	**19,000**	**322,789**	**40,000**	**607,290**	**53.2**
Total 2015	**50,000**	**8,035**	**-**	**2,850**	**-**	**-**	**60,885**	**-**

** Performance rights were granted in February 2016 following approval by shareholders at the General Meeting on 12 February 2016. The Performance Rights are charged to expense over the expected time period before the performance hurdles are met. The expense in relation to the Performance Rights is calculated at the fair value based on the share price on the day of shareholder approval and factored by the expected probability of the performance hurdles being achieved. For further disclosure in respect of the share based payments see Note 20.

Performance Rights issued will vest into fully paid ordinary shares upon specific performance hurdles being achieved. The Performance hurdle is resource based as disclosed in Note 20. The amounts that appear are required under Australian Accounting Standards to be expensed by the Company in respect of the allocation of long term incentives. Whether or not these performance rights are received will depend on achieving the vesting conditions as discussed above. No Performance Rights were exercised during the year.

Unlisted Options Issued to KMP

During or since the end of the period there were no options issued to executives as remuneration. No options over unissued ordinary shares were granted to executives as remuneration during the previous year.

Option holdings of key management personnel in unlisted options (consolidated)

KMP	***Balance at beginning of the year***	***Granted as remunera-tion***	***Options expired***	***Net change other***	***Balance at end of the year***	***Vested at end of year***	
						Exercisable	***Not exercisable***
2016							
J Wellisch	100,000	-	(100,000)	-	-	-	-
W Guo	100,000	-	(100,000)	-	-	-	-
A Rechner	1,000,000	-	-	(1,000,000)*	-	-	-
T Neesham	750,000	-	-	(750,000)*	-	-	-
Total	1,950,000	-	(200,000)	(1,750,000)	-	-	-

***** Held as at date of resignation.

Option holdings of key management personnel in unlisted options (consolidated)

KMP	***Balance at beginning of the year****	***Granted as remunera-tion***	***Options expired***	***Net change other***	***Balance at end of the year***	***Vested at end of year***	
						Exercisable	***Not exercisable***
2015							
J Wellisch	100,000	-	-	-	100,000	100,000	-
W Guo	100,000	-	-	-	100,000	100,000	-
A Rechner	-	-	-	1,000,000**	1,000,000	1,000,000	-
T Neesham	-	-	-	750,000**	750,000	750,000	-
Total	200,000	-	-	1,750,000	1,950,000	1,950,000	-

* Post consolidation on a 1 for 100 basis. Unlisted Options exercisable at $0.50 and expired 30/11/2015.
** Unlisted Options exercisable at $0.016 and expiring on 31/12/2018 acquired pursuant to placement on 30/12/2014.

Shareholdings of key management personnel (ordinary shares) (consolidated)

KMP	*Balance at beginning of the year*	*Granted as remuneration*	*Exercised of options*	*Net change other*	*Balance at end of the year*
2016					
J Fitzgerald	-	-	-	2,500,000	2,500,000
P Zhao	13,637,366	200,000	-	(13,837,366)*	-
W Guo	-	200,000	-	(200,000)**	-
J Wellisch	-	400,000	-	(400,000)**	-
A Rechner	7,000,000	400,000	-	(7,400,000)**	-
T Neesham	7,417,544	400,000	-	(7,817,544)**	-
Total	28,054,910	1,600,000	-	(27,154,910)	2,500,000

***** Held as at date retiring as an Alternate Director.
****** Held as at date of resignation.

KMP	*Balance at beginning of the year**	*Granted as remuneration*	*Exercised of options*	*Net change other*	*Balance at end of the year*
2015					
P Zhao	7,246,525	-	-	(7,246,525)**	-
P Zhao	-	-	-	13,637,366***	13,637,366
A Rechner	-	-	-	7,000,000	7,000,000
T Neesham	-	-	-	7,417,544	7,417,544
Total	7,246,525	-	-	20,808,385	28,054,910

***** Post consolidation on a 1 for 100 basis.
****** As at date of resignation as a director on 24 October 2014.
******* As an alternate director appointed 5 March 2015.

Performance Rights of key management personnel

KMP	*Balance at beginning of the year*	*Granted**	*Net change other*	*Balance at end of the year*
2016				
J Fitzgerald	-	4,000,000	-	4,000,000
F Wedin	-	8,000,000	-	8,000,000
D Frances	-	10,000,000	-	10,000,000
Total	-	22,000,000	-	22,000,000

* Performance Rights pursuant to the Dakota Minerals Limited Long Term Incentive Plan as approved by shareholders at a General Meeting held 12 February 2016.

D. Service Agreements

Mr David Frances – CEO and Managing Director
Terms of Agreement – commenced as CEO on 23 December 2015, until terminated be either party.
Termination – 3 months by Mr Frances and 6 months by the Company
Salary:

- Up until 1 July 2016 Fixed remuneration $200,000 per annum plus superannuation, and LTI of 10,000,000 Performance rights.
- *After 1 July 2016 Fixed remuneration of $250,000 per annum plus superannuation, STI cash bonus of up to 50% of base salary and LTI of 10,000,000 Performance Rights.

Mr Francis Wedin – Technical Director
Terms of Agreement – commenced 23 December 2015, until terminated be either party.
Termination – 3 months by either party
Salary:
- Up until 1 July 2016 Fixed remuneration $150,000 per annum plus superannuation, and LTI of 8,000,000 Performance rights.
- *After 1 July 2016 Fixed remuneration of $200,000 per annum plus superannuation, STI cash bonus of up to 50% of base salary and LTI of 8,000,000 Performance Rights.

Mr John Fitzgerald – Non –executive Chairman
Terms of Agreement – commenced 23 December 2015, until terminated be either party.
Termination – No notice period
Salary:
- Up until 1 July 2016 Fixed remuneration $50,000 per annum plus superannuation, and LTI of 4,000,000 Performance rights.
- *After 1 July 2016 Fixed remuneration of $60,000 per annum plus superannuation, and LTI of 4,000,000 Performance Rights.

Mr Dudley Kingsnorth – Non-executive Director
Terms of Agreement – commenced 22 August 2016, until terminated be either party.
Termination – No notice period
Salary:
- Fixed remuneration $50,000 per annum plus superannuation, and LTI of 2,000,000 Performance rights to be issued subject to shareholder approval at the next AGM.

*Changes to the Remuneration of above listed KMP's were made effective from 1 July 2016 by a Board resolution on 21 September 2016.

E. Loans to key management personnel

There were no loans to individuals or members of key management personal during the financial year or the previous financial year.

F. Other KMP transactions

There have been no other transactions involving equity instruments other than those described in the tables above.

End of Remuneration Report

SHARE OPTIONS

At the date of this report the unissued ordinary shares of the Company under option are as follows:

Grant Date	Date of Expiry	Exercise Price	Held at 01 Jul 15	Issued	Exercised	Lapsed / Cancelled	Held at 23 Sep 16
9 Dec 11	30 Nov 15	$0.50	400,000	-		(400,000)	-
8 Oct 12	30 Nov 15	$0.50	650,000	-		(650,000)	-
8 Oct 12	30 Nov 15	$0.70	250,000	-		(250,000)	-
30 Dec 14	31 Dec 18	$0.016	10,000,000	-	(7,100,000)	-	2,900,000
16 Dec 15	31 Dec 17	$0.035	-	10,000,000	(7,562,500)	-	2,437,500
16 Dec 15	31 Dec 17	$0.06	-	20,000,000	(3,375,000)	-	16,625,000
16 Dec 15	31 Dec 17	$0.09	-	10,000,000	(750,000)	-	9,250,000

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

PROCEEDINGS ON BEHALF OF THE GROUP

No person has applied to any court pursuant to section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings. The Company was not a party to any such proceedings during the year.

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

The Company has entered into a deed of indemnity with all existing directors and officers. Under the deed the Company has undertaken, subject to the restrictions in the Corporations Act, to indemnify all existing directors in certain circumstances whilst a director or officer and for 7 years after they have ceased to be a director or officer.

During the year, the Company paid a premium to insure officers of the Group. The officers of the Company covered by the insurance policy include all directors and the company secretary.

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, other than where such liabilities arise out of 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 to cause detriment to the Company.

Details of the amount of the premium paid in respect of the insurance policies is not disclosed as such disclosure is prohibited under the terms of the contract.

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

INDEMNIFICATION OF AUDITORS

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount).The indemnity does not apply to any loss in respect of any matters which are finally determined to have resulted from Ernst & Young’s negligent, wrongful or wilful acts of omission. No payment has been made to indemnify Ernst & Young during or since the financial year.

AUDIT COMMITTEE

The Company is not of a size nor are its financial affairs of such complexity to justify a separate audit committee of the board of directors. All matters that might properly be dealt with by such a committee are the subject of scrutiny at full board meetings.

AUDITOR INDEPENDENCE AND NON-AUDIT SERVICES

The Auditor's Independence Declaration immediately follows the Directors' Declaration and forms part of this Report. The Directors are satisfied as to the independence of the auditors.

During the financial year the entity's auditor, Ernst & Young, provided other non-audit services totalling $5,500 (Restated 2015: $4,500) (refer to note 21).

The Board of Directors is satisfied that the provision of any non-audit services by the Company's auditors is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001* because:

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

Signed in accordance with a resolution of directors.

For and on Behalf of the Board of Directors

Mr J Fitzgerald
Chairman

Perth, 23 September 2016

Building a better
working world

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Auditor's Independence Declaration to the Directors of Dakota Minerals Limited

As lead auditor for the audit of Dakota Minerals Limited for the financial year ended 30 June 2016, I declare to the best of my knowledge and belief, there have been:

a. no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

b. no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Dakota Minerals Limited and the entities it controlled during the financial year.

Ernst & Young

Ernst & Young

V L Hoang
Partner
23 September 2016

MH:VH:DAKOTA:017

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2016

	Notes	2016 $	Restated 2015 $
Other income	4	73,907	8,831
Employee benefits and director fees expense		(66,470)	(52,850)
Depreciation expense		(246)	(650)
Unrealised foreign currency loss		(2,354)	-
Share based payment		(368,139)	-
Legal and audit expense		(41,126)	(53,819)
Travel Expense		-	(1,572)
Consulting Fees		(229,334)	(76,950)
Exploration and evaluation expenditure		(1,131,347)	(70,521)
Other expenses		(147,095)	(31,849)
Loss before income tax expense		(1,912,204)	(279,380)
Income tax expenses	5	-	-
Total loss for the year		(1,912,204)	(279,380)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Net gain/(loss) on available-for sale financial assets		(2,500)	7,500
Transfer of impairment loss on available-for-sale financial assets to income statement		-	-
Total comprehensive loss for the year		(1,914,704)	(271,880)

Loss per share (cents per share)		2016 ¢	Restated 2015 ¢
Basic loss per share for the year	6	(1.314)	(0.564)
Diluted loss per share for the year	6	(1.314)	(0.564)

The above Consolidated Statement of Comprehensive Income is to be read in conjunction with the Notes to the Financial Statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2016

	Notes	30 June 2016 $	Restated 30 June 2015 $	Restated 1 July 2014
ASSETS				
Current Assets				
Cash and cash equivalents	17a	4,115,625	457,236	221,541
Cash on Term Deposits	17a	10,000,000	-	-
Trade and other receivables	7a	169,591	4,161	16,679
Available-for-sale financial assets	8a	17,500	20,000	12,500
Total Current Assets		14,302,716	481,397	250,720
Non-current Assets				
Available-for-sale financial assets	8b	6,000	6,000	6,000
Other assets	9	10,000	10,000	10,000
Plant and equipment	10	185	431	1,081
Exploration and evaluation expenditure	11	5,388,063	-	-
Total Non-current Assets		5,404,248	16,431	17,081
TOTAL ASSETS		19,706,964	497,828	267,801
LIABILITIES				
Current Liabilities				
Trade and other payables	12a	293,395	18,932	139,171
Other current liabilities	13a	10,343	-	75,600
Total Current Liabilities		303,738	18,932	214,771
TOTAL LIABILITIES		303,738	18,932	214,771
NET ASSETS		19,403,226	478,896	53,030
EQUITY				
Issued share capital	14a	53,276,848	36,140,528	35,557,522
Milestone shares	14b	2,340,000	-	-
Other reserves	15	2,046,767	686,553	564,313
Accumulated losses	16	(38,260,389)	(36,348,185)	(36,068,805)
TOTAL EQUITY		19,403,226	478,896	53,030

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2016

	Issued capital	Milestone Shares	Share based payment reserve	Available for sale reserve	Accumulated losses	Total
	$	$	$	$	$	$
Consolidated						
As at 1 July 2015	36,140,528	-	679,053	7,500	(36,348,185)	478,896
Loss for the year	-	-	-	-	(1,912,204)	(1,912,204)
Other comprehensive income	-	-	-	(2,500)	-	(2,500)
Total comprehensive loss for the year	-	-	-	(2,500)	(1,912,204)	(1,914,704)
Issue of options	-	-	-	-	-	-
Issue of shares	19,183,982	-	-	-	-	19,183,982
Transaction costs of share issue	(2,087,662)	-	1,034,575	-	-	(1,053,087)
Issue of milestone shares	-	2,340,000	-	-	-	2,340,000
Share based payments	40,000	-	328,139	-	-	368,139
As at 30 June 2016	53,276,848	2,340,000	2,041,767	5,000	(38,260,389)	19,403,226
Consolidated						
As at 1 July 2014 – as previously stated	35,557,522	-	564,313	-	(33,936,285)	2,185,550
Change in accounting policy	-	-	-	-	(2,132,520)	(2,132,520)
Balance at 1 July 2014 - restated	35,557,522	-	564,313	-	(36,068,805)	53,030
Loss for the year	-	-	-	-	(279,380)	(279,380)
Other comprehensive income	-	-	-	7,500	-	7,500
Total comprehensive loss for the year	-	-	-	7,500	(279,380)	(271,880)
Issue of options	1,000	-	-	-	-	1,000
Issue of shares	715,086	-	-	-	-	715,086
Transaction costs of share issue	(163,080)	-	114,740	-	-	(48,340)
Share based payments	30,000	-	-	-	-	30,000
As at 30 June 2015	36,140,528	-	679,053	7,500	(36,348,185)	478,896

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2016

	Notes	2016 $	Restated 2015 $
Cash flows from operating activities			
Payments to suppliers and employees		(510,122)	(323,747)
Payments for exploration and evaluation expenditure		(1,036,759)	(116,121)
Interest received		33,855	8,305
Net cash flows used in operating activities	17b	(1,513,026)	(431,563)
Cash flows from investing activities			
Payment for purchase of prospects		(357,617)	-
Payment for term deposits		(10,000,000)	-
Net cash flows from/(used in) investing activities		(10,357,617)	-
Cash flows from financing activities			
Proceeds from issue of shares and options		16,584,472	715,596
Share issue costs		(1,053,087)	(48,340)
Net cash flows from financing activities		15,531,386	667,256
Net increase in cash and cash equivalents		3,660,743	235,693
Unrealised foreign exchange loss		(2,354)	-
Cash and cash equivalents at beginning of the year		457,236	221,541
Cash and cash equivalents at end of the year	17a	4,115,625	457,236

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

1. CORPORATE INFORMATION

The financial report of Dakota Minerals Limited for the year ended 30 June 2016 was authorised for issue in accordance with a resolution of directors on 23 September 2016.

Dakota Minerals Limited is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Stock Exchange.

The address of the registered office is 25-27 Jewell Parade, North Fremantle WA 6159.

The nature of the operations and principal activities of the Company are described in Note 27.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards board. The financial report has also been prepared on a historical cost basis, except for available-for-sale investments, which have been measured at fair value.

For the purpose of preparing the consolidated financial statements, the Company is a for-profit entity.

(b) Compliance with IFRS

The financial report complies with Australian Accounting Standards and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

(c) Going concern

As at 30 June 2016 the Company had cash on hand, including term deposits of $14,115,625 (2015: $457,236) and net current asset position was $13,998,978 (Restated 2015: $462,465).

The Company’s cash flow forecasts for the 12 months ending 30 September 2017 indicate the Company will be in a position to complete its current planned exploration and administration expenditure, and thus continue to operate as a going concern.

Having regards to the above the financial statements have been prepared on a going concern basis which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) New Accounting Standards and Interpretations

(i) Changes in accounting policy

The Group has adopted all new and amended Australian Accounting Standards and AASB interpretations as at 1 July 2015, including:

Reference	Title	Application date of standard*	Application date for Group*
AASB 2013-9	*Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments* The Standard contains three main parts and makes amendments to a number of Standards and Interpretations. Part A of AASB 2013-9 makes consequential amendments arising from the issuance of AASB CF 2013-1. Part B makes amendments to particular Australian Accounting Standards to delete references to AASB 1031 and also makes minor editorial amendments to various other standards. Part C makes amendments to a number of Australian Accounting Standards, including incorporating Chapter 6 *Hedge Accounting* into AASB 9 *Financial Instruments*.	1 January 2015	1 July 2015
AASB 2015-3	Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 *Materiality* The Standard completes the AASB's project to remove Australian guidance on materiality from Australian Accounting Standards.	1 July 2015	1 July 2015

The adoption of new and amended Standards and Interpretations did not impact the financial position or performance of the Group.

(ii) Accounting Standards issued but not yet effective

The following standards and interpretations have been issued by the AASB but are not yet effective for the period ended 30 June 2016.

Reference	Title	Summary	Application date of standard*	Application date for Group*
AASB 9	*Financial Instruments*	AASB 9 (December 2014) is a new standard which replaces AASB 139. This new version supersedes AASB 9 issued in December 2009 (as amended) and AASB 9 (issued in December 2010) and includes a model for classification and measurement, a single, forward-looking 'expected loss' impairment model and a substantially-reformed approach to hedge accounting. AASB 9 is effective for annual periods beginning on or after 1 January 2018. However, the Standard is available for early adoption. The own credit changes can be early adopted in isolation without otherwise changing the accounting for financial instruments. Classification and measurement AASB 9 includes requirements for a simpler approach for classification and measurement of financial assets compared with the requirements of AASB 139. There are also some changes made in relation to financial liabilities. The main changes are described below. ***Financial assets*** a. Financial assets that are debt instruments will be classified based on (1) the objective of the entity's business model for	1 January 2018	1 July 2018

Reference	Title	Summary	Application date of standard*	Application date for Group*
		managing the financial assets; (2) the characteristics of the contractual cash flows. b. Allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument. c. Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases. ***Financial liabilities*** Changes introduced by AASB 9 in respect of financial liabilities are limited to the measurement of liabilities designated at fair value through profit or loss (FVPL) using the fair value option. Where the fair value option is used for financial liabilities, the change in fair value is to be accounted for as follows: ► The change attributable to changes in credit risk are presented in other comprehensive income (OCI) ► The remaining change is presented in profit or loss AASB 9 also removes the volatility in profit or loss that was caused by changes in the credit risk of liabilities elected to be measured at fair value. This change in accounting means that gains or losses attributable to changes in the entity's own credit risk would be recognised in OCI. These amounts recognised in OCI are not recycled to profit or loss if the liability is ever repurchased at a discount. *Impairment* The final version of AASB 9 introduces a new expected-loss impairment model that will require more timely recognition of expected credit losses. Specifically, the new Standard requires entities to account for expected credit losses from when financial instruments are first recognised and to recognise full lifetime expected losses on a more timely basis. ***Hedge accounting*** Amendments to AASB 9 (December 2009 & 2010 editions and AASB 2013-9) issued in December 2013 included the new hedge accounting requirements, including changes to hedge effectiveness testing, treatment of hedging costs, risk components that can be hedged and disclosures. Consequential amendments were also made to other standards as a result of AASB 9, introduced by AASB 2009-11 and superseded by AASB 2010-7, AASB 2010-10 and AASB 2014-1 – Part E. AASB 2014-7 incorporates the consequential amendments arising from the issuance of AASB 9 in Dec 2014. AASB 2014-8 limits the application of the existing versions of AASB 9 (AASB 9 (December 2009) and AASB 9 (December 2010)) from 1 February 2015 and applies to annual reporting periods beginning on after **1 January 2015**.		
AASB 2014-4	**Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to AASB 116 and AASB 138)**	**AASB 116 *Property Plant and Equipment* and AASB 138 *Intangible Assets*** both establish the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset. The IASB has clarified that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset.	1 January 2016	1 July 2016

Reference	Title	Summary	Application date of standard*	Application date for Group*
		The amendment also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. This presumption, however, can be rebutted in certain limited circumstances.		
AASB 15	**Revenue from Contracts with Customers**	AASB 15 *Revenue from Contracts with Customers* replaces the existing revenue recognition standards AASB 111 *Construction Contracts*, AASB 118 *Revenue* and related Interpretations (Interpretation *13 Customer Loyalty Programmes,* Interpretation 15 *Agreements for the Construction of Real Estate,* Interpretation 18 *Transfers of Assets from Customers*, Interpretation 131 *Revenue—Barter Transactions Involving Advertising Services* and Interpretation 1042 *Subscriber Acquisition Costs in the Telecommunications Industry*). AASB 15 incorporates the requirements of IFRS 15 *Revenue from Contracts with Customers* issued by the International Accounting Standards Board (IASB) and developed jointly with the US Financial Accounting Standards Board (FASB). AASB 15 specifies the accounting treatment for revenue arising from contracts with customers (except for contracts within the scope of other accounting standards such as leases or financial instruments).The core principle of AASB 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with that core principle by applying the following steps: (a) Step 1: Identify the contract(s) with a customer (b) Step 2: Identify the performance obligations in the contract (c) Step 3: Determine the transaction price (d) Step 4: Allocate the transaction price to the performance obligations in the contract (e) Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation AASB 2015-8 amended the AASB 15 effective date so it is now effective for annual reporting periods commencing on or after 1 January 2018. Early application is permitted. AASB 2014-5 incorporates the consequential amendments to a number Australian Accounting Standards (including Interpretations) arising from the issuance of AASB 15. AASB 2016-3 *Amendments to Australian Accounting Standards – Clarifications to AASB 15* amends AASB 15 to clarify the requirements on identifying performance obligations, principal versus agent considerations and the timing of recognising revenue from granting a licence and provides further practical expedients on transition to AASB 15.	1 January 2018	1 July 2018
AASB 1057	Application of Australian Accounting Standards	This Standard lists the application paragraphs for each other Standard (and Interpretation), grouped where they are the same. Accordingly, paragraphs 5 and 22 respectively specify the application paragraphs for Standards and Interpretations in general. Differing application paragraphs are set out for individual Standards and Interpretations or grouped where possible. The application paragraphs do not affect requirements in other Standards that specify that certain paragraphs apply only to certain types of entities.	1 January 2016	1 July 2016
AASB 2015-1	Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012–2014 Cycle	The subjects of the principal amendments to the Standards are set out below: AASB 5 *Non-current Assets Held for Sale and Discontinued Operations:* • Changes in methods of disposal – where an entity reclassifies an asset (or disposal group) directly from being held for distribution to being held for sale (or visa	1 January 2016	1 July 2016

Reference	Title	Summary	Application date of standard*	Application date for Group*
		versa), an entity shall not follow the guidance in paragraphs 27–29 to account for this change. AASB 7 *Financial Instruments: Disclosures:* • Servicing contracts - clarifies how an entity should apply the guidance in paragraph 42C of AASB 7 to a servicing contract to decide whether a servicing contract is 'continuing involvement' for the purposes of applying the disclosure requirements in paragraphs 42E–42H of AASB 7. • Applicability of the amendments to AASB 7 to condensed interim financial statements - clarify that the additional disclosure required by the amendments to AASB 7 Disclosure–Offsetting Financial Assets and Financial Liabilities is not specifically required for all interim periods. However, the additional disclosure is required to be given in condensed interim financial statements that are prepared in accordance with AASB 134 Interim Financial Reporting when its inclusion would be required by the requirements of AASB 134. AASB 119 *Employee Benefits*: • Discount rate: regional market issue - clarifies that the high quality corporate bonds used to estimate the discount rate for post-employment benefit obligations should be denominated in the same currency as the liability. Further it clarifies that the depth of the market for high quality corporate bonds should be assessed at the currency level. AASB 134 *Interim Financial Reporting:* • Disclosure of information 'elsewhere in the interim financial report' - amends AASB 134 to clarify the meaning of disclosure of information 'elsewhere in the interim financial report' and to require the inclusion of a cross-reference from the interim financial statements to the location of this information.		
AASB 2015-2	Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101	The Standard makes amendments to AASB 101 *Presentation of Financial Statements* arising from the IASB's Disclosure Initiative project. The amendments are designed to further encourage companies to apply professional judgment in determining what information to disclose in the financial statements. For example, the amendments make clear that materiality applies to the whole of financial statements and that the inclusion of immaterial information can inhibit the usefulness of financial disclosures. The amendments also clarify that companies should use professional judgment in determining where and in what order information is presented in the financial disclosures.	1 January 2016	1 July 2016
AASB 2015-5	Amendments to Australian Accounting Standards – Investment Entities: Applying the Consolidation Exception	This makes amendments to AASB 10, AASB 12 *Disclosure of Interests in Other Entities* and AASB 128 arising from the IASB's narrow scope amendments associated with Investment Entities.	1 January 2016	1 July 2016
AASB 2015-9	Amendments to Australian Accounting Standards – Scope and Application Paragraphs [AASB 8, AASB 133 & AASB 1057]	This Standard inserts scope paragraphs into AASB 8 and AASB 133 in place of application paragraph text in AASB 1057. This is to correct inadvertent removal of these paragraphs during editorial changes made in August 2015. There is no change to the requirements or the applicability of AASB 8 and AASB 133.	1 January 2016	1 July 2016
AASB 16	Leases	The key features of AASB 16 are as follows: **Lessee accounting** • Lessees are required to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value.	1 January 2019	1 July 2019

Reference	Title	Summary	Application date of standard*	Application date for Group*
		• A lessee measures right-of-use assets similarly to other non-financial assets and lease liabilities similarly to other financial liabilities. • Assets and liabilities arising from a lease are initially measured on a present value basis. The measurement includes non-cancellable lease payments (including inflation-linked payments), and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or not to exercise an option to terminate the lease. • AASB 16 contains disclosure requirements for lessees. **Lessor accounting** • AASB 16 substantially carries forward the lessor accounting requirements in AASB 117. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently. • AASB 16 also requires enhanced disclosures to be provided by lessors that will improve information disclosed about a lessor's risk exposure, particularly to residual value risk. AASB 16 supersedes: (a) AASB 117 Leases (b) Interpretation 4 Determining whether an Arrangement contains a Lease (c) SIC-15 Operating Leases—Incentives (d) SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease The new standard will be effective for annual periods beginning on or after 1 January 2019. Early application is permitted, provided the new revenue standard, AASB 15 Revenue from Contracts with Customers, has been applied, or is applied at the same date as AASB 16.		
2016-1	Amendments to Australian Accounting Standards – Recognition of Deferred Tax Assets for Unrealised Losses [AASB 112]	This Standard amends AASB 112 *Income Taxes* (July 2004) and AASB 112 *Income Taxes* (August 2015) to clarify the requirements on recognition of deferred tax assets for unrealised losses on debt instruments measured at fair value.	1 January 2017	1 July 2017
2016-2	Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107	This Standard amends AASB 107 *Statement of Cash Flows* (August 2015) to require entities preparing financial statements in accordance with Tier 1 reporting requirements to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.	1 January 2017	1 July 2017
IFRS 2 (Amendments)	Classification and Measurement of Share-based Payment Transactions [Amendments to IFRS 2]	This standard amends to IFRS 2 *Share-based Payment*, clarifying how to account for certain types of share-based payment transactions. The amendments provide requirements on the accounting for: ► The effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments ► Share-based payment transactions with a net settlement feature for withholding tax obligations ► A modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled	1 January 2018	1 July 2018

* Designates the beginning of the applicable annual reporting period unless otherwise stated.

The Group has not yet determined the impact of the initial application of the above Standards or Interpretations. These Standards and Interpretations will be first applied in the financial report of the Group that relates to the annual reporting period beginning on or after the effective date of each pronouncement.

(e) Exploration and evaluation expenditure

Exploration and evaluation expenditure in relation to the Company's mineral tenements is expensed as incurred. When the Directors decide to progress the development of an area of interest all further expenditure incurred relating to the area will be capitalised. Projects are advanced to development status and classified as mine development when it is expected that further expenditure can be recouped through sale or successful development and exploitation of the area of interest. Such expenditure is carried forward up to commencement of production at which time it is amortised over the life of the economically recoverable reserves. All projects are subject to detailed review on an annual basis and accumulated costs written off to the extent that they will not be recoverable in the future.

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

An impairment exists when the carrying amount of an asset or cash generating unit exceeds its estimated recoverable amount. The asset or cash generating unit is then written down to the recoverable amount. Any impairment losses are recognised in the Statement of Comprehensive Income.

(f) Investments and other financial assets

Investments and other financial assets in the scope of AASB 139 *Financial Instruments: Recognition and Measurement* are classified as available-for-sale financial assets when they are not classified as any of the other three categories provided by AASB 139. All investments are initially recognised at fair value plus transaction costs.

After initial recognition, listed investments which are classified as available-for-sale are measured at fair value. Gains or losses on available-for-sale investments are recognised as a separate component of equity until the investment is sold, collected or otherwise disposed of, or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is included in the income statement.

The fair value of investments that are actively traded in organised financial markets is determined by referring to market bid prices at close of business on the balance sheet date.

(g) Plant and equipment

Plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated on a straight-line basis over the estimated useful life of the asset as follows:

Plant and equipment – over 2 to 6 years

Impairment
The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs, unless the asset's value in use can be estimated to be close to its fair value.

If any such indication exists and where the carrying values exceeds the estimated recoverable amount, the assets or cash generating units are written down to their recoverable amount.

Disposal
An item of plant and equipment is derecognised upon disposal or when no further future economic benefits are expected to arise from the continued use or disposal of the asset.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in profit or loss in the period the item is derecognised.

(h) Impairment of non-financial assets

At each reporting date, the Group assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, the Group makes a formal estimate of recoverable amount. Recoverable amount is the greater of fair value less costs to sell and value in use. It is determined for an individual asset, unless the asset's value in use cannot be estimated to be close to its fair value less costs to sell and it does not generate cash inflows that are largely independent of those from other assets or group of assets, in which case, the recoverable amount is determined for the cash-generating unit to which the asset belongs. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Non-financial assets that suffered an impairment are tested for possible reversal of the impairment whenever events or changes in circumstances indicate that the impairment may have reversed.

(i) Trade and other receivables

Trade receivables, which generally have 30 to 90 day terms, are recognised and carried at original invoice amount less an allowance for any uncollectible amounts.

An allowance for doubtful debts is made when there is objective evidence that the Group will not be able to collect the debts. Bad debts are written off when identified. Financial difficulties of the debtor, default payments or debts more than 150 days overdue are considered objective evidence of impairment. The amount of the impairment loss is the receivable carrying amount compared to the present value of estimated future cash flows, discounted at the original effective interest rate.

(j) Cash and cash equivalents

Cash and cash equivalents in the Statement of Financial Position comprise cash at bank and on hand and short-term deposits with an original maturity of three months or less.

For the purposes of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

(k) Provisions

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

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the obligation at the balance sheet date. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflect the time value of money and the risks specific to the liability. The increase in the provision resulting from the passage of time is recognised in finance costs.

(l) Leases

The determination of whether an arrangement is a lease or contains a lease is based on the substance of the arrangement, and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and whether the arrangement conveys a right to use the asset.

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases.

Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term.

(m) Revenue Recognition and Other Income

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

Interest income
Interest income is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Dividends
Revenue is recognised when the Group's right to receive the payment is established.

Other income
Government grants
Government grants are recognised when there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

(n) Income tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

Deferred income tax is provided on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences:

- except where the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit or taxable profit or loss; or

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interest in joint ventures, except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry–forward of unused tax assets and unused tax losses can be utilised:

- except where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or

- in respect of deductible temporary differences associated with investment in subsidiaries, associates and interests in joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in the income statement.

Deferred tax assets and liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

(o) Other taxes

Revenues, expenses and assets are recognised net of the amount of GST except:

- where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables are stated with the amount of GST included.

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

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

(p) Trade and other payables

Trade payables and other payables are carried at amortised cost and represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of the goods and services.

(q) Contributed equity

Ordinary share capital is recognised at the fair value of the consideration received by the Group.

Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

(r) Earnings per share (EPS)

Basic EPS is calculated as net profit attributable to members, adjusted to exclude costs of servicing equity (other than dividends), divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted EPS is calculated as net profit attributable to members, adjusted for:

- costs of servicing equity (other than dividends);
- the after tax effect of dividend and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares;

divided by the weighted average number or ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

(s) Impairment of financial assets

The Group assesses at each balance sheet date whether a financial asset or group of financial assets is impaired.

(i) Financial assets carried at amortised cost
If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of 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) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced either directly or through use of an allowance account. The amount of the loss is recognised in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed.

Any subsequent reversal of an impairment loss is recognised in profit or loss, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

(ii) Financial assets carried at cost
If there is objective evidence that an impairment loss has been incurred on an unquoted equity instrument that is not carried at fair value (because its fair value cannot be reliably measured), or on a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the current market rate of return for a similar financial asset.

(iii) Available-for-sale financial assets
If there is objective evidence that an available-for-sale investment is impaired, an amount comprising the difference between its cost (net of any principal repayment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from equity to the income statement. Reversals of impairment losses for equity instruments classified as available-for-sale are not recognised in profit. Objective evidence of impairment for an available-for-sale investment in an equity instrument includes information about significant changes with an adverse effect that have taken place in the technological, market, economic or legal environment in which the issuer operates, and indicates that the cost of the investment in the equity instrument may not be recovered. A significant or prolonged decline in the fair value of an investment in an equity instrument below its cost is also objective evidence of impairment.

(t) Share-based payment transactions

The Group provides benefits to employees (including executives) 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').

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 using a Black Scholes model.

In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of Dakota Minerals Limited ('market conditions').

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').

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 awards that, in the opinion of the directors of the Company, will ultimately vest. This opinion is formed based on the best available information at balance 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.

Until an award has vested, any amounts recorded are contingent and will be adjusted if more or fewer awards vest than were originally anticipated to do so. Any award subject to a market condition is considered to vest irrespective of whether or not that market condition is fulfilled, provided that all other conditions are satisfied.

If the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

If an equity-settled award is cancelled, other than forfeiture, 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, as described in the previous paragraph.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share.

(u) Basis of consolidation

The consolidated financial statements comprise the financial statements of Dakota Minerals Limited (Dakota) and its subsidiaries as at 30 June 2016 (the Group).

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group’s voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group’s accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- De-recognises the assets (including goodwill) and liabilities of the subsidiary
- De-recognises the carrying amount of any non-controlling interests
- De-recognises the cumulative translation differences recorded in equity
- Recognises the fair value of the consideration received
- Recognises the fair value of any investment retained
- Recognises any surplus or deficit in profit or loss

- Reclassifies the parent's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or
- liabilities

Business combinations are accounted for using the acquisition method.

(v) Significant Accounting Judgements, Estimates and Assumptions

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities with the next annual reporting period are:

(i) Available-for-sale financial assets

The Group measures the fair value of available-for-sale financial assets by reference to the fair value of the equity instruments at the date at which they are valued. The fair value of the unlisted securities is determined using valuation techniques. Refer to Note 2(s) for the Group's accounting policy on impairment of financial assets.

(ii) Capitalised exploration and evaluation expenditure
The future recoverability of capitalised exploration and evaluation expenditure is dependent on a number of factors, including whether the Group decides to exploit the related lease itself or, if not, whether it successfully recovers the related exploration and evaluation asset through sale.

Factors which could impact the future recoverability include the level of proved, probable and inferred mineral resources, future technological changes which could impact the cost of mining, future legal changes (including changes to environmental restoration obligations) and changes to commodity prices.

To the extent that capitalised exploration and evaluation expenditure is determined not to be recoverable in the future, this will reduce profits and net assets in the period in which this determination is made.

In addition, exploration and evaluation expenditure is capitalised if activities in the area of interest have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves. To the extent that it is determined in the future that this capitalised expenditure should be written off, this will reduce profits and net assets in the period in which this determination is made.

(iii) Income tax

Refer to Note 2(n) for the Group's accounting policy in relation to recognition of income tax balances.

3. CHANGE IN ACCOUNTING POLICY

The Company has re-assessed its policy for accounting for exploration and evaluation expenditure.

The Consolidated Entity's previous accounting policy was that costs arising from exploration and evaluation activities were carried forward provided the rights to tenure of the area of the interest are current and such costs are expected to be recouped through successful development, or by sale, or where exploration and evaluation activities have not, at balance date, reached a stage to allow a reasonable assessment regarding the existence of economically recoverable reserves. Costs carried forward in respect of an area of interest that is abandoned are written off in the year in which the decision to abandon is made. The carrying value of the capitalised exploration and evaluation expenditure is assessed for impairment whenever facts and circumstances suggest that the carrying amount of the asset may exceed its recoverable amount.

The Consolidated Entity's new accounting policy is that exploration and evaluation expenditure in relation to the Company's mineral tenements, other than acquisition costs, is expensed as incurred. Acquisition costs in relation to mineral tenements are capitalised and carried forward provided the rights to tenure of the area of the interest are current and such costs are expected to be recouped through successful development, or by sale, or where exploration and evaluation activities have not, at balance date, reached a stage to allow a reasonable assessment regarding the existence of economically recoverable reserves. When the Directors decide to progress the development of an area of interest all further expenditure incurred relating to the area will be capitalised. Projects are advanced to development status and classified as mine development when it is expected that further expenditure can be recouped through sale or successful development and exploitation of the area of interest. Such expenditure is carried forward up to commencement of production at which time it is amortised over the life of the economically recoverable reserves. All projects are subject to detailed review on an annual basis and accumulated costs written off to the extent that they will not be recoverable in the future.

Management believe the change in accounting policy will provide more relevant information to the users of its financial statements on its financial position and financial performance as:

- The reader of the financial statements is unable to establish the likely income producing capacity of the item being capitalised and thereby determine its fair value or potential fair value
- The type of expenditure to be capitalised is open to judgement

Additionally, the new accounting policy is more correlated to the Accounting Framework, in that exploration activities (which are akin to research activities) are expensed as incurred. The change in accounting policy has been applied fully retrospectively.

The impact of this change in accounting policy is reflected below:

Impact on the consolidated statement of financial position (increase/(decrease))

	2016	**2015**
Exploration and evaluation expenditure	(1,131,347)	(2,203,041)
Accumulated Losses	1,131,347	2,203,041

Impact on statement of profit or loss (increase/(decrease) in loss)

	2016	**2015**
Exploration and evaluation expenditure	$	$
Impairment of exploration and evaluation expenditure	1,131,347	70,521
	(2,203,894)	-
	(1,072,547)	70,521

The cash flows related to exploration and evaluation costs previously classified as investing activities have been restated and recognised within operating activities.

The effect of these changes in exploration and evaluation expenditures has been reflected in the opening equity positions of each respective period. Basic and diluted earnings per share for the year ended 30 June 2015 have been restated from (0.422) cents to (0.564) cents.

4. INCOME AND EXPENSES

	2016 $	**Restated 2015 $**
Other income		
Interest revenue	73,907	8,831
Total other income	**73,907**	**8,831**

	2016 $	Restated 2015 $
5. INCOME TAX		
The components of income tax expense are as follows:		
Current tax	-	-
Deferred tax	-	-
Total expense/(benefit)	-	-

(i) The parent entity and the Group are not tax consolidated.
(ii) The parent entity and each of the subsidiaries are in tax loss for the year and have substantial tax losses carried forward.
(i) The Directors are of the view that there is insufficient probability that the parent entity and its subsidiaries will derive sufficient income in the foreseeable future to justify booking the tax losses.

	2016 $	Restated 2015 $
Numerical reconciliation of income tax expense to prima facie tax payable is as follows:		
Loss from operations before income tax expense	(1,912,204)	(279,380)
Tax at Australian tax rate of 30% (2015 also at 30%)	(573,661)	(83,814)
Permanent adjustments		
Expenses not deductible	110,442	-
Capital raising costs deductible	(78,085)	(28,839)
Prior year adjustment	-	-
Tax losses not recognised	541,304	112,653
Income tax expense / (benefit)	-	-
Amounts charged or credited directly to equity.		
Deferred income tax related to items charged or credited directly to equity		
Unrealised gain on available-for-sale investments	-	-
Income tax expense reported in equity	-	-
Tax Losses		
Unused tax losses for which no tax loss has been booked as a deferred tax asset	28,458,787	26,685,980
Potential benefit at 30%	8,537,636	8,005,794

The benefit of income tax losses will only be obtained if:
(i) the respective companies derive future assessable income of a nature and of an amount to enable the benefit from the deductions for the losses to be realised;
(ii) the respective companies continue to comply with the conditions for deductibility imposed by tax legislation; and
(iii) no changes in tax legislation adversely affect the respective companies in realising benefit from the deductions from the losses.

Deferred Income Tax

	2016 $	Restated 2015 $
Deferred income tax at 30 June relates to the following:		
Deferred tax liabilities		
Accrued interest	12,173	158
Deferred tax assets used to offset deferred tax Liabilities	(12,173)	(158)
	-	-

	2016 $	Restated 2015 $
Deferred tax assets		
Property, Plant and Equipment	404	2,479
Accruals	8,803	5,175
Tax losses - capital	671,679	670,679
Tax losses - revenue	7,868,923	7,327,619
Deferred tax assets used to offset deferred tax liabilities	(12,173)	(158)
Deferred tax assets not brought to account	(8,537,636)	(8,005,794)
	-	-

6. EARNINGS PER SHARE

The following reflects the income used in the basic and diluted loss per share computations.

(a) Loss used in calculating loss per share

For basic and diluted loss per share:		
Net loss for the year attributable to ordinary shareholders of the parent	1,912,204	279,380

(b) Weighted average number of shares

	2016 Number	2015 Number
For basic and diluted loss per share:		
Weighted average number of ordinary shares	145,543,357	49,544,205

There are 126,012,500 (2015: 11,300,000) potential ordinary shares excluded from the calculation of diluted earnings per share that could potentially dilute basic earnings per share in the future because they are anti-dilutive for either of the periods presented.

	2016 $	Restated 2015 $
7. TRADE AND OTHER RECEIVABLES		
(a) Current		
Sundry debtors (i)	169,591	4,161

(i) Sundry debtors primarily relate to GST receivable from the Australian Taxation Office (ATO) and accrued bank interest and are non-interest bearing and are generally paid on 30 days settlement terms. They are neither past due nor impaired at year end. Due to the short term nature of these receivables, their carrying value is assumed to approximate their fair value.

	2016 $	Restated 2015 $
8. AVAILABLE FOR SALE FINANCIAL ASSETS		
(a) Current		
At fair value		
Shares - listed	17,500	20,000
(b) Non-current		
At cost		
Shares – unlisted	6,000	6,000

The group uses various methods in estimating the fair value of a financial instrument. The methods comprise:

Level 1: the fair value is calculated using quoted price in active markets;
Level 2: the fair value is estimated using inputs other than quoted prices included in Level 1 that are observable for the assets or liability, either directly (as price) or indirectly (derived from prices); and
Level 3: the fair value is estimated using inputs for the assets or liability that are not based on observable market data.

	Level 1	Level 2	Level 3	Total
Available for sale financial instrument	17,500	-	-	17,500
	17,500	-	-	17,500

Transfer between categories:
There were no transfer between level 1 and level 2 during the year

Reconciliation of level 3 fair value movement
There was no level 3 fair value movement during the year.

	2016 $	Restated 2015 $
9. OTHER ASSETS (NON-CURRENT)		
(a) Cash deposited for performance bond (i)	10,000	10,000
	10,000	10,000

(i) Cash deposited for performance bond
This represents monies held as a bond by the Company's banker to secure performance guarantees issued by that bank on behalf of the Company to the Minister for Energy and Resources in Victoria to ensure that the Company has the ability to rehabilitate any areas disturbed by its mining activities in that State. The bond accrues interest at a rate of approximately 2% per annum. The carrying value is considered to approximate fair value.

	2016 $	Restated 2015 $
10. PROPERTY, PLANT AND EQUIPMENT		
At cost	50,718	50,718
Accumulated depreciation	(50,533)	(50,287)
Net carrying amount	185	431

(a) Assets pledged as security
No assets have been pledged as security for borrowings.

(b) Reconciliation
Reconciliation of the carrying amount of plant and equipment at the beginning and end of the current financial year.

	2016 $	Restated 2015 $
Plant and equipment		
At 1 July net of accumulated depreciation	431	1,081
Disposals	-	-
Depreciation charge for the year	(246)	(650)
At 30 June net of accumulated depreciation	185	431

	2016 $	Restated 2015 $
11. EXPLORATION AND EVALUATION EXPENDITURE		
Exploration and evaluation costs	5,388,063	-
Reconciliation of carrying amount		
Opening balance	-	-
Acquisition Costs	5,388,063	-
Closing balance	5,388,063	-

Exploration and evaluation expenditure in relation to the Company's mineral tenements is expensed as incurred. When the Directors decide to progress the development of an area of interest all further expenditure incurred relating to the area will be capitalised. Projects are advanced to development status and classified as mine development when it is expected that further expenditure can be recouped through sale or successful development and exploitation of the area of interest. Such expenditure is carried forward up to commencement of production at which time it is amortised over the life of the economically recoverable reserves. All projects are subject to detailed review on an annual basis and accumulated costs written off to the extent that they will not be recoverable in the future.

The right to retain the tenement holdings is dependent on the Company being able to meet the tenement expenditure commitments as set out in Note 22.

Where there is doubt regarding the ability to fund future tenement obligations and that decision has been made to abandon or dispose the interest, those carried forward exploration costs have been written down to recoverable value.

12. TRADE AND OTHER PAYABLES

	2016 $	Restated 2015 $
a. Current		
Trade creditors (i)	293,395	18,932

Terms and conditions:
(i) Trade and other payables are non-interest bearing and are normally settled on 30 day terms. Due to the short term nature of these payables, their carrying value is assumed to approximate their fair value.

13. OTHER CURRENT LIABILITIES

	2016 $	Restated 2015 $
a. Current		
Provision for Annual Leave	7,309	-
Provision for Long Service Leave	3,034	-
	10,343	-

14. CONTRIBUTED EQUITY

	2016 $	Restated 2015 $
a. Ordinary shares	52,820,149	35,683,829
Listed options	456,699	456,699
Total contributed equity	53,276,848	36,140,528

Movements of ordinary shares

	2016		2015	
Shares on issue	**Number**	**$**	**Number**	**$**
Beginning of financial year	68,333,906	35,683,829	2,962,413,432	35,100,823
Add shares issued:	-	-	-	-
- Ordinary shares at $0.0008 28/8/14	-	-	158,958,951	127,167
- Ordinary shares at $0.0008 15/10/14	-	-	37,500,000	30,000
Less capital raising costs	-	-	-	(3,687)
Balance pre-consolidation	68,333,906	35,683,829	3,158,872,383	35,254,303
Consolidation on a 1:100 basis	-	-	(3,127,283,450)	35,254,303
Add shares issue (post-consolidation)				
- Ordinary shares at $0.016 30/12/14	-	-	31,588,723	505,419
- Ordinary shares at $0.016 30/12/14	-	-	5,156,250	82,500
- Options issued		4,000		1,000
- Ordinary shares at $0.025 26/11/15	1,600,000	40,000	-	-
- Ordinary shares at $0.03 23/12/15	17,483,000	524,490	-	-
- Ordinary shares at $0.03 18/02/16	102,517,000	3,075,510	-	-
- Ordinary shares at $0.052 19/2/16	50,000,000	2,600,000	-	-
- Ordinary shares at $0.20 9/5/16	61,658,473	12,331,694	-	-
- Ordinary shares on options exercised	18,787,500	648,287	-	-
Less capital raising costs		(2,087,661)		(159,393)
End of financial year - shares	320,379,879	52,820,149	68,333,906	35,683,829

	2016 Number	2016 $	2015 Number	2015 $
Listed options on issue				
Beginning of financial year	-	456,699	660,000,000	456,699
Consolidation on a 1:100 basis	-	-	(653,400,000)	-
Less: Listed options expired during the year	-	-	(6,600,000)	-
End of financial year - listed options	-	456,699	-	456,699
End of financial year – issued capital		53,276,848		36,140,528

	2016 $	Restated 2015 $
b. Milestone shares	2,340,000	-

Movement on milestone shares

	2016 Number	2016 $	2015 Number	2015 $
Beginning of financial year	-	-	-	-
Add milestone shares issued				
Tranche 1 (100% probability)	30,000,000	1,560,000	-	-
Tranche 2 (50% probability)	30,000,000	780,000	-	-
End of financial year - milestone shares	60,000,000	2,340,000	-	-

c. Terms & conditions of contributed equity

Ordinary shares
Ordinary shares have the right to receive dividends as declared and, in the event of winding up the Company, to participate in the proceeds from the sale of the surplus assets in proportion to the number of and amounts paid up on shares held.

Listed options
Listed options had an exercise price of $0.003 and expired on 30 June 2015. Options can be exercised at any time prior to the expiry date and Options not so exercised shall automatically expire on the expiry date. Each option entitles the holder to subscribe (in cash) for one Share in the capital of the Company. Each Share allotted as a result of the exercise of any Option will rank in all respect pari passu with the existing Shares in the capital of the Company on issue at the date of allotment.

Milestone shares
On 12 February 2016, shareholders approved the issue of Milestone shares to the Pilangoora Project Vendors as part consideration as follows:

- subject to completion of the transaction occurring, E45/4523 being granted, and a JORC Compliant inferred Mineral Resource of 5 million tonnes of Li_2O of a grade of at least 1.2% being identified on any of all of the SRI Tenements and ASM Tenements, 30,000,000 shares at a deemed issue price of $0.03 per share.

- subject to completion of the transaction occurring, E45/4523 being granted, and a JORC Compliant inferred Mineral Resource of 15 million tonnes of Li_2O of a grade of at least 1.2% being identified on any of all of the SRI Tenements and ASM Tenements, 30,000,000 shares at a deemed issue price of $0.03 per share.

	2016 $	Restated 2015 $
15. RESERVES		
Share-based payment reserve (i)	2,041,767	679,053
Available for sale reserve (ii)	5,000	7,500
	2,046,767	686,553

	2016 $	Restated 2015 $
(i) Share-based payment reserve		
Balance at the beginning of the financial year	679,053	564,313
Shares and share options issued during the year *	1,034,575	114,740
Performance rights issued during the year **	328,139	-
Balance at the end of the financial year	2,041,767	679,053

Share-based payment reserve records the value of share options and performance rights issued to Dakota's employees or others during the period.

* 40,000,000 unlisted share options (10,000,000 exercisable at $0.035, 20,000,000 exercisable at $0.06 and 10,000,000 exercisable at $0.09 each) and all expiring 31 December 2017, were granted pursuant to the Argonaut Mandate and Acquisition Agreement in consideration of Argonaut acting as Lead Manager to the Placement.

** 23,500,000 Performance rights issued pursuant to the Dakota Minerals Limited Long Term Incentive Plan as approved by shareholders at a General Meeting held 12 February 2016.

	2016 $	Restated 2015 $
(ii) Available-for-sale reserve		
Balance at the beginning of the financial year	7,500	-
Decline in fair value of available-for-sale financial assets	(2,500)	-
Fair value adjustment on available-for-sale assets	-	7,500
Balance at the end of the financial year	5,000	7,500

The available-for-sale reserve records the fair value changes on the available-for-sale financial assets as set out in Note 8.

	2016 $	Restated 2015 $
16. ACCUMULATED LOSSES		
Accumulated losses	(38,260,389)	(36,348,185)
Movement in accumulated losses:		
Balance at the beginning of the financial year	(36,348,185)	(36,068,805)
Net loss for the year	(1,912,204)	(279,380)
Balance at the end of the financial year	(38,260,389)	(36,348,185)

17. CASH FLOW STATEMENT

	2016 $	Restated 2015 $
a. Reconciliation of cash		
Cash at bank and on hand	294,255	5,970
Short term deposits	3,821,370	451,266
Total cash and cash equivalents	4,115,625	457,236
Cash on term deposit (i)	10,000,000	-

(i) This relates to term deposits which have an original maturity of greater than three months

	2016 $	Restated 2015 $
b. Reconciliation of net loss after tax to net cash flows from operations:		
Loss from ordinary activities after income tax	(1,912,204)	(279,380)
Adjustments for:		
Depreciation	246	650
Employee share-based payment	368,139	-
Net foreign exchange difference	2,354	-
Provisions	10,343	-
Changes in assets and liabilities:		
Increase/(Decrease) in payables	58,150	(106,707)
Increase/(Decrease) in provisions	-	(45,600)
(Increase)/Decrease in receivables	(40,054)	(526)
Net cash used in operating activities	(1,513,026)	(431,563)

18. RELATED PARTY TRANSACTIONS

1) JD & TJ Fitzgerald Family Trust and JD & TF Fitzgerald Super Fund, being entities controlled by J Fitzgerald, subscribed and paid for 2,500,000 Shares pursuant to the placement under the terms of the Argonaut Securities Pty Ltd mandate as approved by Shareholders at a General Meeting held 12 February 2016.

2) JD & TJ Fitzgerald Family Trust an entity controlled by J Fitzgerald, was awarded 4,000,000 Performance Rights pursuant to the Dakota Minerals Limited Long Term Incentive Plan as approved by shareholders at a General Meeting held 12 February 2016.

3) F Wedin, was awarded 8,000,000 Performance Rights pursuant to the Dakota Minerals Limited Long Term Incentive Plan as approved by shareholders at a General Meeting held 12 February 2016.

4) Nyang Super Fund an entity controlled by D Frances, was awarded 10,000,000 Performance Rights pursuant to the Dakota Minerals Limited Long Term Incentive Plan as approved by shareholders at a General Meeting held 12 February 2016.

5) During the period $5,333 (2015: $10,000) was paid to ACAD International Pty Ltd, a company controlled by W Guo, for director fees.

6) During the period $1,000 (2015: $10,000) was paid to NRG Capital Pty Ltd, a company controlled by J Wellisch, for director fees.

7) During the period $7,800 (2015: $4,875) was paid to Tangram Pty Ltd, a company controlled by A Rechner, for office rent and cleaning and $1,900 (2014: Nil) for consulting services.

8) During the period Nil (2015: $50,000) was paid to Yucai Australia Pty Ltd, a company controlled by P Zhao, for settlement of past office rent.

9) EERC Australasia Pty Ltd <Super Fund A/C>, an entity controlled by A Rechner, was issued 400,000 shares, at a deemed issue price of $0.025 per share, as remuneration in lieu of cash as approved by shareholders at the Annual General Meeting on 26 November 2015.

10) Richsham Nominees Pty Ltd, an entity controlled by T Neesham, was issued 400,000 shares, at a deemed issue price of $0.025 per share, as remuneration in lieu of cash as approved by shareholders at the Annual General Meeting on 26 November 2015

11) LJT Investments Pty Ltd, an entity controlled by Joshua Wellisch, was issued 400,000 shares, at a deemed issue price of $0.025 per share, as remuneration in lieu of cash as approved by shareholders at the Annual General Meeting on 26 November 2015.

12) Wade Guo was issued 200,000 shares, at a deemed issue price of $0.025 per share, as remuneration in lieu of cash as approved by shareholders at the Annual General Meeting on 26 November 2015.

13) Zhao Ping was issued 200,000 shares, at a deemed issue price of $0.025 per share, as remuneration in lieu of cash as approved by shareholders at the Annual General Meeting on 26 November 2015.

19. DIRECTORS AND KEY MANAGEMENT PERSONNEL

Compensation for Executive Directors and Key Management Personnel

	2016 $	Restated 2015 $
Short-term benefits	215,158	118,515
Long-term benefits	10,343	-
Post-employment benefits	19,000	2,850
Share-based payments	362,789	-
Total compensation	607,290	121,365

20. SHARE-BASED PAYMENTS

(i) Share-based payments granted to directors and employees

(a) Share-based options

The number and weighted average exercise prices of employee share-based options is as follows:

	2016 Number	2016 WAEP $	2015 Number*	2015 WAEP $*
Outstanding at the beginning of the year	1,300,000	0.538	1,300,000	0.538
Granted during the year	-	-	-	-
Exercised during the year	-	-	-	-
Expired or Cancelled during the year	(1,300,000)	0.538	-	-
Outstanding at the end of the year	-	-	1,300,000	0.538
Exercisable at reporting date	-	-	1,300,000	0.538

*** Post-consolidation on a 1 for 100 basis**

There were no options granted to directors during the year.

(b) Shares Issued in lieu of cash

On 26 November 2015, the Company granted 1,600,000 fully paid ordinary shares, valued at the grant date at $0.025 per share, issued as consideration for director remuneration in lieu of cash for services to be provided from 1 January 2016 to 30 June 2016 as approved at the Annual General Meeting. Subsequently all of the directors resigned, however as the shares were retained by the directors, the fair value of the shares was expensed in full during the six month period to 31 December 2015.

(c) Performance Rights
A long term incentive plan (LTI Plan) was established pursuant to shareholder approval at the General Meeting on 12 February 2016.

As at 30 June 2016 a total of 23,500,000 Performance rights had been granted pursuant to the LTI Plan during the year pursuant to the LTI Plan. The fair value of 22,000,000 Performance rights was $1,100,000 (deemed at $0.052 per performance right on date of General Meeting 12 February 2016) and the remaining 1,500,000 Performance Rights had a fair value of $180,000 (deemed at $0.12 per performance right on 17 June 2016 being date of grant).

Each Performance Right, issued for nil consideration, entitles the participant to acquire one (1) fully paid ordinary share, by way of issue of new Shares or transfer of existing Shares.

The Performance Rights were granted to each participant in 2 tranches subject to satisfaction of the following performance hurdles and vesting conditions: and otherwise in accordance with the LTI Plan Rules.

Tranche	Performance Hurdle	Number of Performance Rights	Expiry date*
Tranche 1	The establishment by the Company of a JORC Compliant 5 million tonne resource of Li_2O of a grade of at least 1.2%.	11,750,000	23 December 2018
Tranche 2	The establishment by the Company of a JORC Compliant 15 million tonne resource of Li_2O of a grade of at least 1.2%.	11,750,000	23 December 2018

*All Performance Rights that have not vested by the expiry date will automatically lapse and be forfeited.

(ii) Other share-based payments granted to third parties

(a) During the period the following options were granted pursuant to the Argonaut Mandate and Acquisition Agreement in consideration of Argonaut acting as Lead Manager to the Placement:

Commencement of service period	**Expiry date**	**Grant date fair value $**	**Exercise price $**	**Number issued**	**Grant date/Vesting date**
16-Dec-15	31-Dec-17	0.034822	0.035	10,000,000	19-Feb-16
16-Dec-15	31-Dec-17	0.025351	0.060	20,000,000	19-Feb-16
16-Dec-15	31-Dec-17	0.018334	0.090	10,000,000	19-Feb-16

The options were granted and valued based on the date of shareholder approval, being 19 February 2016.

The assessed fair value of the options was determined using a Black Scholes model, taking into account the exercise price, term of option, the share price at grant date and expected price volatility of the underlying share, expected dividend yield and the risk-free interest rate for the term of the option. The following assumptions were used in the estimation:

- Risk free interest rate of 2.39%
- Company share price of $0.06
- Dividend Yield of 0%
- Expected volatility of 75%
- Option duration of 2.04 years

The number and weighted average exercise price of third party share-based options is as follows:

	2016	2016 WAEP	2015	2015 WAEP
	Number	$	Number*	$*
Outstanding at the beginning of the year	10,000,000	0.016	600,000	0.100
Granted during the year	40,000,000	0.061	10,000,000	0.016
Exercised during the year	(18,787,500)	0.035	-	-
Expired or Cancelled during the year	-	-	(600,000)	0.100
Outstanding at the end of the year	31,212,500	0.063	10,000,000	0.016
Exercisable at reporting date	31,212,500	0.063	10,000,000	0.016

* Post-consolidation on a 1 for 100 basis

Movement of Performance Rights:

	2016 Number	2015 Number
Outstanding at beginning of the year	-	-
Granted during the year	23,500,000	-
Outstanding at the end of the year	23,500,000	-

	2016 $	Restated 2015 $
21. AUDITOR'S REMUNERATION		
The auditor of Dakota Minerals Limited is Ernst & Young		
a. Amounts received or due and receivable by the auditors for:		
- auditing or reviewing accounts	27,757	28,300
- tax services	5,500	4,500
	33,257	32,800

b. The auditors received no other benefits.

22. EXPENDITURE COMMITMENTS AND CONTINGENT LIABILITIES

a. Exploration expenditure commitments

The Company has certain obligations to perform minimum exploration work and to expend minimum amounts of money on such work on mining tenements. These obligations may be varied from time to time subject to approval and are expected to be fulfilled in the normal course of the operations of the Company. These commitments have not been provided for in the financial report. Due to the nature of the Company's operations in exploring and evaluating areas of interest, it is difficult to accurately forecast the nature and amount of future expenditure beyond the next year. Expenditure may be reduced by seeking exemption from individual commitments, by relinquishing of tenure or by new joint venture arrangements. Expenditure may be increased when new tenements are granted or joint venture agreements amended. The minimum expenditure commitment on the tenements is shown on the following page.

	2016 $	2015 $
Not later than one year	60,747	Nil*
Later than one year and less than five years	242,988	Nil*

*The Company had no minimum commitments on its tenements as it was free carried for all expenditure under Joint venture agreements in place during the 2015 financial year.

b. Lease expenditure commitments

The Company has no lease expenditure commitments.

c. Cash deposited for performance bond

The Company has a responsibility to rehabilitate any areas disturbed by its exploration activities. Accordingly, in Victoria the Company has lodged $10,000 to support Performance Bonds lodged with the Minister for Energy and Resources in Victoria.

23. FINANCIAL RISK MANAGEMENT

The Company's principal financial instruments comprise cash and short-term deposits.

The Company has various other financial assets and liabilities such as trade receivables, and trade payables, which arise directly from its operations and available-for-sale financial assets.

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in notes 2, 7, 8 and 12 to the financial statements.

The Company manages its exposure to a variety of financial risks: market risk (including equity price risk, and interest rate risk), credit risk and liquidity risk in accordance with specific approved company policies.

Primary responsibility for the identification and control of financial risks rests with the Board. The Board reviews and agrees policies for managing each of the risks identified.

The Company uses different methods to measure and manage different types of risks to which it is exposed. These include monitoring levels of exposure to interest rate and foreign exchange risk and assessment of market forecast for interest rate and foreign exchange. The Company manages credit risk by only dealing with recognized, creditworthy, third parties and liquidity risk is monitored through the development of future rolling cash flow forecasts.

Interest rate risk

The Company's current exposure to the risk of changes in market interest rates relate primarily to cash assets rates and is managed by the Board approved investment policy. This policy defines maximum exposures and credit ratings limits.

The Company does not account for fixed rate financial assets and liabilities at fair value through profit or loss.

The following table summarises the impact of reasonably possible changes on interest rates for the Company at 30 June 2016. The sensitivity is based on the assumption that interest rate changes by 80 basis points with all other variables held constant. The 80 basis points sensitivity is based on reasonably possible changes over a financial year, using the observed range of actual historical rates for the preceding 3 year period. The analysis is performed on the same basis for the comparative period.

The Company's exposure to interest rate risk arises from higher or lower interest income from cash and cash equivalents. The Parent's main interest rate risk arises from cash and cash equivalents and other assets with variable interest rates.

	30 June 2016	Restated 30 June 2015
Financial assets		
Cash and cash equivalents	14,115,625	457,236
Other Assets	10,000	10,000
	14,125,625	467,236
Impact on profit and equity		
Post-tax gain/(loss)		
80 bp increase	113,005	3,738
80 bp decrease	(113,005)	(3,738)

Foreign currency risk

The Company has no material transactional foreign currency exposure.

Credit risk

Credit risk arises in the event that counterparty will not meet its obligations under a financial instrument leading to financial losses. The Company is exposed to credit risk from its operating activities, financing activities including deposits with banks.

The credit risk control procedures adopted by the Company is to assess the credit quality of the institution with whom funds are deposited or invested, taking into account its financial position and past experiences. Investment limits are set in accordance with limits set by the Board of Directors based on the counterparty credit rating. The limits are assigned to minimise concentration of risks and mitigate financial loss through potential counterparty failure. The compliance with credit limits is regularly monitored as part of day-to-day operations. Any credit concerns are highlighted to senior management.

Credit quality of financial assets:

		S&P Credit rating				
		AAA	A1+	A1	A2	Unrated
30 June 2016						
Cash & cash equivalents	($)	-	14,115,625	-	-	-
Other Assets	($)	-	10,000	-	-	-
Trade and other receivables	($)	-	40,578	-	-	-
Available-for-sale financial assets	($)	-	-	-	-	23,500
Number of counterparties		-	3	-	-	1
Largest counterparty	(%)	-	98.7	-	-	100
30 June 2015						
Cash & cash equivalents	($)	-	457,236	-	-	-
Other Assets	($)	-	10,000	-	-	-
Trade and other receivables	($)	-	4,161	-	-	-
Available-for-sale financial assets	($)	-	-	-	-	26,000
Number of counterparties		-	3	-	-	1
Largest counterparty	(%)	-	97	-	-	100

Alternatives for sourcing our future capital needs include our current cash position, future operating cash flow, project debt financings and equity raisings. These alternatives are evaluated to determine the optimal mix of capital resources for our capital needs.

Liquidity risk

The responsibility for liquidity risk management rests with the Board of Directors.

The Company manages liquidity risk by maintaining sufficient cash or credit facilities to meet the operating requirements of the business and investing excess funds in highly liquid short term investments. The Company's liquidity needs can be met through a variety of sources, including: short and long term borrowings and issue of equity instruments.

The following table details the Company and Company's non-derivative financial instruments according to their contractual maturities. The amounts disclosed are based on contractual undiscounted cash flows.

	Less than 6 $	6 months – 12 $	1-2 years $	> 2 years $
As at 30 June 2016				
Trade and other payables	293,395	-	-	-
As at 30 June 2015				
Trade and other payables	18,932	-	-	-

Capital risk management

Capital consists of total equity 19,403,226 (Restated 2015: 478,896)

When managing capital, management's objective is to ensure the Company continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders. Management also aims to maintain a capital structure that ensures the lowest cost of capital available to the entity.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, issue new shares, enter into joint ventures or sell assets.

The entity does not have a defined share buy-back plan.

No dividends were paid in 2015 and no dividend will be paid in 2016.

There is no current intention to incur debt funding on behalf of the company as on-going exploration expenditure will be funded via equity or joint ventures with other companies.

The Company is not subject to any externally imposed capital requirements.

24. EVENTS SUBSEQUENT TO BALANCE DATE

No matters or circumstances have occurred that have or may significantly affect the operations or the state of affairs of the Group in subsequent financial years.

25. EXPLORATION AGREEMENTS

1. Neo Resources Limited (Neo) now 100% owned by Perpetual Resources Limited (ASX:PEC) has earned a 70% interest in the Sofala Wiagdon Thrust Joint Venture by completing the Earn-In Expenditure of a minimum of $1.5 million within the period 23 April 2010 to 22nd April 2012 (deemed Earn-In Period). Dakota is now free carried until the mining commencement date, with a 30% Interest.

2. Kingston Resources Limited (ASX:KSN) withdrew from a Farm Out Agreement at the Company's Orbost Project EL 4933 in eastern Victoria in January 2016.

There are no capital commitments or contingent liabilities in respect of these agreements.

26. SEGMENT INFORMATION

For management purposes, the Company is organised into one main operating segment, which involves exploration of mineral deposits. All of the Company's activities are interrelated, and discrete financial information is reported to the Board (Chief Operating Decision Makers) as a single segment. Accordingly, all significant operating decisions are based upon analysis of the Company as one segment. The financial results from the segment are equivalent to the financial statement of the company as a whole. The accounting policies used by the Group in reporting segment internally are the same as those contained in note 2 to the accounts. $5,371,890 of non-current assets are located in Australia and $16,173 of non-current assets are located in Portugal.

27. PRINCIPAL ACTIVITIES AND OPERATIONS

The Company's principal activity during the year was mineral exploration.

The Company spent $1,131,347 on direct exploration and evaluation expenditure during the year (2015: $70,521). Major exploration activities during the period are outlined in the Review of Operations as contained in the Directors Report.

28. CONTROLLED ENTITIES

Name	Country of Incorporation	Principal Activity	Beneficial Percentage Interest Held By Economic Entity 2016 %	2015 %
Slipstream LP Pty Ltd*	Australia	Mineral exploration	100	-

* Acquisition approved by shareholders on12 February 2016.

29. PARENT ENTITY INFORMATION

(a) Information relating to Dakota Minerals Limited

	2016 $	Restated 2015 $
Current assets	14,302,716	481,397
Total assets	19,706,964	497,828
Current liabilities	(303,738)	(18,932)
Total liabilities	(303,738)	(18,932)
Issued capital	53,276,848	36,140,528
Accumulated losses	(38,260,077)	(36,348,185)
Reserve	2,046,767	686,553
Total shareholders' equity	19,403,226	478,896
Loss of the parent entity	(1,911,893)	(279,380)
Total comprehensive income of the parent entity	(1,914,393)	(271,880)

(b) Details of any guarantees, contingent liabilities and commitments of the parent entity

Refer to Note 22. The guarantees, contingent liabilities and commitments of the parent entity are the same as those of the consolidated entity.

DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Dakota Minerals Limited, we state that:

In the opinion of the directors:

(a) the financial statements and notes of the consolidated entity are 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 2016 and of its performance for the year ended on that date; and

  (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and Corporations Regulations 2001;

(b) the financial statements and notes also comply with International Financial Reporting Standards as disclosed in Note 2 (b); and

(c) 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.

This declaration has been made after receiving the declarations required to be made to the directors in accordance with Section 295A of the Corporations Act for the year ended 30 June 2016.

For and on behalf of the Board of Directors.

J Fitzgerald

Mr John Fitzgerald
Chairman

Perth, 23 September 2016

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Independent auditor's report to the members of Dakota Minerals Limited

Report on the financial report

We have audited the accompanying financial report of Dakota Minerals Limited, which comprises the consolidated statement of financial position as at 30 June 2016, the consolidated statement of 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 Dakota Minerals Limited 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 controls as the directors determine are necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 2, 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 judgment, 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 controls relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. 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 have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the directors' report.

Opinion

In our opinion:

a. the financial report of Dakota 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 2016 and of its performance for the year ended on that date;

   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 2.

Report on the remuneration report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2016. 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 Dakota Minerals Limited for the year ended 30 June 2016, complies with section 300A of the *Corporations Act 2001*.

Ernst & Young

Ernst & Young

V L Hoang
Partner
Perth
23 September 2016

CORPORATE GOVERNANCE STATEMENT

The Board is committed to achieving and demonstrating the highest standards of corporate governance. As such Dakota Minerals Limited has adopted the third edition of the Corporate Governance Principles and Recommendations which was released by the ASX Corporate Governance Council and became effective for financial years beginning on or after 1 July 2014.

The Company's Corporate Governance Statement for the financial year ending 30 June 2016 was approved by the Board on 22 September 2016. The Corporate Governance Statement can be located on the Company's website www.dakotaminerals.com.au

ADDITIONAL ASX SHAREHOLDERS' INFORMATION (As at 16 September 2016)

1. Number of Holders of Each Class of Quoted Securities at 16 September 2016

ASX Code	Number	Holders	Security Description
DKO	320,379,879	2263	Ordinary fully paid shares

2. Each shareholder of the Ordinary Fully Paid shares is entitled to one vote for each share held. There are no voting rights attached to the options.

3. Distribution of quoted equity securities.

Equity distribution	Ordinary Shares (DKO)
1 - 1,000	117
1,001 - 5,000	274
5,001 - 10,000	287
10,001 - 100,000	1134
Over 100,000	451
TOTAL	2263

4. The twenty largest ordinary fully paid shareholders (DKO) hold 38.54% of the issued capital and are tabled below:

	Name	Ordinary Shares	%
1	Slipstream Resources Investments Pty Ltd <Capital A/C>	20,170,000	6.30
2	Citicorp Nominees Pty Ltd	15,041,733	4.69
3	Soaraway Development Pty Ltd	11,397,032	3.56
4	Asgard Metals Pty Ltd	10,238,261	3.20
5	UBS Nominees Pty Ltd	9,508,577	2.97
6	Brispot Nominees Pty Ltd (<House Head Nominee A/C>	9,089,330	2.84
7	Auctor GRP Pty Ltd <Auctor GRP Super A/C>	6,000,000	1.87
8	Link Traders Australia Pty Ltd	5,926,646	1.85
9	ANBN AMRO CLRG SYD Nom Pty Ltd <Custody A/C>	5,089,398	1.59
10	HSBC Custody Nom AUST LTD	4,909,728	1.53
11	Auctor GRP Pty Ltd <Sciano A/C>	3,700,000	1.15
12	Tenbagga Res Fund Pty Ltd <Tenbagga Family A/C>	3,442,925	1.07
13	J P Morgan NOM AUST Pty Ltd	3,124,410	0.98
14	Manly INV WA Pty Ltd <Andiamo A/C>	3,000,000	0.94
15	Wedin Francis Edward	2,750,000	0.86
16	Lightning Jack Pty Ltd <Indigo Family A/C>	2,583,333	0.81
17	Lau Marty Heng	2,500,000	0.78
18	Done NOM Pty Ltd <Done Super A/C>	1,762,069	0.55
19	Whyte Mathew & Sarah <Secret Harbour Super A/C>	1,625,000	0.51
20	AMG ENG Pty Ltd <AMG No 1 S/F A/C>	1,576,000	0.49
		123,434,442	**38.53**

UNMARKETABLE PARCELS

5. The Company has 467 shareholders holding an unmarketable parcel of shares using a price of $0.07 per share.

SUBSTANTIAL SHAREHOLDER

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

- Slipstream Resources Investments Pty Ltd – 20,170,000 fully paid ordinary shares.

ASX WAIVER DETAILS

7. Pursuant to the waiver from ASX Listing rules 7.3.2 and 10.13.3 (granted by ASX and announced on 20 January 2015) (Waivers), the Company advises that:

   A. the following securities, which were the subject of the Waivers, were issued during the period under review:

      i. 50,000,000 fully paid ordinary shares to the shareholders of Asgard Metals Pty Ltd (ASM) and Slipstream Resources Investments Pty Ltd as trustee for Slipstream Capital (SRI) on a 45:55 basis ("Completion Shares");

      ii. 102,517,000 fully paid ordinary shares at $0.03 per share to raise $3,075,510 ("Second Tranche Placement Shares");

      iii. 40,000,000 unquoted options to Argonaut Securities Pty Ltd ("Argonaut") ("Lead Manager Options"); and

      iv. 2,500,000 Second Tranche Placement Shares to Mr John Fitzgerald ("Director Shares")

   B. the following securities, which were the subject of the Waivers, remain to be issued at the balance date:

      i. 30,000,000 fully paid ordinary shares to the shareholders of ASM and SRI (on a 49:51 basis) upon an Inferred Mineral Resource of 5 million tonnes at 1.2% Li_2O being identified on the Pilgangoora Project and announced on the ASX platform by the Company in accordance with the requirements of the JORC Code; and ;

      ii. 30,000,000 fully paid ordinary shares to the shareholders of ASM and SRI (on a 49:51 basis) upon an Inferred Mineral Resource of 15 million tonnes at 1.2% Li2O being identified on the Pilgangoora Project and announced on the ASX platform by the Company in accordance with the requirements of the JORC Code;

      (B. I & ii together the "Milestone Shares")

TENEMENT SCHEDULE (As at 16 September 2016)

Tenement	Location	Holding %	Change in Holding during Period %	Status
E45/3648	WA	100%	100%	Granted -pending transfer from Asgard Minerals Pty Ltd
P45/2783	WA	100%	100%	Granted -pending transfer from Asgard Minerals Pty Ltd
E45/4523	WA	100%	100%	Granted- pending transfer from Wildviper Pty Ltd
E45/4624	WA	100%	100%	Application-pending grant, held in 100% owned subsidiary Slipstream LP Pty Ltd
E45/4633	WA	100%	100%	Application-pending grant, held in 100% owned subsidiary Slipstream LP Pty Ltd
E45/4640	WA	100%	100%	Application-pending grant, held in 100% owned subsidiary Slipstream LP Pty Ltd
E45/4689	WA	100%	100%	Application – pending grant
E77/2347	WA	100%	100%	Application – pending grant
E69/3417	WA	100%	100%	Application – pending grant and transfer from Slipstream Resources Investments Pty Ltd
E69/3418	WA	100%	100%	Application – pending grant and transfer from Slipstream Resources Investments Pty Ltd
MNPP04612	Portugal	100%	100%	Granted
MNPPP0395	Portugal	100%	100%	Under Application

MNPPP0407	Portugal	100%	100%	Under Application
MNPPP0274	Portugal	100%	100%	Under Application
MNPPP0275	Portugal	100%	100%	Under Application
MNPPP0276	Portugal	100%	100%	Under Application
MNPPP0396	Portugal	100%	100%	Under Application
MNPPP0393	Portugal	100%	100%	Under Application
MNPPP0394	Portugal	100%	100%	Under Application
Dyngselet-1	Sweden	100%	100%	Granted
EL 4933	Victoria	0%	100%	Expired August 2016
EL 4981	Victoria	0%	100%	Relinquished August 2016
EL 7548	NSW	30%	N/A	Farm out to Perpetual Resources Ltd (ASX:PEC), DKO Free carried
EL 7549	NSW	30%	N/A	Farm out to Perpetual Resources Ltd (ASX:PEC), DKO Free carried
EL 6627	NSW	30%	N/A	Farm out to Perpetual Resources Ltd (ASX:PEC), DKO Free carried
EL 7550	NSW	30%	N/A	Farm out to Perpetual Resources Ltd (ASX:PEC), DKO Free carried
EL 6628	NSW	30%	N/A	Farm out to Perpetual Resources Ltd (ASX:PEC), DKO Free carried
EL 7756	NSW	30%	N/A	Farm out to Perpetual Resources Ltd (ASX:PEC), DKO Free carried
EL 6629	NSW	30%	N/A	Farm out to Perpetual Resources Ltd (ASX:PEC), DKO Free carried
EL 7553	NSW	0%	30%	Relinquished
EL 8269	NSW	0%	30%	Relinquished
EL 6789	NSW	30%	N/A	Farm out to Perpetual Resources Ltd (ASX:PEC), DKO Free carried

Tenement Schedule (ASX LR 5.3.3)