WOLF
Minerals Limited

A world class specialty metals producer

2016
Annual Financial Report

Corporate Directory

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WOLF MINERALS LIMITED

ABN: 11 121 831 472

NON EXECUTIVE CHAIRMAN

John Hopkins OAM

EXECUTIVE MANAGING DIRECTOR

Russell Clark

NON EXECUTIVE DIRECTORS

Ronnie Beevor
Nick Clarke
Chris Corbett
Don Newport
Michael Wolley

ALTERNATE DIRECTOR

Jacob Roorda

CHIEF FINANCIAL OFFICER

Richard Lucas

JOINT COMPANY SECRETARIES

Richard Lucas
Pauline Carr

PRINCIPAL & REGISTERED OFFICE

Level 3, 22 Railway Road
SUBIACO WA 6008

AUDITORS

PKF Mack
Level 4, 35 Havelock Street
WEST PERTH WA 6005

LAWYERS

Clayton Utz
QV1 Building
250 St Georges Terrace
PERTH WA 6000

SHARE REGISTRAR

Security Transfer Registrars Pty Ltd
770 Canning Hwy
APPLECROSS WA 6153

UK DEPOSITORY

Computershare Investor Services PLC
The Pavilions, Bridgwater Road
Bristol BS99 6ZZ

STOCK EXCHANGE LISTINGS

Australian Securities Exchange
(Home Exchange: Perth, Western Australia)
Code: WLF

Alternative Investment Market
London Stock Exchange
Code: WLFE

BANKERS

National Australia Bank
50 St Georges Terrace
PERTH WA 6000

WEBSITE

www.wolfminerals.com

Chairman's Letter

Dear Shareholder

*The 2016 financial year has been another very busy one for Wolf Minerals Limited (**Wolf** or **the Company**) with its core project, the Drakelands open pit mine (**Drakelands**) at the Hemerdon tungsten and tin project (the **Project**) commencing operations and becoming the first metal mine in the UK to start production for over 45 years.*

Over the past five years Wolf has transitioned from an exploration company to a development company and into a production company in the midst of what has been a particularly challenging period for the resources industry. Management is congratulated on its considerable efforts to achieve this with good community, safety and environmental outcomes and performance as core drivers of success.

Commissioning of the processing plant had commenced at the beginning of the financial year and on 31 August 2015 the Company produced its first tungsten concentrate. Wolf took control of the processing plant on 17 September 2015, which coincidentally was the date of the first shipment of tungsten concentrate, and also the official opening ceremony.

The opening ceremony was officiated by Her Majesty's Lord-Lieutenant of Devon, David Fursdon Esq. and the Australian High Commissioner to the UK, The Hon Alexander Downer AC, who joined Wolf and over 200 guests, many of whom represented the local communities, to celebrate the commencement of operations at Drakelands.

*Since taking control Wolf has gained a better understanding of the orebody, the processing plant equipment and the maintenance effort required to keep the plant working. The very fine nature of the orebody near surface has resulted in lower tungsten recoveries in the processing plant, and as the mine gets deeper over the next 6-9 months the ore will better resemble ore used in the original testwork with recoveries expected to improve accordingly. In the processing plant, performance has been impacted by core equipment manufacturing faults, leading to unplanned downtime and as a result Wolf and GR Engineering Services (**GRES**) have formulated a work program involving equipment changes and design modifications aimed at achieving continuous operation at design parameters, expected by mid-2017. The Managing Director's review of operations discusses these challenges in greater detail.*

*Like many commodity markets, the tungsten market has remained soft during the course of the last 12 months, though we are seeing some signs of recovery. In January 2016 the price of ammonium paratungstate (**APT**), the primary pricing point for tungsten, fell to US$146/mtu (**metric tonne unit**), and by June 2016 had increased to US$200/mtu, a 37% improvement. Unlike coal, iron ore and oil where prices have been driven down by a glut of supply, very limited new tungsten supply has come onto the market. Instead we have seen a softening in demand prompted by a range of factors. For example the fall in the oil price, has reduced the number of working oil rigs, which in turn has lessened the need for tungsten drill bits used in the oil industry. The current lower prices being experienced in the market have resulted in some producers closing operations and also make it very difficult for new projects to get the necessary debt or equity funding to commence construction. Consequently with very limited new supply coming to market and with demand expected to remain solid and grow over time, the fundamentals for the tungsten market remain strong.*

The Board remains confident that the tungsten market will strengthen and that Wolf will be well positioned to take advantage of this making it potentially one of the biggest tungsten producers in the western world.

As I mentioned above, the tungsten price has been low for much of the year, and significantly lower than forecast when the feasibility study for the Project was undertaken. As a result, it was necessary in April 2016 for Wolf to strengthen its balance sheet and working with its major shareholder Resource Capital Funds V L.P. and its associates (together ***RCF****), the Company established a £25 million standby equity facility. The facility has been fully drawn with the shares issued to RCF at a significant premium to the market price at the time.*

As a result of the continuing ramp up of production and low tungsten prices the Company announced in July 2016 that it was in breach of a loan covenant under the senior debt finance relating to a minimum forward cash flow forecast requirement which the Company was unable to meet.

Subsequently, the Company has been in discussions with its lenders and Resource Capital Fund VI L.P. in relation to the forecast cash flows and the Company's financial position. The discussions have been positive and have resulted in a funding solution involving a restructure of the senior debt facilities and £20 million of additional funding support for working capital requirements, which together with support from our two major offtake customers will help Wolf through the period of continuing ramp up and low tungsten prices. It is very encouraging to see that our lenders, customers and major investor continue to see the merits of this important project and of the tungsten market more generally and I thank them for their continuing support of Wolf and the Project.

On behalf of the Board I thank our Managing Director, Russell Clark, and his teams in Perth and in the UK for their continuing efforts to establish Wolf as one of the largest tungsten producers in the western world. I wish Jeff Harrison, Operations Manager and Rupert McCracken, Project Manager, the very best in their future endeavours and thank them for their critical input over the past six years, and welcome Alan Fearon as the new General Manager at Drakelands.

We remain confident about the outlook for an improved tungsten market and the importance that Wolf will play in that market in the future.

Yours sincerely

John Hopkins OAM
Non Executive Chairman

Directors' Report

Your Directors present their report on Wolf Minerals Limited (**Wolf** or the **Company**) and its controlled entities (the **Group**) for the financial year ended 30 June 2016.

DIRECTORS

The names of Directors in office at any time during or since the end of the financial year are:

John Hopkins OAM	*Non-Executive Chairman*
Russell Clark	*Executive Managing Director*
Ronnie Beevor	*Non-Executive Director*
Nick Clarke	*Non-Executive Director*
Chris Corbett	*Non-Executive Director*
Don Newport	*Non-Executive Director*
Michael Wolley	*Non-Executive Director*
William Goodwin	*Alternate Director for Mr Wolley* (resigned 5 February 2016)
Jacob Roorda	*Alternate Director for Mr Wolley* (appointed 29 August 2016)

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

PRINCIPAL ACTIVITIES

The principal activity of the Group during the financial year was tungsten and tin mining, conducted through the wholly owned subsidiary, Wolf Minerals (UK) Limited.

There were no significant changes in the nature of the Group's principal activities during the year.

OPERATING RESULTS

The consolidated loss of the Group after providing for income tax amounted to $63,094,075 (2015: $8,761,962).

DIVIDENDS PAID OR RECOMMENDED

The Directors do not recommend the payment of a dividend and no amount has been paid or declared by way of a dividend to the date of this report.

Managing Director's Review of Operations

This year has been another very busy and productive one as we have taken delivery of the Drakelands processing plant to become the UK's first new metal mine in over 45 years.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

Wolf's corporate values emphasise the importance of safety, the environment, and community engagement and it is very pleasing to report advances in all areas during the year.

Following the completion of construction activities the number of people working at Drakelands on a daily basis has reduced from over 500 (mostly contractors) to approximately 210 locally employed personnel.

Management of safety remains a core value and we have continued our focus on ensuring the site works as safely as possible. The Lost Time Injury Frequency Rate (**LTIFR**) increased from 3 to 4 over the year (with three lost time incidents, the same as in 2014/15), whilst the Total Recordable Injury Frequency Rate (**TRIFR**) reduced slightly when compared to last year's performance. The two major contractors on the site, the mining contractor, CA Blackwell Group (Blackwell), and the laboratory contractor, SGS, continued to work collaboratively with Wolf in relation to all aspects of safety performance. Our program of random drug and alcohol testing has continued at Drakelands with a very low level of substance abuse being found.

The environmental obligations at Drakelands are many and varied, and the team is to be congratulated on meeting the extensive range of environmental requirements for noise, dust and water monitoring. Of particular note is the recertification of the site to ISO 14001. This recognises that the necessary environmental management systems are in place to an international standard providing comfort to the Environment Agency and our local stakeholders regarding Wolf's environmental systems.

We believe that long-term success hinges on sustainable development that benefits the business, stakeholders and the environment. To this end, Wolf continues to apply a policy of responsible and proactive sustainability management incorporating self-regulation, legislative compliance and community involvement.

When the processing plant commenced production activities it became apparent that the building was emitting a low frequency noise (**LFN**) that was a concern to some local residents. Wolf recently completed the installation of external steel columns around the processing plant to reduce the generation of LFN with initial results demonstrating a much reduced level emanating from the processing plant. Further work to reduce noise from the processing plant is ongoing to minimise the impact on the community.

As the open pit has got deeper, the rock has got harder and as a result Wolf is now undertaking regular blasting in the mine. Ground vibrations and noise levels from blasting are well below prescribed levels, however Wolf has received feedback from local residents expressing concerns about blasting.

In addition to a series of local public information sessions, Wolf is working with an independent expert in the field of blasting, along with County, District and Parish Councils on best practice blast design to minimise impact on the community.

The Company has continued to work with and support its immediate communities where possible. We undertook major groundworks to excavate a level, firm base for the new church hall foundations in Sparkwell, purchased a storage container for a local football club, and have established community trusts to support local projects with the Sparkwell, Shaugh Prior and Cornwood Parish Councils. Public tours of Drakelands have been undertaken for local community members keen to understand more about the operation with over 200 people attending the most recent tours in June 2016.

Managing Director's Review of Operations *(cont.)*

PRODUCTION

Mining

The open pit mining activities at the Drakelands mine are undertaken using a mining contractor, Blackwell. In January 2016 Hargreaves Services plc (**Hargreaves**) acquired Blackwell. Hargreaves is an AIM listed supplier of solid fuels and bulk material logistics and operates nine open pit mines across the UK. Mining operations continued uninterrupted through this transition, and have benefitted from the mining expertise that the Hargreaves personnel have brought to the Project.

The ore body at Drakelands is located in a large granite dyke that outcrops to surface. The granite is weathered at the surface and looks and feels like soft clay. As mining gets deeper the weathering will reduce such that hard granite rock becomes the principal ore feed to the processing plant.

A total of 1,659,847 tonnes of ore and 1,438,858 bank cubic metres (**BCM**) of waste was mined during the year, and the open pit has progressively got deeper, dropping approximately 15 metres over the period. Blasting was introduced into the mine in March 2016, with 3-4 blasts being undertaken each week.

Reconciliation of the grade of ore (%WO_3) extracted to date has been positive when compared to the grade expected from the ore reserve. However, as the mining to date has predominantly been near surface, the ore mined has had much finer particle sizes than will be the case over the mine life, and for which the processing plant was primarily designed. This finer ore has impacted recoveries. A ten hole diamond drilling program was undertaken in the open pit to gather additional data on particle size and the distribution of mineralisation within the ore body with the aim of tailoring the ore feed for the processing plant closer to the design feed characteristics. Ore samples are being analysed by both geological and metallurgical personnel and the results will help refine the mining plan to ensure an ore blend that best suits the processing plant.

Mining Waste Facility

The Mining Waste Facility (**MWF**) is an engineered containment for the waste material generated by the processing plant. The MWF is being built using the waste rock from the mine and Dense Media Separation (**DMS**) rejects from the processing plant. Strict procedures and controls are in place to ensure the MWF is built to the design specifications which specify where different types of material have to be placed and where compaction of materials is required to ensure stability.

Construction of the MWF has progressed well during the year with a total of 1.6 million cubic metres of material placed to provide the necessary storage capacity. Construction is being accelerated during the summer months to minimise construction work in the winter when access is more difficult due to wet conditions.

Processing

The processing plant at Drakelands was developed by Wolf through an Engineering-Procurement Construction (**EPC**) contract with GRES. Construction of the processing plant started on site in March 2014 and wet commissioning of the plant commenced in June 2015. In September 2015 the entire processing plant, and all the equipment within it, ran successfully thereby satisfying the requirements for handover to Wolf from GRES.

In the period since taking operational control, Wolf has worked closely with GRES to optimise the processing plant's performance. During this period the Company has concentrated on increasing overall run times, building throughput tonnages and improving production. However performance was impacted by a number of core equipment manufacturing faults which led to higher than expected levels of unplanned downtime. In addition, the ore being mined from the top of the orebody had a greater fines content than the average for which the processing plant was designed, which led to lower recoveries of tungsten and tin during the year.

Managing Director's Review of Operations *(cont.)*

Opportunities to improve throughput and recoveries in the processing plant have been identified, and Wolf is working with GRES to implement equipment changes and design improvements aimed at achieving continuous operation at capacity as well as enhancing recoveries and general processing plant improvements. In addition, during the course of the year Wolf gained a better understanding of the maintenance effort required to keep the processing plant working and has finessed its planning and manning in the maintenance area.

The processing plant treated 1,403,539 tonnes of ore during the year and produced 57,458 metric tonne units (**mtu**) of tungsten in concentrate and 48 tonnes of tin in concentrate.

SGS continues to provide contract laboratory services to the project, with analysis of both geological and metallurgical samples being undertaken on a 7 days per week basis.

SITE TEAM

As we have built Drakelands we have hired a new workforce, and established the culture that we want for the Company. Wolf employs 110 people directly, and is very pleased with the team that has been established. A further 100 people (approximately) are employed indirectly through contractors.

The Operations Manager, Jeff Harrison, decided to retire in July 2016, and has been replaced by Alan Fearon, as General Manager Drakelands. We extend our thanks to Jeff for his concerted and successful efforts to establish Drakelands and its workforce and we wish him the very best for the future. Alan Fearon is a processing engineer graduate of the Camborne School of Mines in Cornwall, and brings a wealth of international operating experience gained in Australia, New Guinea and Brazil.

With the project construction complete, Rupert McCracken, Project Manager, has also left the team at Wolf. We thank him for his significant efforts over the past six years, taking the Project through its feasibility stages, design and ultimately construction and we wish him the very best in his future endeavours.

CORPORATE

The corporate team remains based in Perth, Western Australia, but travels to London and Plymouth as required. Wolf is listed on the ASX, as well as the London AIM, and our major shareholders are based in Australia. Our focus has been on getting the Project built and producing, and ensuring balance sheet strength ahead of looking for other opportunities in the market that can move us from being a single asset company.

EXPECTATIONS FOR 2017

The ramp up of the Project to its nameplate capacity is continuing and our initial focus in the 2017 financial year will be to complete ancillary works in the processing plant in order to improve availability and production levels.

The site is currently undertaking a trial of 7 days per week operations. It is our goal to have this continue as it has the potential to not only increase production but also generate additional employment opportunities.

In addition we would expect it would also lower unit costs of production, pushing the operation further down the tungsten concentrate production cost curve and helping to ensure the longevity of the Project which in turn is providing local jobs and expenditure to the community. We continue to work with Devon County Council and the local Parish Councils with the aim of achieving permanent 7 days per week operations.

We are also working with Devon County Council to extend the Planning Permission expiry date beyond 2021, so as to accommodate the treatment of all the ore reserves.

Continuing the building of the MWF in a timely manner is essential and scheduling has been undertaken to reduce the construction requirements during the winter months. As part of this construction, the Lee Moor Road, which runs along the bottom of the site, is on track for completion in early 2017.

Whilst we are very fortunate to have established and well credentialed customers for our tungsten and tin concentrates, the opportunity to work 7 days per week in the processing plant provides the potential to increase our concentrate production, significantly improving the prospect of broadening our customer base.

It has been an absolute pleasure to be leading the very capable Wolf team over the past 12 months and I congratulate them, and our contractors, on a job well done. We are working through the challenges of starting one of the largest tungsten concentrate production plants in the world and I am confident that we will see significant improvements in the operation during the course of the next year. Whilst tungsten prices have been low for the past two years we are starting to see a tightness of supply in the market which should lead to higher prices. With a buoyant tungsten price, Drakelands will be a very successful project.

Reserves and Resources Statement 2016

The 2016 Ore Reserves and Mineral Resources of Wolf Minerals Limited are summarised in the table below along with the 2015 Ore Reserves and Mineral Resources for comparison.

The mining of ore throughout the year has focused on blending from the northern and southern ends of the pit in order to provide consistent feed for the processing plant. Both the Mineral Resource and Ore Reserves have decreased since the previous estimate at 30 June 2015 as a result of depletion for mine production.

Mineral Resources and Ore Reserves are categorised in accordance with the Australasian Code for Exploration Results, Mineral Resources and Ore Reserves of 2012 (JORC Code, 2012). Estimated Measured and Indicated Mineral Resources include those Mineral Resources modified to produce the estimated Ore Reserves. Mineral Resources which are not included in the Ore Reserves did not meet the required economic viability hurdle at the time of last review.

	2016			2015		
Category	Tonnes (Mt)	WO_3 Grade (%)	Sn Grade (%)	Tonnes (Mt)	WO_3 Grade (%)	Sn Grade (%)
Mineral Resources						
Measured	**38.2**	**0.18**	**0.02**	39.9	0.18	0.02
Indicated	**18.7**	**0.16**	**0.02**	18.7	0.16	0.02
Subtotal: (Meas+Ind)	**56.9**	**0.17**	**0.02**	58.6	0.17	0.02
Inferred	**86.6**	**0.14**	**0.02**	86.6	0.14	0.02
Total: (Meas+Ind+Inf)	**143.5**	**0.15**	**0.02**	145.2	0.15	0.02
Mineral Reserves						
Proved	**26.2**	**0.19**	**0.03**	27.9	0.19	0.03
Probable	**7.8**	**0.15**	**0.02**	7.8	0.15	0.02
Total:	**34.0**	**0.18**	**0.03**	35.7	0.18	0.03

All figures reported above a 0.063% WO_3 cut-off, table subject to rounding errors.

A detailed statement of the Mineral Resources and Ore Reserves can be found in the ASX announcement dated 25 March 2015. Wolf confirms in reproducing the Mineral Resources and Ore Reserves in this subsequent report, that it is not aware of any new information or data that materially affects the information included and all the material assumptions and technical parameters underpinning the estimates in this report continue to apply and have not materially changed.

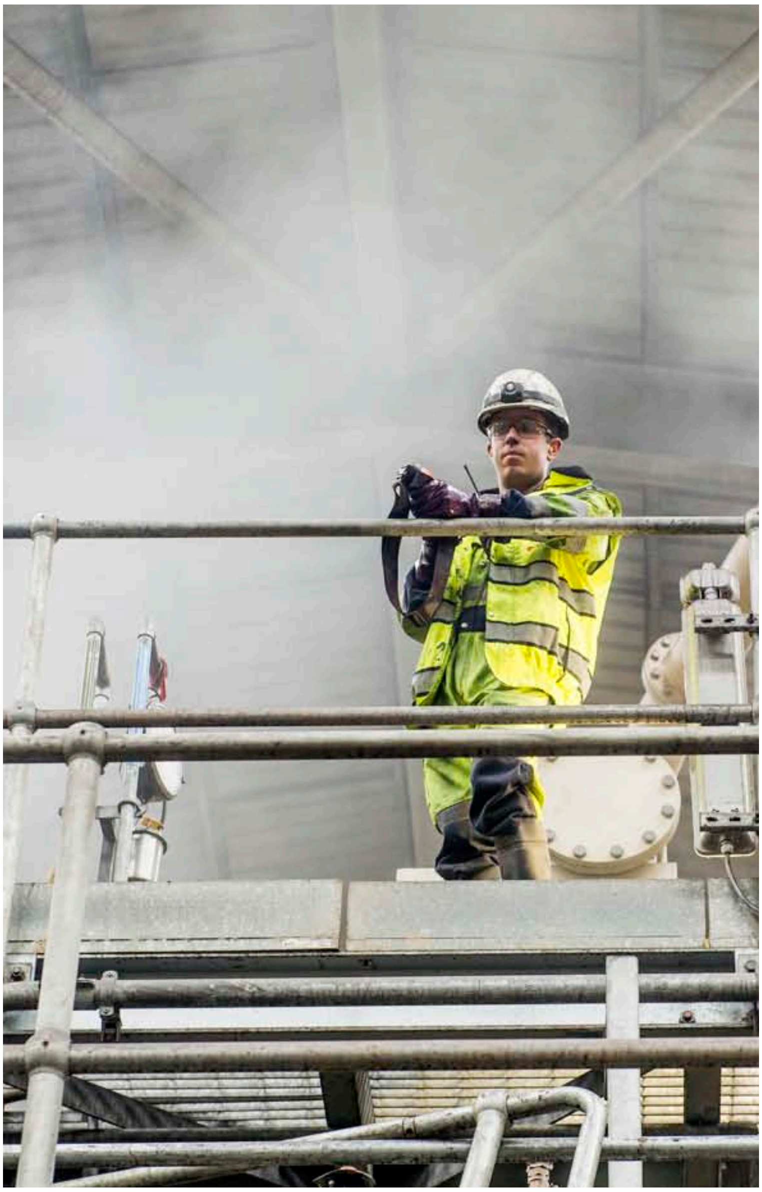
Corporate Governance

Wolf Minerals Limited and its controlled entities are committed to robust corporate governance practices which are appropriate to its size and life stage and which facilitate the Group's long term performance and sustainability as well as protect and enhance the interests of our shareholders and other stakeholders.

We regularly review our governance arrangements and monitor developments in market practice, expectations and regulation.

The Group supports the 3rd Edition of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations and has prepared a Corporate Governance Statement which discloses the extent to which the Company has followed these recommendations.

A copy of the Corporate Governance Statement can be found on the Company's website at http://www.wolfminerals.com/irm/content/corporate-governance.aspx



Information on Directors

Mr John Hopkins OAM

Non Executive Chairman *(Age 66 years)*

Qualifications

LLB, FAICD

Experience

Mr Hopkins is a professional company director and chairman and joined the Wolf Board in 2010. He is a graduate in law of the University of Western Australia and has been admitted to practice as a barrister and solicitor for more than 40 years. He is also a Fellow of the Australian Institute of Company Directors. Mr Hopkins was awarded the Medal of the Order of Australia (**OAM**) in January 2015 for services to the minerals and resources sector.

Mr Hopkins has been a board member or chairman of more than 20 public listed companies across Australia and Canada since 1985. Many of these positions have seen him involved in the financing and development of gold, base metal, energy, mineral sands and other resource projects in Australia and overseas.

Interest in Shares and Options

653,309 fully paid Ordinary Shares.

Directorships held in other listed entities

Mr Hopkins is currently the Non Executive Chairman of Universal Coal Plc, an ASX listed resources company.

His recent former listed company directorships include Midas Resources Ltd (2011 to 2013), Thundelarra Exploration Ltd (2011 to 2013) and Alara Resources Ltd (2013 to 2015).

In the not for profit sector he has been Chairman of Golf Australia Ltd (the national governing body) since 2011.

Information on Directors *(cont.)*

Mr Russell Clark

Managing Director *(Age 58 years)*

Qualifications

BSc, Grad Dip, ARSM, MIMMM, MAusIMM, CE, FAICD

Experience

Mr Clark was appointed as Managing Director in October 2013. He is a mining professional with over 37 years' experience in senior corporate, operational and project management roles in gold, industrial minerals, iron ore and base metal mines and has worked in Australia, the USA, Africa, South America and PNG.

Most recently, in 2013, as CEO of Azimuth Resources he concluded the acceptance of a takeover of Azimuth by Troy Resources. Previously as Managing Director of Grange Resources Limited he managed the merger with ABM that saw Grange become the largest magnetite producer in Australia through the Savage River mine, and was responsible for the production of prefeasibility and bankable studies for the $3b Southdown magnetite project in South West Australia.

Mr Clark previously worked for Renison Goldfields for 18 years at numerous mining operations and spent eight years with Newmont where his final role was Group Executive of Operations, responsible for eight mining operations in Australia and New Zealand.

Mr Clark has a mining degree from the Royal School of Mines in London, and a post grad diploma in Finance and Investment Analysis. He is a Chartered Engineer, a fellow of the Australian Institute of Company Directors and a member of both the AusIMM and the Institute of Metals, Materials and Mining.

Interest in Shares and Options

83,333 fully paid Ordinary Shares.

Directorships held in other listed entities

Mr Clark's former recent listed company directorships include being the Non Executive Chairman of Attila Resources Limited, an ASX listed coal exploration company (from 2014 to 2015).

Mr Ronald (Ronnie) Beevor

Non Executive Director *(Age 69 years)*

Qualifications

B.A. Hons (Oxon)

Experience

Mr Beevor joined the Board in September 2013 and had more than 30 years' experience in investment banking, including being the Head of Investment Banking at NM Rothschild & Sons (Australia) Limited between 1997 and 2002.

During his career Mr Beevor has had an extensive involvement in the natural resources industry, both in Australia and internationally. He has significant experience working with companies transitioning from exploration and development to construction and production.

Mr Beevor qualified as a Chartered Accountant in London. He is Chairman of the Company's Audit, Risk and Compliance Committee, Chairman of its Remuneration Committee and a member of its Nomination Committee.

Interest in Shares and Options

509,657 fully paid Ordinary Shares.

Directorships held in other listed entities

Mr Beevor is currently Non Executive Chairman of Bannerman Resources Limited and a Director of MZI Resources Ltd. He is also a Director of Riversdale Resources Limited, an unlisted public company.

His former recent listed company directorships include EMED Mining Public Limited (from 2004 to 2014), Bullabulling Gold Limited (from 2012 to 2014), Ampella Mining Limited (from 2011 to 2014), Talison Lithium Limited (from 2010 to 2013) and Unity Mining Limited (from 2002 until 2015).

Mr Nick Clarke

Non Executive Director *(Age 64 years)*

Qualifications

C Eng. , ACSM, MIMMM

Experience

Mr Clarke has more than 40 years of mining experience in production, consulting and corporate activity. He joined the Board in January 2014.

Mr Clarke is currently the Executive Chairman of AIM listed Central Asia Metals Plc, a copper producing company with assets in Kazakhstan, Mongolia and Chile. He was previously Managing Director of Oriel Resources Plc (AIM), until it was sold to Mechel OAO of Russia for US$1.5 billion in 2008.

From 1992-2004, Mr Clarke was the Managing Director of international mineral consultancy Wardell Armstrong International Ltd, where he managed numerous multidisciplinary mining projects in the CIS and Africa. Prior to this he spent 16 years in production management within South Africa, Ghana, and Saudi Arabia.

Mr Clarke graduated from Camborne School of Mines in 1974 as a mining engineer and is a Chartered Engineer.

Interest in Shares and Options

159,657 fully paid Ordinary Shares.

Directorships held in other listed entities

Mr Clarke is currently the Executive Chairman of AIM listed Central Asia Metals Plc. Other recent former listed company directorships include Columbus Copper Corporation (from 2010 to 2015).

Information on Directors *(cont.)*

Mr Chris Corbett

Non Executive Director *(Age 42 years)*

Qualifications

BEng (Hons Mech), BCom, GradDipAppFin, GradDipMine, CPEng

Experience

Mr Corbett has more than 19 years' experience in mining, corporate business development and investment management. He joined the Wolf Board in 2009.

He is currently employed by Resource Capital Funds, having gained prior experience in mine development, production and construction with contractor Byrnecut Mining Pty Ltd and corporate and divisional business development roles with Wesfarmers Limited.

Mr Corbett is a member of Engineers Australia and the Australian Institute of Company Directors. He is a graduate of the University of Western Australia with degrees in engineering and commerce, and has postgraduate qualifications in mining and applied finance.

Interest in Shares and Options

Nil.

Directorships held in other listed entities

Mr Corbett joined the Board of ASX listed iron ore explorer, Ascot Resources Limited as a Non Executive Director in December 2015.

Mr Don Newport

Non Executive Director *(Age 62 years)*

Qualifications

ACIB, CDipAF

Experience

Mr Newport brings a wealth of mining finance experience to the company.

He is based in the UK and has over 35 years of banking experience, of which 25 years were spent in the mining and metals sector.

Mr Newport retired at the end of 2008 as the head of Standard Bank's Global Mining Finance Business. Prior to moving to Standard Bank, he led the Barclays Capital Mining Sector Team. He has led or been closely associated with a number of significant mining corporate and project financings and has undertaken a variety of financial advisory roles.

Mr Newport is an Associate of the Chartered Institute of Bankers and holds the Certified Accountant's Diploma in Accounting and Finance.

He has been a Director of the Company since 2009.

Interest in Shares and Options

159,657 fully paid Ordinary Shares.

Directorships held in other listed entities

Mr Newport does not currently hold any other listed company directorships. He was previously a Director of African Eagle Resources Plc from 2012 until 2013.

Mr Michael Wolley

Non Executive Director (Age 56 years)

Qualifications

BE (Hons) Chemical and Materials Engineering, M Mgmt

Experience

Mr Wolley has 15 years' experience with Mobil Oil Australia in a range of roles including engineering, operations, strategic planning and business development in Australia and New Zealand. He joined the Wolf Board in June 2013.

In 1995, he left Mobil to pursue opportunities in Asia Pacific and worked in a number of senior executive roles in the manufacturing and industrial sectors including a period as President BlueScope Steel China.

In 2007, Mr Wolley returned to the resources sector as Chief Operating Officer for Lynas Corporation, and subsequently into the gold sector where he held senior roles in several gold development businesses.

Mr Wolley currently holds the position of Vice President Minerals for the Todd Corporation. He is a member of both the Australian and New Zealand Institutes of Company Directors.

Mr Wolley holds a first class honours degree in chemical and materials engineering from the University of Auckland, and a Masters of Management from Macquarie Graduate School of Management.

Interest in Shares and Options

Nil.

Directorships held in other listed entities

Mr Wolley's former listed company directorships include Montero Mining and Exploration Limited, Rutila Resources Limited (formerly Forge Resources) and Red Mountain Mining Limited (ceased July 2016).

Information on Directors *(cont.)*

Mr Jacob Roorda

Alternate Director for Mr Michael Wolley (age 59)

Mr Jacob Roorda acts as MrWolley's Alternate Director at any meeting of Directors which Mr Wolley is not able to attend. The appointment of Mr Roorda will continue until Mr Roorda either resigns, Mr Wolley revokes the appointment or until Mr Wolley ceases to be a Director, whichever occurs first.

Qualifications

BSc Mechanical Engineering, MBA

Experience

Mr Roorda is a Professional Engineer with over 35 years of experience in the oil and gas industry. He is presently the Chief Executive Officer of Todd Energy Canada Limited, a private oil and gas company focusing on developing an unconventional gas resource in north eastern British Columbia, Canada.

Previously Mr Roorda was the Vice Chairman of Canoe Financial Corp., the President and VP Corporate for Harvest Operations Corp., VP Corporate and Director for Prime West Energy, Inc., and Managing Director for Research Capital Corporation.

He also founded three oil and gas companies and has acted in senior roles responsible for operational and development management, financial management and business development.

Interest in Shares and Options

Nil.

Directorships held in other listed entities

Mr Roorda's currently Managing Director of Windward Capital Limited, a director of PetroShale Inc, and a director of Epsilon Energy Inc.

Mr Roorda's former listed company directorships include Angle Energy Inc., Enervest Diversified Income Trust, Canoe Financial Corporation and Argosy Energy Inc.

Mr Will Goodwin

Alternate Director for Mr Michael Wolley (Age 33 years) (Resigned 5 February 2016)

Qualifications

B Comm (Economics) and Masters Applied Finance

Experience

Mr Goodwin has more than 10 years' experience in private equity, mining, corporate strategy and business development.

Mr Goodwin is an affiliate of the Australian Institute of Company Directors.

INFORMATION ON COMPANY SECRETARIES

Mr Richard Lucas

Chief Financial Officer and Joint Company Secretary (Age 41 years)

Qualifications

BCom, Chartered Accountant

Experience

Mr Lucas commenced with Wolf Minerals Limited in April 2011 as Chief Financial Officer and Company Secretary.
He is a Chartered Accountant with over 18 years of financial experience in various sectors, including mining, construction, property development and professional services sectors. Mr Lucas is responsible for the establishment of the Group's integrated finance function.

Prior to working at Wolf Minerals, Mr Lucas reached Director level at PwC and was seconded to Lihir Gold as Commercial Manager where he managed the accounting and finance function. He was more recently with the Geotech Group as Chief Financial Officer.

Interest in Shares and Options

75,467 fully paid Ordinary Shares.

Directorships held in other listed entities

Mr Lucas does not currently hold any listed company directorships.

Ms Pauline Carr

Joint Company Secretary (Age 52 years)

Qualifications

BEc, MBA, FAICD, FGIA

Experience

Ms Carr commenced as Joint Company Secretary with Wolf Minerals Limited in November 2014.

Ms Carr is a qualified chartered secretary and experienced executive with over 29 years management and commercial experience in the resources industry with both Australian and international companies. In addition, she has 20 years of comprehensive hands-on company secretarial, compliance and governance experience with listed company boards. She also provides governance, management support, project management and business improvement services to organizations in a range of sectors and is a Director of several not for profit companies.

Interest in Shares and Options

Nil.

Directorships held in other listed entities

Ms Carr does not currently hold any listed company directorships.

Remuneration Report – Audited

The names and positions held by consolidated and parent entity key management personnel in office at any time during the financial year are:

Group Key Management Personnel	Position held as at 30 June 2016 and any change during the year	Contract details (duration and termination)	Proportion of elements of remuneration related to performance			Proportion of elements of remuneration not related to performance	
			Non-Salary Cash-Based Incentives	Shares/ Units	Rights	Fixed Salary/ Fees	Total
			%	%	%	%	%
John Hopkins OAM	Non Executive Chairman	No fixed term. No notice required to terminate.	-	-	-	100	100
Russell Clark	Executive Managing Director	No fixed term. 3 months notice required to terminate.	18	-	32	50	100
Ronnie Beevor	Non Executive Director	No fixed term. No notice required to terminate.	-	-	-	100	100
Nick Clarke	Non Executive Director	No fixed term. No notice required to terminate.	-	-	-	100	100
Chris Corbett	Non Executive Director	No fixed term. No notice required to terminate.	-	-	-	100	100
Don Newport	Non Executive Director	No fixed term. No notice required to terminate.	-	-	-	100	100
Michael Wolley	Non Executive Director	No fixed term. No notice required to terminate.	-	-	-	100	100
Richard Lucas	Chief Financial Officer / Joint Company Secretary	No fixed term. 3 months notice required to terminate.	15	-	18	67	100

This report details the nature and amount of remuneration for each key management person of the Group and executives receiving the highest remuneration.

REMUNERATION POLICY

The remuneration policy of the Group has been designed to align key management personnel objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific short and long-term incentives based on key performance areas affecting the Group's financial results. The Board believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best key management personnel to run and manage the Group, as well as create goal congruence between directors, executives and shareholders.

The Board's policy for determining the nature and amount of remuneration for key management personnel of the Group is as follows:

» The remuneration policy, setting the terms and conditions for the key management personnel, was developed by the Board and is reviewed annually by the Remuneration Committee.

» All executive key management personnel receive a base salary (which is based on factors such as length of service and experience), superannuation, fringe benefits and performance incentives.

» All Non Executive Directors receive base fees and Committee fees (inclusive of superannuation).

» The Board reviews key management personnel packages annually by reference to the Group's performance, executive performance and comparable information from industry sectors.

The Remuneration Committee's responsibilities include reviewing the Group's remuneration framework, evaluating the performance of the Managing Director and monitoring performance of the executive team.

Remuneration Report – Audited *(cont.)*

Executive key management personnel

The performance of key management personnel is measured against criteria agreed annually with each executive and is based predominantly on key performance indicators (**KPIs**) expected to provide maximum shareholder value. All bonuses and incentives are linked to predetermined performance criteria. The Board may, however, exercise its discretion in relation to approving incentives, bonuses and share based payments. The policy is designed to attract the highest calibre of executives and reward them for performance that results in long-term growth in shareholder wealth.

Key management personnel are also entitled to participate in the employee share performance rights arrangements.

The key management personnel received a superannuation guarantee contribution of 9.5% for 2016 (2015: 9.5%), and do not receive any other retirement benefits.

All remuneration paid to key management personnel is valued at the cost to the Company and expensed. Performance rights are valued using the Black-Scholes or Monte Carlo methodology.

Non Executive Directors

The Board policy is to remunerate Non Executive Directors at market rates for time, commitment and responsibilities. The Board determines payments to the Non Executive Directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. The maximum aggregate amount of fees that can be paid to Non Executive Directors is subject to approval by shareholders at the Annual General Meeting.

Fees for Non Executive Directors are not linked to the performance of the Group. However, on 16 November 2015 shareholders approved a Directors' Share Plan whereby Non Executive Directors receive a fixed component of their fees in the form of fully paid Wolf shares. The Directors' Share Plan is designed to retain cash reserves and better align Non Executive Directors' remuneration with the performance of the Group.

The total base fees and Committee fees paid for the year ended 30 June 2016 did not exceed the shareholder approved limit of $800,000.

The Non Executive Director remuneration packages (inclusive of superannuation) from 1 July 2015 are as follows:

		Remuneration Committee		Audit, Risk and Compliance Committee		Nomination Committee		Project Steering Committee			
	Base	Chair	Member	Chair	Member	Chair	Member	Chair	Member	Non Cash	Total
	$	$	$	$	$	$	$	$	$	$	$
John Hopkins OAM	111,500	-	-	-	5,475	5,475	-	-	-	48,000	170,450
Ronnie Beevor	55,750	10,950	-	10,950	-	-	2,737	-	-	24,000	104,387
Nick Clarke	55,750	-	5,475	-	-	-	-	-	5,475	24,000	90,700
Chris Corbett	55,750	-	5,475	-	-	-	2,737	10,950	-	24,000	98,912
Don Newport	55,750	-	5,475	-	5,475	-	-	-	-	24,000	90,700
Michael Wolley	55,750	-	5,475	-	-	-	2,737	-	5,475	24,000	93,437
	390,250	10,950	21,900	10,950	10,950	5,475	8,211	10,950	10,950	168,000	648,586

Remuneration Report – Audited *(cont.)*

PERFORMANCE-BASED REMUNERATION

The Company is a development entity moving toward full production status. Consistent with attracting and retaining talented executives, directors and senior executives are paid market rates associated with individuals in similar positions, within the same industry.

Short term incentives

The Company has a Short Term Incentive Plan (**STI**) in place for senior management personnel. The STI measurement is based on KPIs that are set and agreed each year by the Remuneration Committee and the Board.

Based on individual and Company performance, the STI will be paid in cash on a pro-rata basis of the fixed salary remuneration, as follows:

	2017	2016
	Target	Target
Managing Director	60%	35%
Executive Key Management Personnel	36-50%	25%
Senior Operations Management	10%	10%

The Board has increased the percentages of the STI targets recognising the challenges faced during the past financial year, and the need to focus on the short term to get the processing plant at Drakelands working at or beyond nameplate.

Long term incentives

Under the Long Term Incentive Plan (**LTI**), the Board may grant eligible Wolf employees rights, known as Performance Rights, which are subject to the satisfaction of performance conditions (**Vesting Conditions**) and then convertible into Wolf shares. The Vesting Conditions relate to the relative share price performance versus the AIM Basic Resources Index (for 50% of the rights) and the Total Shareholder Return performance over the vesting period (for 50% of the rights).

The Wolf Board of Directors has ultimate discretion in determining the issue of Performance Rights and other securities under the Company Performance Rights Plan.

The proposed LTI on a pro-rata basis of the fixed salary remuneration is as follows:

	2017	2016
	Target	Target
Managing Director	40%	65%
Executive Key Management Personnel	24-30%	35%

The Board has reduced the percentages of the LTI target for 2017 to offset the increases in the STI targets.

On 1 July 2016 the board announced that it had approved an extension to the vesting period of the Performance Rights Plan's performance rights for an additional two years to a maximum of five years. Vesting assessments will be conducted by the Remuneration Committee at predetermined intervals during the additional two year period and, subject to the outcome of the review, performance rights may vest prior to their new expiry date. Approval for the requisite elements of the extension arrangements will be sought from shareholders at the Company's 2016 Annual General Meeting.

The proposed LTI and extended vesting arrangements for the Managing Director are subject to shareholder approval and will be included in the notice of meeting for the 2016 Annual General Meeting.

KEY MANAGEMENT PERSONNEL EMPLOYMENT POLICY

The contracts for service between the Company and key management personnel are on a continuing basis, the terms of which are not expected to change in the immediate future. The employment conditions of the Managing Director, Russell Clark, and other key management personnel are formalised in contracts of employment. All key management personnel are permanent employees of Wolf Minerals Limited.

The standard employment contract states a three-month notice period for key management personnel. The Company may terminate an employment contract without cause by providing one to three months' written notice or making payment in lieu of notice, based on the individual's salary component.

Remuneration Report – Audited *(cont.)*

KEY MANAGEMENT PERSONNEL EMPLOYMENT POLICY *(cont.)*

(a) Key management personnel remuneration

	Short Term Benefits			Share Based Payments	Post Employment Benefits		
	Salary and Fees	Non Cash Benefits	Bonuses	Shares, Rights & Options	Super-annuation	Termination Benefits	Total
	$	$	$	$	$	$	$
2016							
John Hopkins OAM	111,826	-	-	39,389	10,623	-	161,838
Russell Clark	450,000	56,722	110,817	111,522	42,750	-	771,811
Ronnie Beevor	80,387	-	-	19,695	-	-	100,082
Nick Clarke	66,700	-	-	19,695	-	-	86,395
Chris Corbett [1]	74,912	-	-	19,695	-	-	94,607
Don Newport	66,700	-	-	19,695	-	-	86,395
Michael Wolley [2]	69,437	-	-	19,695	-	-	89,132
Richard Lucas	305,000	36,127	77,793	45,591	28,975	-	493,486
	1,224,962	92,849	188,610	294,977	82,348	-	1,883,746
2015							
John Hopkins OAM	120,080	-	-	29,243	11,408	-	160,731
Russell Clark	450,000	34,650	214,682	63,492	42,750	-	805,574
Ronnie Beevor	83,537	-	-	14,622	-	-	98,159
Nick Clarke	71,675	-	-	14,622	-	-	86,297
Chris Corbett [1]	78,062	-	-	14,622	-	-	92,684
Don Newport	71,675	-	-	14,622	-	-	86,297
Michael Wolley [2]	72,587	-	-	14,622	-	-	87,209
Jeff Harrison [3]	222,686	-	79,910	18,544	101,595	-	422,735
Richard Lucas	305,000	18,331	97,100	26,157	28,975	-	475,563
Rupert McCracken [3]	405,563	-	-	45,124	38,528	-	489,215
	1,880,865	52,981	391,692	255,670	223,256	-	2,804,464

1 *Chris Corbett's remuneration is paid to RCF Capital Funds Management Pty Ltd. Mr Corbett is Resource Capital Fund V LP's representative director on the Board.*

2 *Michael Wolley's remuneration is paid to TTI (NZ) Limited. Mr Wolley is TTI (NZ) Limited's representative director on the Board.*

3 *Following a review Mr Harrison and Mr McCracken were no longer classed as KMP under the requirements of AASB 124 effective 1 July 2015.*

Performance income as a proportion of total income

For the year ended 30 June 2016, an assessment was made of performance against the agreed KPIs. Payments totalling $188,610 were approved by the Remuneration Committee and the Board to be paid in cash, with the following amounts being paid to key management personnel:

	STI ($)	% Base Salary
Russell Clark	110,817	25%
Richard Lucas	77,793	26%

Remuneration Report – Audited *(cont.)*

KEY MANAGEMENT PERSONNEL EMPLOYMENT POLICY *(cont.)*

(b) Performance rights issued as part of remuneration for the year ended 30 June 2016

During the year the Company issued performance rights to executive management under the LTI plan. The issue was calculated based on the employee's fixed salary remuneration for the 2016 financial year. The rights were issued to the following key management personnel:

	Performance rights	
	Number	Value ($)
Russell Clark	795,918	50,501
Richard Lucas	290,476	18,431

The rights have been valued using the Monte Carlo valuation method (refer Note 26). The total value of the performance rights will be recognised in the statement of profit or loss and other comprehensive income on a pro-rata basis over the life of the respective performance rights.

The total amount of performance rights relating to key management personnel recognised in the statement of profit or loss and other comprehensive income during the financial year is as follows:

	LTI ($)	% Base Salary
Russell Clark	111,522	25%
Richard Lucas	45,591	15%

(c) Shares issued on exercise of compensation rights

There were 563,279 rights granted as compensation to Mr Harrison and Mr McCracken that vested during the year ended 30 June 2016. The rights were granted on 21 November 2014 and were exercised on 30 June 2016.

(d) Shareholdings

2016	Balance 1.7.2015	Received as Compensation	Options/ Rights Exercised	Balance on (Resignation)/ Appointment	Balance 30.6.2016
Number of shares held by key management personnel:					
John Hopkins	405,481	247,828	-	-	653,309
Russell Clark	83,333	-	-	-	83,333
Ronnie Beevor	385,741	123,916	-	-	509,657
Nick Clarke	35,741	123,916	-	-	159,657
Don Newport	35,741	123,916	-	-	159,657
Richard Lucas	75,467	-	-	-	75,467
Total	1,021,504	619,576	-	-	1,641,080

2015	Balance 1.7.2014	Received as Compensation	Options/ Rights Exercised	Balance on (Resignation)/ Appointment	Balance 30.6.2015
Number of shares held by key management personnel:					
John Hopkins	334,000	71,481	-	-	405,481
Russell Clark	83,333	-	-	-	83,333
Ronnie Beevor	350,000	35,741	-	-	385,741
Nick Clarke	-	35,741	-	-	35,741
Don Newport	-	35,741	-	-	35,741
Jeff Harrison	79,400	-	-	-	79,400
Richard Lucas	75,467	-	-	-	75,467
Rupert McCracken	158,800	-	-	-	158,800
Total	1,081,000	178,704	-	-	1,259,704

Remuneration Report – Audited *(cont.)*

KEY MANAGEMENT PERSONNEL EMPLOYMENT POLICY *(cont.)*

(e) Options and rights holdings

2016	Balance 1.7.2015	Granted as Compensation [1]	Options / Rights Exercised	Net Change Other	Balance 30.6.2016	Total Vested 30.6.2016	Total Exercisable 30.6.2016
Number of options and rights held by key management personnel:							
Russell Clark	1,318,293	795,918	-	-	2,114,211	-	-
Richard Lucas	687,258	290,476	-	-	977,734	-	-
Total	2,005,551	1,086,394	-	-	3,091,945	-	-

1 *Performance rights and options issued as part of remuneration.*

Key management personnel who do not hold any options at 30 June 2016 nor have held any during the year are not included in the above tables.

2015	Balance 1.7.2014	Granted as Compensation [1]	Options / Rights Exercised	Net Change Other	Balance 30.6.2015	Total Vested 30.6.2015	Total Exercisable 30.6.2015
Number of options and rights held by key management personnel:							
Russell Clark	-	1,318,293	-	-	1,318,293	-	-
Jeff Harrison	110,000	380,667	-	-	490,667	-	-
Richard Lucas	152,778	534,480	-	-	687,258	-	-
Rupert McCracken	954,167	1,569,978	-	(850,000)	1,674,145	850,000	850,000
Total	1,216,945	3,803,418	-	(850,000)	4,170,363	850,000	850,000

1 *Performance rights and options issued as part of remuneration.*

The Net Change Other reflected above includes those options or rights that have expired without being exercised during the year.

(f) Additional information

Remuneration Consultant

To ensure the Board of Directors is fully informed when making remuneration decisions, it seeks external remuneration advice and market-related information.

In the financial year ended 30 June 2016, the Board of Directors engaged Hay Group Pty Limited to assist in remuneration benchmarking and design work.

In order to ensure the Board of Directors is provided with advice, free from undue influence by the Directors and executives to whom the recommendations may relate, the engagement of Hay Group Pty Limited by the Board of Directors was governed by an agreed scope and engagement process.

The fee payable to Hay Group Pty Limited for remuneration advice and design work for the year ended 30 June 2016 was $26,400.

Performance over the Past 5 Years

The objective of the LTI plan is to reward and incentivise executives in a manner which aligns with the creation of shareholder wealth. The Company's performance over the 2016 financial year and the previous four financial years is tabulated below:

Year ended 30 June	2016	2015	2014	2013	2012
Net loss after tax ($'000)	(63,094)	(8,762)	(3,732)	(4,711)	(5,426)
Net assets ($'000)	190,327	240,892	221,067	40,192	7,427
Market capitalisation ($ million) at 30 June	125	340	226	44	27
Closing share price ($)	0.115	0.42	0.28	0.22	0.29

End of REMUNERATION REPORT – AUDITED

MEETINGS OF DIRECTORS

The numbers of meetings of the Company's Board of Directors and of each Board Committee held during the year ended 30 June 2016, and the numbers of meetings attended by each Director were:

	Directors' Meetings		Audit, Risk and Compliance Committee		Project Steering Committee		Remuneration Committee		Nomination Committee	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended
John Hopkins	18	18	5	5	-	-	-	-	2	2
Ronnie Beevor	18	17	5	5	-	-	6	6	2	2
Russell Clark	18	18	-	-	12	11	-	-	-	-
Nick Clarke	18	15	-	-	12	9	6	4	-	-
Chris Corbett	18	16	-	-	12	12	6	6	2	2
Don Newport	18	18	5	5	-	-	6	5	-	-
Michael Wolley	18	15	-	-	12	10	6	5	2	2
William Goodwin	1	1	-	-	-	-	-	-	-	-

INDEMNIFYING OFFICERS

During or since the end of the financial year the Company has given an indemnity or entered into an agreement to indemnify, or paid or agreed to pay insurance premiums as follows:

The Company has paid premiums to insure each of the following directors against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of Director of the Company, other than conduct involving a willful breach of duty in relation to the Company. The amount of the premium was approximately $5,179 for each Director.

- John Hopkins
- Russell Clark
- Ronnie Beevor
- Chris Corbett
- Nick Clarke
- Don Newport
- Michael Wolley

The Company has not indemnified the auditor or paid any insurance premium on behalf of the auditor.

RIGHTS

At the date of this report, the unissued ordinary shares of Wolf Minerals Limited under rights are as follows:

Grant Date	Date of Expiry	Exercise Price	Number of Rights
21/11/14	30/06/18	$0.00	898,150
21/11/14	30/06/19	$0.00	1,355,214
16/11/15	30/06/20	$0.00	1,744,644
04/11/11	22/12/20	$0.00	256,945
			4,254,953

No person entitled to exercise a right had or has any right by virtue of the right to participate in any share issue of any other body corporate.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

There were no significant changes in the state of affairs of the Group during the financial year.

EVENTS AFTER THE REPORTING PERIOD

On 29 July 2016, the Company announced as part of its quarterly report, a breach of a senior debt facility covenant relating to a requirement to maintain a minimum forward cash balance of £5 million. Following the breach, the Company entered into negotiations with its lenders and investors in order to provide additional funding support and relief from debt obligations to enable the completion of the ramp up at Drakelands and enable the Group to meet its short term working capital requirements.

On 30 September 2016, the Company's shares went into voluntary suspension on the ASX pending the finalisation of the annual financial statements upon successful completion of the negotiations.

On 24 October 2016, the Company announced that it had finalised agreements for a standstill and restructure of the senior debt facilities and additional funding support by way of a £20 million bridge loan facility. The bridge loan will mandatorily switch to a three year subordinated convertible loan, if certain conditions precedent are satisfied, or a three year subordinated loan. The standstill includes the waiver of all existing events of default on the senior debt facilities and grants relief from financial and other covenants during the standstill period. The restructure includes relief from principal debt repayments until 31 January 2018 under an extended repayment schedule.

PROCEEDINGS ON BEHALF OF COMPANY

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

The Company was not a party to any such proceedings during the year.

NON-AUDIT SERVICES

The Board is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The Directors are satisfied that the services disclosed below did not compromise the external auditor's independence for the following reasons:

» all non-audit services are reviewed and approved by the board prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and

» the nature of the services provided 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.

AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration for the year ended 30 June 2016 has been received and can be found on page 20 of the Directors' report.

This report is made in accordance with a resolution of the Board of Directors. These financial statements were authorised for issue on 24 October 2016 by the Directors of the Company.

Russell Clark
Director

24 October 2016

Auditor's Independence Declaration

PKF MACK

Accounting, Financial and Business Advisory

AUDITOR'S INDEPENDENCE DECLARATION
TO THE DIRECTORS OF WOLF MINERALS LIMITED

In relation to our audit of the financial report of Wolf Minerals Limited for the year ended 30 June 2016, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

PKF Mack

PKF MACK

SIMON FERMANIS
PARTNER

24 OCTOBER 2016
WEST PERTH,
WESTERN AUSTRALIA

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Directors' Declaration

The Directors of the Company declare that:

1. The financial statements and notes, as set out on pages 24 to 61, and the remuneration disclosures in the Directors Report designated audited are in accordance with the *Corporations Act 2001* and:

    a. comply with Accounting Standards and the Corporations Regulations 2001; and

    b. give a true and fair view of the financial position as at 30 June 2016 and of the performance for the year ended on that date of the Company and Consolidated Entity;

    c. the financial statements are in compliance with International Financial Reporting Standards, as stated in note 1 to the financial statements.

2. The Managing Director and Chief Financial Officer have each declared that:

    a. the financial records of the Company for the financial year have been properly maintained in accordance with section 286 of the *Corporations Act 2001*;

    b. the financial statements and notes for the financial year comply with the Accounting Standards; and

    c. the financial statements and notes for the financial year give a true and fair view.

3. In the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

Russell Clark
Director

24 October 2016

PKF Mack
Accounting, Financial and Business Advisory

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WOLF MINERALS LIMITED

Report on the Financial Report

We have audited the accompanying financial report of Wolf Minerals Limited (the company) and its controlled entities together referred to as the consolidated entity, which comprises the statement of financial position as at 30 June 2016, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the company and the consolidated entity. The consolidated entity comprises the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, that the financial statements comply with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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 control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

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PKF Mack

Accounting, Financial and Business Advisory

Independence

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

Opinion

In our opinion:

(a) the financial report of Wolf 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; and
- ii) complying with Australian Accounting Standards and the Corporations Regulations 2001; and

(b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Emphasis of Matter – Going Concern

Without modifying our opinion, we draw attention to Note 1 in the financial report, which indicates that the consolidated entity incurred a net loss after tax of $63,094,075 for the year ended 30 June 2016 and had net current liabilities of $14,020,440. These conditions, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity maybe unable to realise its assets and discharge its liabilities in the normal course of business.

The financial report of the consolidated entity does not include any adjustments in relation to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the consolidated entity not continue as a going concern.

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 Wolf Minerals Limited for the year ended 30 June 2016, complies with section 300A of the Corporations Act 2001.

PKF Mack

PKF Mack

Simon Fermanis
Partner

24 October 2016
West Perth,
Western Australia

Consolidated Statement of

Profit or Loss and Other Comprehensive Income

For the Financial Year Ended 30 June 2016

	Note	2016 $	2015 $
Revenue	3	**8,568,961**	-
Cost of sales	4	**(50,030,633)**	-
Gross loss		**(41,461,672)**	-
Other income		**12,191**	49,008
Corporate and technical services	5	**(5,376,517)**	(8,348,498)
Financial instrument gain/(loss)		**(5,992,401)**	(1,030,688)
Operating loss		**(52,818,399)**	(9,330,178)
Finance income		**340,858**	534,414
Finance costs	6	**(10,616,534)**	(549,163)
Loss before income tax		**(63,094,075)**	(9,344,927)
Income tax benefit	7	**-**	582,965
Loss for the year after income tax		**(63,094,075)**	(8,761,962)
Other comprehensive income for the year			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation		**(22,875,023)**	27,246,309
Movement in the cash flow hedge reserve (net of tax)		**(11,324,746)**	653,715
Other comprehensive income for the year (net of tax)		**(34,199,769)**	27,900,024
Total comprehensive income/(loss) for the year attributable to members of the parent		**(97,293,769)**	19,138,062
LOSS PER SHARE			
Basic loss per share (cents)	10	**(7.53)**	(1.08)
Diluted loss per share (cents)	10	**(7.53)**	(1.08)

The accompanying notes form part of these financial statements.

These financial statements are presented in Australian dollars being the Group's functional and presentation currency.

Consolidated Statement of
Financial Position

As at 30 June 2016

	Note	2016 $	2015 $
CURRENT ASSETS			
Cash and cash equivalents	*11*	**35,010,327**	34,417,454
Trade and other receivables	*12*	**5,671,617**	6,220,598
Inventories	*13*	**1,791,640**	-
Derivative financial instruments	*14*	**-**	413,293
Other current assets	*15*	**627,959**	161,689
TOTAL CURRENT ASSETS		**43,101,543**	41,213,034
NON CURRENT ASSETS			
Property, plant and equipment	*16*	**276,841,685**	614,746
Mine properties and development	*17*	**5,474,647**	296,983,129
Derivative financial instruments	*14*	**-**	517,220
Other non-current assets	*15*	**17,787,186**	20,110,873
TOTAL NON CURRENT ASSETS		**300,103,518**	318,225,968
TOTAL ASSETS		**343,205,061**	359,439,002
CURRENT LIABILITIES			
Trade and other payables	*18*	**22,500,206**	14,452,896
Provisions	*19*	**197,387**	172,843
Borrowings	*20*	**25,480,837**	7,328,596
Derivative financial instruments	*14*	**8,943,553**	358,748
TOTAL CURRENT LIABILITIES		**57,121,983**	22,313,083
NON CURRENT LIABILITIES			
Provisions	*19*	**6,162,775**	5,127,234
Borrowings	*20*	**84,971,049**	90,071,146
Derivative financial instruments	*14*	**4,622,730**	1,035,871
TOTAL NON CURRENT LIABILITIES		**95,756,554**	96,234,251
TOTAL LIABILITIES		**152,878,537**	118,547,334
NET ASSETS		**190,326,524**	240,891,668
EQUITY			
Issued capital	*21*	**273,544,711**	226,982,428
Reserves	*22*	**324,992**	34,358,344
Accumulated losses		**(83,543,179)**	(20,449,104)
TOTAL EQUITY		**190,326,524**	240,891,668

The accompanying notes form part of these financial statements.

These financial statements are presented in Australian dollars being the Group's functional and presentation currency.

Consolidated Statement of
Changes in Equity

For the Financial Year Ended 30 June 2016

	Ordinary shares	Accumulated losses	Option reserve	Cash flow hedge reserve	Foreign currency translation reserve	Total
	$	$	$	$	$	$
Balance at 30 June 2014	**226,295,680**	**(12,608,741)**	**2,498,535**	**-**	**4,881,440**	**221,066,914**
Loss for the year	-	(8,761,962)	-	-	-	(8,761,962)
Other comprehensive income						
Foreign currency translation differences	-	-	-	-	27,246,309	27,246,309
Other comprehensive income for the year	-	-	-	653,715	-	653,715
Total comprehensive income for the year	-	(8,761,962)	-	653,715	27,246,309	19,138,062
Transactions with owners, recorded directly in equity						
Issue of share capital	460,111	-	-	-	-	460,111
Transaction costs	(29,090)	-	-	-	-	(29,090)
Options exercised during the year	153,376	-	(153,376)	-	-	-
Options expired during the year	-	921,599	(921,599)	-	-	-
Options & rights issued during the year	-	-	153,320	-	-	153,320
Equity compensation benefit	102,351	-	-	-	-	102,351
Balance at 30 June 2015	**226,982,428**	**(20,449,104)**	**1,576,880**	**653,715**	**32,127,749**	**240,891,668**
Loss for the year	-	(63,094,075)	-	-	-	(63,094,075)
Other comprehensive income						
Foreign currency translation differences	-	-	-	-	(22,875,023)	(22,875,023)
Other comprehensive income for the year	-	-	-	(11,324,746)	-	(11,324,746)
Total comprehensive income for the year	-	-	-	(11,324,746)	(22,875,023)	(34,199,769)
Transactions with owners, recorded directly in equity						
Issue of share capital	47,042,500	-	-	-	-	47,042,500
Transaction costs	(706,232)	-	-	-	-	(706,232)
Options & rights exercised during the year	88,153	-	(88,153)	-	-	-
Options expired during the year	-	-	-	-	-	-
Options & rights expensed during the year	-	-	254,570	-	-	254,570
Equity compensation benefit	137,862	-	-	-	-	137,862
Balance at 30 June 2016	**273,544,711**	**(83,543,179)**	**1,743,297**	**(10,671,031)**	**9,252,726**	**190,326,524**

The accompanying notes form part of these financial statements.

These financial statements are presented in Australian dollars being the Group's functional and presentation currency.

For the Financial Year Ended 30 June 2016

	Note	2016 $	2015 $
Cash Flows from Operating Activities			
Receipts from customers		**8,361,290**	-
Payments to suppliers and employees		**(33,478,591)**	(7,197,238)
Other income		**12,191**	619,593
Interest received		**192,578**	484,575
Net cash used in operating activities	*25*	**(24,912,532)**	(6,093,070)
Cash Flows from Investing Activities			
Payments for exploration and development		**(30,272,248)**	(167,973,160)
Payments made in respect on bonds and collateral deposits		**-**	(12,745,581)
Payments for property, plant & equipment		**(312,153)**	(483,551)
Net cash used in investing activities		**(30,584,401)**	(181,202,292)
Cash Flows from Financing Activities			
Proceeds from issue of shares		**47,042,500**	460,111
Payments for share issue costs		**(706,232)**	(3,678)
Proceeds from borrowings		**26,929,500**	112,541,000
Repayment of borrowings		**(5,831,134)**	-
Payments for borrowing costs		**(8,095,566)**	(5,491,989)
Financial instrument payments		**(2,610,450)**	-
Net cash generated from financing activities		**56,728,618**	107,505,444
Net increase in cash and cash equivalents		**1,231,685**	(79,789,918)
Effects of exchange rate changes on the balance of cash held in foreign currencies		**(638,812)**	11,387,917
Cash and cash equivalents at beginning of financial year	*11*	**34,417,454**	102,819,455
Closing cash and cash equivalents carried forward	*11*	**35,010,327**	34,417,454

The accompanying notes form part of these financial statements.

These financial statements are presented in Australian dollars being the Group's functional and presentation currency.

For the Financial Year Ended 30 June 2016

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

This financial report includes the consolidated financial statements and notes of Wolf Minerals Limited and its controlled entities (**Consolidated Entity** or **Group**), and the parent entity disclosure for Wolf Minerals Limited as an individual parent entity (**Parent Entity**.

Wolf Minerals Limited is a listed public company, trading on the Australian Securities Exchange and Alternative Investment Market of the London Stock Exchange, limited by shares, incorporated and domiciled in Australia.

Basis of Preparation

The accounting policies set out below have been consistently applied to all years presented.

Statement of Compliance

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards (AASBs) including Australian Interpretations and other pronouncements adopted by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001 for "for profit" oriented entities. The consolidated financial report of the Group and the financial report of the Company comply with International Financial Reporting Standards (IFRSs) and interpretations adopted by the International Accounting Standards Board (IASB).

The consolidated financial statements were authorised for issue by the Board of Directors on 29 September 2016. The Board has the power to amend and reissue the financial statements.

Basis of Measurement

The consolidated financial statements have been prepared on the historical cost basis except for the following material items in the statement of financial position if applicable:

- derivative financial instruments are measured at fair value
- financial instruments at fair value through profit or loss are measured at fair value
- available-for-sale financial assets are measured at fair value
- liabilities for cash-settled share-based payment arrangements are measured at fair value
- the defined benefit asset is measured as the net total of the plan assets, plus unrecognised past service cost and unrecognised actuarial losses, less unrecognised actuarial gains and the present value of the defined benefit obligation.

Use of Estimates and Judgements

The preparation of the consolidated financial statements in conformity with AASBs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are set out in Note 1 (b). Estimates and assumptions are continually evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets and liabilities affected in future periods.

Going Concern

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 normal course of business for at least 12 months from the date of approval of these financial statements. The Group incurred a loss after tax of $63,094,075 for the year ended 30 June 2016 (2015: $8,761,962) and had net current liabilities of $14,020,440 as at 30 June 2016 (2015: net current assets of $18,899,951).

During the financial year, the Group arranged a standby equity facility of up to £25,000,000 (~A$44,882,500) from Resource Capital Fund VI L.P. to provide further support for the ramp up at Drakelands in the current low tungsten price environment, together with working capital requirements, and to facilitate the Group's debt repayments. In conjunction with the standby equity facility, the Group obtained certain waivers of, and amendments to, the senior secured loan conditions for non-compliances and to grant relief up to 31 March 2017 from financial and other covenants. The standby equity facility enabled the Group to meet its debt service obligations and working capital requirements and was fully utilised at the reporting date.

Subsequent to the reporting date, the Group was reliant on working capital and operational cash flows generated from the sale of tungsten and tin. However, continued low production and current tungsten pricing remain significant challenges to meeting the required working capital and debt repayment cash flows.

On 29 July 2016, the Company announced as part of its quarterly report, a breach of a senior debt facility covenant relating to a requirement to maintain a minimum forward cash balance of £5 million. Following the breach, the Group entered into negotiations with its lenders and investors in order to provide additional funding support and relief from debt obligations to enable the completion of the ramp up at Drakelands and enable the Group to meet its short term working capital requirements.

On 24 October 2016, the Company announced that the Group had finalised agreements for a standstill and restructure of the senior debt facilities and additional funding support by way of a £20 million bridge loan facility. The bridge loan will mandatorily switch to a three year subordinated convertible loan, if certain conditions precedent are satisfied, or a three year subordinated loan.

For the Financial Year Ended 30 June 2016

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES *(cont.)*

Going Concern *(cont.)*

The standstill includes the waiver of all existing events of default on the senior debt facilities and grants relief from financial and other covenants during the standstill period. The restructure includes relief from principal debt repayments until 31 January 2018 under an extended repayment schedule.

At the date of approval of these Financial Statements, and based upon the budgeted levels of expenditure and Board approved cash flow forecasts, the Directors are satisfied that the Group has sufficient cash and loan facilities together with forecast tungsten and tin sales receipts to finance the Group's capital and operating expenses and to continue as a going concern for at least 12 months.

Accounting Policies

a. Principles of Consolidation

The consolidated financial statements incorporate the assets and liabilities of all entities controlled by the Consolidated Entity as at 30 June 2016 and the results of all controlled entities for the year then ended.

Subsidiaries are all those entities over which the Consolidated Entity has control. The Consolidated Entity controls an entity when the Consolidated Entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Consolidated Entity. They are de-consolidated from the date that control ceases.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group. All controlled entities have a June financial year end.

A list of controlled entities is contained in Note 2 to the financial statements.

b. Significant Accounting Estimates, Judgments and Assumptions

The preparation of consolidated financial statements requires management to make judgments and estimates relating to the carrying amounts of certain assets and liabilities. Actual results may differ from the estimates made. Estimates and assumptions are reviewed on an ongoing basis.

The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next accounting period are:

(i) Share based payment transactions

The Consolidated Entity measures the cost of equity settled transactions by reference to the fair value of the equity instruments at the date at which they are granted. The fair value of share options and performance rights is determined by an external valuer using an appropriate valuation model.

(ii) Impairment of investments in and loans to subsidiaries

The ultimate recoupment of the Parent Entity's investment in subsidiaries, and loans to subsidiaries is dependent on the successful development and commercial exploitation, or alternatively, sale, of the development assets.

Impairment tests are carried out on a regular basis to identify whether the asset carrying values exceed their recoverable amounts. There is significant estimation and judgement in determining the inputs and assumptions used in determining the recoverable amounts.

The key areas of judgement and estimation include:

- Recent development results and mineral resource estimates;
- Environmental issues that may impact on the underlying tenements;
- Fundamental economic factors that impact the operations and carrying values of assets and liabilities.

(iii) Estimated impairment of mine properties and property, plant and equipment (Note 16 and 17)

The Company tests annually whether the mine properties and property, plant and equipment has suffered any impairment. The recoverable amount of the cash generating unit (CGU) has been determined based on value in use calculations which require the use of estimates and assumptions such as long-term commodity prices, discount rates, operating costs, future capital requirements and mineral resource estimates (see below). These estimates and assumptions are subject to risk and uncertainty and therefore there is a possibility that changes in circumstances will impact the recoverable amount. The Project is the Company's only CGU.

In assessing the carrying amounts of its mine mine properties and property, plant and equipment at the Project, the Directors have used an updated financial model based upon the original DFS prepared by the parent undertaking in conjunction with a number of independent experts. The study has been approved by the Directors.

The assessment period used in the report is the updated life of the mine of 11.75 years from the increased reserves, plus the remaining period for commissioning and preparation for full production. Tungsten revenues have been estimated over that period at a price range of US$215 – US$320 per mtu. Tin revenues have been estimated over that period at a price of US$17,500/tonne. These conservative estimates are based on, and are consistent with, external sources of information.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES *(cont.)*

b. Significant Accounting Estimates, Judgments and Assumptions *(cont.)*

(iii) Estimated impairment of mine properties and property, plant and equipment (Note 16 and 17) (cont.)

The calculation assumes average annual tungsten and tin production of 337,656 mtu and 455 tonnes respectively. The life of mine operating cost estimate has been updated to match the mine plan for the new reserves. Royalties have been calculated at 2% of gross sales revenues and corporate income tax at 21%. A discount rate of 8% has been utilised. Based on the calculations, the net present value as at 30 June 2016 after the recoupment of the remaining capital costs of the Project exceeds the carrying value of the mine mine properties and property, plant and equipment, therefore no impairment has been recorded.

The recoverable amount is not sensitive to reasonably possible changes in the key assumptions which would cause the carrying amount to exceed the recoverable amount.

The value in use calculations assume that the Group will be successful in its application to extend the current planning permission to enable the full ore body to be mined, together with obtaining the requisite permission to operate 7 days a week. The Directors have a reasonable expectation that the Group will be successful in its applications to the Devon County Council. A decision is expected late in 2016.

The Financial Statements have been prepared on the basis that the entity can meet its commitments as and when they fall due and can therefore continue normal business activities, and the realisation of assets and liabilities in the ordinary course of business (refer Going Concern section of Note 1).

(iv) Mine environmental rehabilitation and restoration provision (Note 19)

Rehabilitation costs will be incurred by the Group at the end of the operating life of the Project. The Group assesses its rehabilitation provision at each reporting date. The ultimate rehabilitation costs are uncertain and cost estimates can vary in response to various factors, including estimates of the extent and costs of rehabilitation activities, regulatory changes, inflation rates and changes in discount rates. These uncertainties may result in future actual expenditure differing from the amounts currently provided and there could be significant adjustments to the provisions established which would affect future financial results. The provision as at 30 June 2016 represents management's best estimate of the present value of future rehabilitation costs required.

(v) Income tax expenses

Judgement is required in assessing whether deferred tax assets and liabilities are recognised on the consolidated statement of financial position. Deferred tax assets, including those arising from temporary differences, are recognised only when it is considered more likely than not that they will be recovered, which is dependent on the generation of future assessable income of a nature and of an amount sufficient to enable the benefits to be utilised.

(vi) Production start date

The Company assesses the stage of the Mine development asset to determine when it moves into the production phase, being when the mine including processes and infrastructure facilities are substantially complete and ready for intended use. The Company considers various relevant criteria to assess when the production phase is considered to have commenced. At this point, all related amounts are reclassified from Mine development asset to mine properties and property, plant and equipment. Some of the criteria used to identify the production start date include:

- level of capital expenditure incurred compared to the original cost estimate;
- completion of commissioning and testing of the processing facility;
- ability to produce metal in a saleable form.

c. Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of 12 months or less, and bank overdrafts.

d. Receivables

Collectability of trade debtors is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for impairment is raised when some doubt as to collection exists.

e. Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation and impairment losses.

(i) Freehold land

Freehold land is recognised at historic cost and is not depreciated as it has an indefinite useful life.

(ii) Plant and equipment

Plant and equipment is measured on the cost basis.

The cost of fixed assets constructed within the Group includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

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

For the Financial Year Ended 30 June 2016

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES *(cont.)*

e. Property, Plant and Equipment *(cont.)*

(iii) Depreciation

Items of property, plant and equipment are depreciated over their estimated useful lives. The Company uses the unit-of-production basis when depreciating mine specific assets which results in a depreciation/amortisation charge proportional to the depletion of the anticipated remaining life of mine. Each item's economic life has due regard to both its physical life limitations and to present assessments of economically recoverable reserves and resources of the mine property at which it is located.

For the remainder of assets the straight-line method is used, resulting in estimated useful lives between 3 to 10 years, the duration of which reflects the useful life depending on the nature of the asset. Estimates of remaining useful lives and depreciation methods are reviewed annually for all major items of plant and equipment.

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

f. Development Assets

Capitalised mining development costs include expenditures incurred to develop new ore bodies to define further mineralisation in existing ore bodies, to expand the capacity of a mine and to maintain production. Mining development also includes costs transferred from exploration and evaluation phase once construction and development commences in the area of interest.

Amortisation of mining development is computed by the units of production basis over the estimated proved and probable reserves. Proved and probable mineral reserves reflect estimated quantities of economically recoverable reserves which can be recovered in the future from known mineral deposits. These reserves are amortised from the date on which production commences. The amortisation is calculated from recoverable proven and probable reserves and a predetermined percentage of the recoverable measured, indicated and inferred resource. This percentage is reviewed annually.

g. Financial Instruments

(i) Financial assets at fair value through profit or loss

This category has two sub-categories; financial assets held for trading, and those designated at fair value through profit or loss on initial recognition. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. The policy of management is to designate a financial asset if there exists the possibility it will be sold in the short term and the asset is subject to frequent changes in fair value. Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within 12 months of the reporting date.

(ii) Loans and receivables

Loans and receivables are non derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the consolidated entity provides money, goods or services directly to a debtor with no intention of selling the receivable. They are included in current assets, except for those with maturities greater than 12 months after the reporting date which are classified as non-current assets. Loans and receivables are included in receivables in the consolidated statement of financial position.

(iii) Available-for-sale financial assets

Available-for-sale financial assets, comprising principally marketable equity securities, are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the reporting date.

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

Available-for-sale financial assets and financial assets at fair value through profit and loss are subsequently carried at fair value. Loans and receivables are carried at amortised cost using the effective interest method. Realised and unrealised gains and losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are included in the consolidated statement of comprehensive income in the period in which they arise. Unrealised gains and losses arising from changes in the fair value of non-monetary securities classified as available-for-sale investments are recognised in equity in the "available for sale revaluation reserve". When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments are included in the consolidated statement of comprehensive income as gains and losses from investment securities.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Consolidated Entity establishes fair value by using valuation techniques. These include reference to the fair values of recent arm's length transactions, involving the same instruments or other instruments that are substantially the same, discounted cash flow analysis, and option pricing methods refined to reflect the issuer's specific circumstances.

For the Financial Year Ended 30 June 2016

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES *(cont.)*

g. Financial Instruments *(cont.)*

(iv) Fair value

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the reporting date. The quoted market price used for financial assets held by the Consolidated Entity is the current bid price; the appropriate quoted market price for financial liabilities is the current ask price.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques. The Consolidated Entity uses a variety of methods and makes assumptions that are based on market conditions existing at each reporting date. Quoted market prices or dealer quotes for similar instruments are used for long-term debt instruments held. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments.

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Consolidated Entity for similar financial instruments.

(v) Derivative financial instruments

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured to their fair value at each reporting date. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

Derivatives are classified as current or non-current depending on the expected period of realisation.

(vi) Cash flow hedges

Cash flow hedges are used to cover the Consolidated Entity's exposure to variability in cash flows that is attributable to particular risk associated with a recognised asset or liability or a firm commitment which could affect profit or loss. The effective portion of the gain or loss on the hedging instrument is recognised directly in equity, whilst the ineffective portion is recognised in profit or loss. Amounts taken to equity are transferred out of equity and included in the measurement of the hedged transaction when the forecast transaction occurs.

Cash flow hedges are tested for effectiveness on a regular basis both retrospectively and prospectively to ensure that each hedge is highly effective and continues to be designated as a cash flow hedge. If the forecast transaction is no longer expected to occur, amounts recognised in equity are transferred to profit or loss.

If the hedging instrument is sold, terminated, expires, exercised without replacement or rollover, or if the hedge becomes ineffective and is no longer a designated hedge, amounts previously recognised in equity remain in equity until the forecast transaction occurs.

h. Investments

Interests in listed and unlisted securities are initially brought to account at cost.

Controlled entities are accounted for in the consolidated financial statements as set out in Note 1a.

Other securities are included at fair value at reporting date. Unrealised gains/losses on securities held for short term investment are accounted for as set out in Note 1 (g) (i) financial assets at fair value through profit or loss. Unrealised gains/losses on securities held for long term investment are accounted for as set out in Note 1 (g) (iii) available for sale financial assets.

i. Acquisition of Assets

The purchase method of accounting is used for all acquisitions of assets regardless of whether equity instruments or other assets are acquired. Cost is determined as the fair value of the assets given up, shares issued or liabilities undertaken at the date of acquisition plus incidental costs directly attributable to the acquisition.

j. Impairment

(i) Financial Assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the effective interest rate.

An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its fair value. Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised either in the consolidated statement of comprehensive income or revaluation reserves in the period in which the impairment arises.

For the Financial Year Ended 30 June 2016

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES *(cont.)*

j. Impairment *(cont.)*

(ii) Non-financial Assets

The carrying amounts of the Consolidated Entity's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite lives or that are not yet available for use, the recoverable amount is estimated at each reporting date.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell.

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.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the consolidated statement of comprehensive income. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units, then to reduce the carrying amount of the other assets in the unit on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exits. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss has been recognised.

k. Provisions

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

The Group recognises a restoration and rehabilitation provision where it has a legal and constructive obligation as a result of past events, and it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. The nature of these restoration activities includes dismantling and removing structures; rehabilitating the mine; dismantling operating facilities; and restoring, reclaiming and revegetating affected areas.

On initial recognition, the present value of the estimated costs is capitalised by increasing the carrying amount of the related mining asset to the extent that it was incurred as a result of the development or construction of the mine. Any changes to or additional rehabilitation costs are recognised as additions or charges to the corresponding asset and rehabilitation liability when they occur.

Over time, the discounted liability is increased for the change in present value based on the discount rate that reflects current market assessments and the risks specific to the liability. The annual unwinding of the discount is recognised in profit or loss as part of finance costs.

The Group does not recognise the deferred tax asset in respect of the temporary difference on the rehabilitation liability nor the corresponding deferred tax liability in respect of the temporary difference on the rehabilitation asset.

l. Inventory

Recognition and measurement

Consumable materials for plant and equipment are recognised as inventory. Consumable stocks are carried at the lower of cost and net realisable value.

m. Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use (a qualifying asset) are capitalised as part of the cost of the respective asset until the asset is substantially ready for its intended use. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Where funds are borrowed specifically to finance a project, the amount capitalised represents the actual borrowing costs incurred under the effective interest method. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating borrowing costs over the relevant period. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

n. Contributed Equity

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares, options or performance rights are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares, options or performance rights, or for the acquisition of a business, are included in the cost of the acquisition as part of the purchase consideration.

For the Financial Year Ended 30 June 2016

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES *(cont.)*

o. EPS

(i) Basic loss per share

Basic loss per share is determined by dividing the net loss after income tax attributable to members of the Group, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

(ii) Diluted loss per share

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

p. Foreign Currency Transactions and Balances

(i) Functional and presentation currency

The functional currency of each of the Group's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the Parent Entity's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in the consolidated statement of comprehensive income, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognised directly in equity to the extent that the gain or loss is directly recognised in equity; otherwise the exchange difference is recognised in the consolidated statement of comprehensive income.

(iii) Group companies

The financial results and position of foreign operations whose functional currency is different from the group's presentation currency are translated as follows:

- Assets and liabilities are translated at year-end exchange rates prevailing at that reporting date;
- Income and expenses are translated at average exchange rates for the period; and
- Retained profits are translated at the exchange rate prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations are transferred directly to the Group's foreign currency translation reserve in the consolidated statement of financial position. These differences are recognised in the consolidated statement of comprehensive income in the period in which the operation is disposed.

q. Current/Non-current Classification

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

An asset is current when: it is expected to be realised or intended to be sold or consumed in normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within twelve months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period. All other assets are classified as non-current.

A liability is current when: it is expected to be settled in normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within twelve months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

r. Revenue recognition

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 is recognised:

Sale of goods

Revenue from the sale of goods and disposal of other assets is recognised when persuasive evidence, usually in the form of an executed sales agreement, or an arrangement exists, indicating there has been a transfer of risks and rewards to the customer, no further work or processing is required by the Group, the quantity and quality of the goods has been determined with reasonable accuracy, the price is fixed or determinable and collectability is reasonably assured. This is generally when title passes.

For the Financial Year Ended 30 June 2016

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES *(cont.)*

s. Employee Benefits

(i) Wages, salaries and annual leave

Liabilities for wages, salaries and annual leave expected to be settled within one year of the reporting date are recognised in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

(ii) Employee benefits payable later than one year

Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

(iii) Superannuation

Contributions are made by the consolidated entity to superannuation funds as stipulated by statutory requirements and are charged as expenses when incurred.

(iv) Employee benefit on costs

Employee benefit on costs, including payroll tax, are recognised and included in employee benefits liabilities and costs when the employee benefits to which they relate are recognised as liabilities.

t. Equity Settled Compensation

The group operates equity-settled share-based payment employee share option and performance rights schemes. The fair value of the equity to which employees become entitled is measured at grant date and recognised as an expense over the vesting period, with a corresponding increase to an equity account. The fair value of shares is ascertained as the market bid price. The fair value of options is ascertained using a Monte Carlo pricing model which takes into account the exercise price, the term of the option or right, the vesting and performance criteria, the impact of dilution, the non-tradeable nature of the option or right, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option or right. The number of share option and performance rights expected to vest is reviewed and adjusted at each reporting date such that the amount recognised for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

u. Income Tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses. The carrying amount of recognised and unrecognised deferred tax assets are reviewed each reporting date.

Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entity's which intend to settle simultaneously.

Research and development tax offsets are accounted for on receipt and under the requirements of AASB 112.

v. Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST. Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

w. Comparative Figures

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

For the Financial Year Ended 30 June 2016

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES *(cont.)*

x. New and amended standards and interpretations issued but not yet effective for the financial year beginning 1 July 2015 and not early adopted

The following Australian Accounting Standards have been issued or amended and are applicable to the annual financial statements of the Consolidated Entity (or the Company) but are not yet effective. This assumes the following have not been adopted in preparation of the financial statements at the reporting date.

AASB No.	Title	Application date of standard	Issue date
AASB 9	Financial Instruments	1 January 2018	December 2014
AASB 2010-7	Amendments arising from Accounting Standards arising from AASB 9 (December 2010)	1 January 2018	September 2012
AASB 2014-1	Amendments to Australian Accounting Standards Part D - Consequential Amendments arising from AASB 14 Regulatory Deferral Accounts Part E - Financial Instruments	Part D - 1 January 2016 Part E - 1 January 2018	June 2014
AASB 2014-3	Amendments to Australian Accounting Standard – Accounting for Acquisition of Interest in Joint Operations [AASB 1 & AASB 11]	1 January 2016	August 2014
AASB 2014-4	Amendments to Australian Accounting Standard - Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to AASB 116 and AASB 138)	1 January 2016	August 2014
AASB 2014-5	Amendments to Australian Accounting Standard Arising From AASB 15	1 January 2018	December 2014
AASB 2014-7	Amendments to Australian Accounting Standard Arising From AASB 9 (December 2014)	1 January 2018	December 2014
AASB 2014-9	Amendments to Australian Accounting Standard - Equity Method in Separate Financial Statements	1 January 2016	December 2014
AASB 2014-10	Amendments to Australian Accounting Standard - Sale of Contribution of Assets Between Investors and its Associates or Joint Venture	1 January 2018	December 2014
AASB 2015-1	Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012–2014 Cycle	1 January 2016	January 2015
AASB 2015-2	Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101	1 January 2016	January 2015
AASB 2015-5	Amendments to Australian Accounting Standards – Investment Entities: Applying the Consolidation Exception	1 January 2016	January 2015
AASB 2015-8	Amendments to Australian Accounting Standards – Effective Date of AASB 15	1 January 2018	October 2015
AASB 2015-9	Amendments to Australian Accounting Standards – Scope and Application Paragraphs	1 January 2016	November 2015
AASB 2016-1	Amendments to Australian Accounting Standards – Recognition of Deferred Tax Assets for Unrealised Losses [AASB 112]	1 January 2017	February 2016
AASB 2016-2	Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107	1 January 2017	March 2016
AASB 2016-3	Amendments to Australian Accounting Standards – Clarifications to AASB 15	1 January 2018	May 2016
AASB 2016-4	Amendments to Australian Accounting Standards – Recoverable Amount of a Non-Cash Generating Specialised Assets of Not-for-Profit Entities	1 January 2017	June 2016
AASB 14	Regulatory Deferral Account	1 January 2016	June 2014
AASB 15	Revenues from Contracts with Customers	1 January 2018	October 2015
AASB 16	Leases	1 January 2019	February 2016
AASB 1057	Application of Australian Accounting Standards	1 January 2016	November 2015

For the Financial Year Ended 30 June 2016

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES *(cont.)*

y. New, Revised or Amending Accounting Standards and Interpretations Adopted

The Consolidated Entity has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the AASB that are mandatory for the current reporting period.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the consolidated entity.

NOTE 2: CONTROLLED ENTITIES

	Country of incorporation	2016		2015	
		% owned	Investment ($)	% owned	Investment ($)
Subsidiaries of Wolf Minerals Limited:					
Wolf Minerals (UK) Limited	United Kingdom	**100**	**297,798,047**	100	93,968,924
Wolf Minerals Finance Pty Ltd	Australia	**100**	**124**	100	1,809,879
Wolf Minerals LLP	United Kingdom	**100**	**-**	100	180,917,913

During the year Wolf Minerals (UK) Limited repaid a loan to Wolf Minerals Limited through the issue of shares.

During the year Wolf Minerals LLP made a profit and a capital return.

NOTE 3: REVENUE

	2016	2015
	$	$
Revenue – tungsten	**7,912,923**	-
Revenue – tin	**656,038**	-
	8,568,961	-

NOTE 4: COST OF SALES

	2016	2015
	$	$
Mining	**13,496,110**	-
Processing	**16,145,351**	-
Site administration	**8,889,220**	-
Depreciation	**11,499,952**	-
	50,030,663	-

For the Financial Year Ended 30 June 2016

NOTE 5: CORPORATE AND TECHNICAL SERVICES

	2016	2015
	$	$
Administration expenses	**2,732,611**	5,503,122
Depreciation & amortisation expense	**35,804**	246,577
Directors' fees	**480,586**	509,025
Equity compensation benefits	**359,455**	255,670
Employee benefits expense		
- superannuation contributions	**126,682**	105,512
- transfer to/(from) provision for annual leave	**24,544**	46,054
- transfer to/(from) provision for long service leave	**28,670**	53,706
- salary and wages and other employee benefits	**1,588,165**	1,628,832
	5,376,517	8,348,498

NOTE 6: FINANCE COSTS

	2016	2015
	$	$
Bank charges	**6,281**	12,063
Interest expense	**9,132,039**	228,324
Borrowing costs	**1,243,063**	208,026
Unwinding of discount on rehabilitation provision	**235,151**	-
Option premium expense	**-**	100,750
	10,616,534	549,163

For the Financial Year Ended 30 June 2016

NOTE 7: INCOME TAX EXPENSE

	2016	2015
	$	$
a. The components of tax expense comprise:		
Current tax	-	(582,965)
Deferred tax	-	-
	-	(582,965)
b. The prima facie tax on loss from ordinary activities before income tax is reconciled to the income tax as follows:		
Prima facie tax payable on loss from ordinary activities before income tax at 30% (2015: 30%)		
Consolidated group	**(18,928,223)**	(2,628,589)
Add:		
Tax effect of:		
- Share based payments	**118,451**	76,701
- Other non-allowable items	**8,417**	10,043
- Provisions and accruals	**13,973**	30,845
- Property, plant and equipment	-	36,571
- Other assessable items	**149**	-
- Revenue losses not recognised	**410,288**	492,677
- Overseas revenue losses not recognised	**12,270,969**	2,861,334
- Lower tax rate in foreign jurisdictions on overseas revenue losses	**6,135,484**	1,430,667
	18,957,731	4,938,838
Less:		
Tax effect of:		
- Provisions and accruals	-	-
- Capital raising costs	**(29,384)**	(50,057)
- Other non-assessable items	**(124)**	(2,260,192)
- Research and development tax concession rebate	-	(582,965)
	(29,508)	(2,893,214)
Income tax expense/(benefit)	-	(582,965)

The income tax benefit in 2015 relates to the receipt of a refundable tax offset for research and development expenditure incurred.

NOTE 7: INCOME TAX EXPENSE (CONTINUED)

	2016	2015
The applicable average weighted tax rates are as follows:	**0%**	0%

	2016	2015
	$	$
c. The following deferred tax balances have not been accounted for:		
Deferred tax assets:		
At 30%		
Carried forward revenue losses	**1,366,596**	1,128,760
Capital raising costs	**1,905**	31,289
Provisions and accruals	**87,974**	74,001
	1,456,475	1,234,049
At 20% (United Kingdom)		
Property, plant and equipment	**24,381**	121,903
Carried forward overseas revenue losses	**17,875,918**	3,171,349
	17,900,299	3,293,252

The tax benefits of the above Deferred Tax Assets will only be obtained if:

(a) The company derives future assessable income of a nature and an amount sufficient to enable the benefits to be utilised; and

(b) The company continues to comply with the deductibility conditions imposed by the Income Tax Assessment Act 1997 and its overseas equivalent; and

(c) No change in income tax legislation adversely affects the company in utilising the benefits.

	2016	2015
Deferred tax liabilities:		
At 30%		
Accrued income	**125**	-
	125	-

The above deferred tax liabilities have not been recognised as they have given rise to the carry forward revenue losses for which the deferred tax asset has not been recognised.

No deferred tax liability or deferred tax asset is recognised on the development asset as the current net effect is minimal. This will change when the Group commences production.

For the Financial Year Ended 30 June 2016

NOTE 8: KEY MANAGEMENT PERSONNEL COMPENSATION

	2016	2015
	$	$
a. Key management personnel compensation		
The key management personnel compensation comprised:		
Short term employment benefits	**1,506,421**	2,325,538
Share based payments	**294,977**	255,670
Post employment benefits	**82,348**	223,256
	1,883,746	2,804,464

b. Individual directors' and executives' compensation disclosure

Information regarding individual directors' and executives' compensation and some equity instruments disclosures as required by Corporation Regulation 2M.3.03 is provided in the remuneration report section of the directors' report.

Apart from the details disclosed in this note, no director has entered into a material contract with the Group since the end of the previous financial year and there were no material contracts involving directors' interest existing at the year end.

c. Parent entity

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

NOTE 9: AUDITORS' REMUNERATION

	2016	2015
	$	$
Remuneration of the auditor of the parent entity for:		
- Auditing and reviewing the financial report	**115,400**	96,535
- Taxation services	**4,510**	5,200
Remuneration of the auditors of the subsidiary for:		
- Auditing and reviewing the financial report	**93,897**	66,978
	213,807	168,713

NOTE 10: LOSS PER SHARE

	2016	2015
	$	$
a. Loss used to calculate basic and dilutive EPS	**(63,094,075)**	(8,761,962)

	2016	2015
	No	No
b. Weighted average number of ordinary shares on issue during the year used in the calculation of basic EPS	**837,478,563**	808,034,484
c. Weighted average number of ordinary shares outstanding during the year used in calculating dilutive EPS	**837,478,563**	808,034,484

NOTE 11: CASH AND CASH EQUIVALENTS

	2016	2015
	$	$
Cash at bank and on hand	**34,894,928**	34,294,528
Short term bank deposits	**115,399**	122,926
	35,010,327	34,417,454

The effective interest rate on cash at bank and on hand and short-term bank deposits was 0.51% (2015: 1.11%) these deposits have an average maturity of 180 days.

Reconciliation of cash

Cash at the end of the financial year as shown in the statement of cash flows is reconciled to items in the statement of financial position as follows:

Cash and cash equivalents	**35,010,327**	34,417,454

NOTE 12: TRADE AND OTHER RECEIVABLES

	2016	2015
	$	$
Current		
Trade Debtors	**2,825,538**	15,755
GST receivable	**22,502**	38,793
VAT receivable	**2,823,577**	6,166,050
	5,671,617	6,220,598

Provision for impairment of receivables

Current trade and term receivables are generally on 30 day terms. Non-current trade and term receivables are assessed for recoverability based on the underlying terms of the contract. A provision for impairment is recognised when there is objective evidence that an individual trade or term receivable is impaired.

There are no balances within trade and other receivables that are impaired and are past due. It is expected these balances will be received when due.

NOTE 13: INVENTORIES

	2016	2015
	$	$
Consumables – at cost	**1,791,640**	-
	1,791,640	-

For the Financial Year Ended 30 June 2016

NOTE 14: DERIVATIVE FINANCIAL INSTRUMENTS

	2016		2015	
	Fair value of asset	Fair value of liability	Fair value of asset	Fair value of liability
Current				
Option foreign exchange contracts	-	-	15,526	-
Amortising interest rate swaps	-	-	-	294,383
Forward foreign exchange contracts - cash flow hedges	-	**8,943,553**	397,767	64,365
Total Current	-	**8,943,553**	413,293	358,748
Non-Current				
Amortising interest rate swaps	-	**1,237,623**	-	838,964
Forward foreign exchange contracts - cash flow hedges	-	**3,385,107**	517,220	196,907
Total Non-Current	-	**4,622,730**	517,220	1,035,871

The maximum notional principal amount of the outstanding interest rate swap contracts during the year ended 30 June 2016 was £35,000,000 (~A$62,835,000) (30 June 2015: £35,000,000).

During the year ended 30 June 2016 the fixed interest rates vary from 1.175% to 2.05% (30 June 2015: 1.175% to 2.05%), and the main floating rate is LIBOR.

NOTE 15: OTHER ASSETS

	2016	2015
	$	$
Current		
Prepayments	**589,242**	117,540
Accrued interest	**416**	495
Other assets	**38,301**	43,654
	627,959	161,689
Non-Current		
Other assets [1]	**17,787,186**	20,110,873

1 *Other assets comprise a bond agreement and cash collateral deposits the Company has provided as security to various parties in connection with environmental restoration obligations. The bond and collateral deposits are not released until the underlying obligations have been fulfilled by the Company to the satisfaction of the UK authorities. The two major non-current collateral deposits are a £9.05 million restoration bond and a £0.75 million financial provision for the environmental waste permit.*

NOTE 16: PROPERTY, PLANT & EQUIPMENT

	2016 $	2015 $
Plant and equipment:		
At cost	**167,564,573**	375,614
Accumulated depreciation	**(127,986)**	(176,858)
Total plant and equipment	**160,436,587**	198,756
Motor vehicles:		
At cost	**651,505**	612,431
Accumulated depreciation	**(353,518)**	(196,441)
Total motor vehicles	**297,987**	415,990
Land and buildings		
At cost	**119,119,934**	-
Accumulated depreciation	**(3,012,823)**	-
Total mining asset	**116,107,111**	-
Total property, plant and equipment	**276,841,685**	614,746

	Motor vehicles $	Plant and equipment $	Land and buildings $	Total $
Balance at 30 June 2014	219,612	134,260	-	353,872
Additions	346,459	137,092	-	483,551
Depreciation expense	(164,605)	(81,972)	-	(246,577)
Effect of foreign currency exchange differences	14,524	9,376	-	23,900
Balance at 30 June 2015	415,990	198,756	-	614,746
Additions	114,169	197,984	-	312,153
Transferred from mineproperties and development	-	167,031,060	119,119,934	286,150,994
Depreciation expense	(205,615)	(7,910,697)	(3,419,444)	(11,535,756)
Effect of foreign currency exchange differences	(26,557)	919,484	406,621	1,299,548
Balance at 30 June 2016	297,987	160,436,587	116,107,111	276,841,685

For the Financial Year Ended 30 June 2016

NOTE 17: MINE PROPERTIES AND DEVELOPMENT

	2016	2015
	$	$
Mine development:		
At cost	-	296,983,129
Accumulated amortisation	-	-
Total mine development expenditure	-	296,983,129
Mine properties:		
At cost	**5,927,001**	-
Accumulated amortisation	**(452,354)**	-
Total mine development expenditure	**5,474,647**	-

	Mine properties	Mine development	Total
	$	$	$
Balance at 30 June 2014	-	119,669,556	119,669,556
Expenditure capitalised during the year	-	161,816,512	161,816,512
Effect of foreign currency exchange differences	-	15,497,061	15,497,061
Balance at 30 June 2015	-	296,983,129	296,983,129
Expenditure capitalised during the year		31,456,414	31,456,414
Transferred to property, plant & equipment		(167,031,060)	(167,031,060)
Transferred to land and buildings		(119,119,934)	(119,119,934)
Transferred to mine properties	5,873,210	(5,873,210)	-
Amortisation	(452,354)	-	(452,354)
Effect of foreign currency exchange differences	53,791	(36,415,339)	(36,361,548)
Balance at 30 June 2016	5,474,647	-	5,474,647

Mine properties relates to the rehabilitation asset of the Drakelands Mine. The amortisation is recognised as part of cost of sales in the Statement of Profit or Loss and Other Comprehensive Income.

NOTE 18: TRADE AND OTHER PAYABLES

	2016	2015
	$	$
Current		
Trade payables [1]	**12,382,539**	8,784,395
Accrued borrowing costs	**1,092,157**	909,791
Sundry payables and accrued expenses [2]	**9,025,510**	4,758,710
	22,500,206	14,452,896

1 *Trade and other payable are generally settled within 30 days.*

2 *Accrued expenses at 30 June 2016 include work performed by suppliers during June but not invoiced at period end. Included in the accrued expenses amount is an amount owed to the mining services contractor, CA Blackwell (Contracts) Limited, for £2,650,209 (≈ $4,757,920).*

NOTE 19: PROVISIONS

	Mine rehabilitation [1]	Employee benefits	Total
	$	$	$
Opening balance at 1 July 2015	5,073,528	226,549	5,300,077
Additional provisions	1,006,871	53,214	1,060,085
Balance at 30 June 2016	6,080,399	279,763	6,360,162

	2016	2015
	$	$
Analysis of total provisions		
Current	**197,387**	172,843
Non current	**6,162,775**	5,127,234
	6,360,162	5,300,077

1 *The Group makes full provision for the future cost of rehabilitating mine sites and associated production facilities on a discounted basis at the time of constructing the mine and installing those facilities.*

The rehabilitation provision represents the present value of rehabilitation costs relating to the Project site which are expected to be incurred up to and following the expiration date of the mining licence. The provision has been created based upon the updated Definitive Feasibility Study. Assumptions based upon the current economic environment and development work completed at the Project have been made, which management believes are a reasonable basis upon which to estimate the future liability, and will be reviewed regularly to take into account any material changes to the assumptions. The actual rehabilitation costs and works required will ultimately depend upon future market prices for the necessary rehabilitation works required, changes in future regulatory requirements and the timing on when the mine ceases to operate commercially.

The discount rate used in the calculation of the provision as at 30 June 2016 is 3% per annum. The value of the undiscounted provision is $8,290,460.

NOTE 20: BORROWINGS

	2016	2015
	$	$
Current		
Senior secured loan	**25,480,837**	7,328,596
Non-current		
Senior secured loan	**84,971,049**	90,071,146
Details of the senior secured loan at 30 June		
Senior secured loan – Tranche A	**54,783,939**	51,443,514
Senior secured loan – Tranche B	**65,055,927**	61,097,486
Less: unamortised transaction costs	**(9,387,980)**	(15,141,258)
	110,451,886	97,399,742

For the Financial Year Ended 30 June 2016

NOTE 20: BORROWINGS *(cont.)*

Senior Secured Loan and Bond Facility

On 10 May 2014 the Company signed documentation with UniCredit Bank AG, London Branch; ING Bank N.V.; and Caterpillar Financial SARL (together the **Lenders**) for £75 million in senior debt finance facilities, incorporating a £70 million term loan facility and a £5 million bond facility. The term loan facility comprises two tranches, A and B, amounting to £32 million and £38 million respectively. The senior secured loan has a term of 7.5 years and repayments are made on a quarterly basis, and commenced in January 2016.

The senior debt facility is secured by mortgages and charges over the Company's Mine Properties asset and Property, Plant and Equipment.

During the year the Company did not achieve a scheduled project milestone in the senior debt facility conditions. This non-compliance led to other related covenant non-compliance. The non-compliance was subsequently waived by the Lenders on the 8 March 2016. The waivers included an extension to 30 September 2016 for the scheduled project milestone to be achieved (refer Note 33).

Financing Arrangements

The following financing arrangements were in place at the reporting date:

Name	Currency	Availability	Maturity	Interest	Limit	Drawn/ Utilised	Repaid
Senior Debt Term Loan	GBP	10 May 2013	7.5 years	LIBOR + 4.25%	£70 million	£70 million	£3.25 million
Bond Facility	GBP	10 May 2013	7.5 years	2.75%	£5 million	£5 million	-

NOTE 21: ISSUED CAPITAL

	2016	2015
	$	$
1,082,887,708 (2015: 809,422,200) fully paid ordinary shares	**273,544,711**	226,982,428

	2016		2015	
	No	$	No	$
a. Ordinary shares				
At the beginning of reporting period	**809,422,200**	**226,982,428**	807,845,616	226,295,680
Shares issued during the year				
- 31 March 2015	**-**	**-**	136,366	54,547
- 30 June 2015	**-**	**-**	113,820	47,804
- 20 November 2015	**124,593**	**28,656**	-	-
- 8 January 2016	**177,967**	**32,924**	-	-
- 4 May 2016	**174,102,285**	**30,884,800**	-	-
- 10 May 2016	**251,649**	**40,264**	-	-
- 30 June 2016	**98,245,735**	**16,193,718**	-	-
- Options/Rights exercised during the year	**563,279**	**88,153**	1,326,398	613,487
Share issue expenses	**-**	**(706,232)**	-	(29,090)
At reporting date	**1,082,887,708**	**273,544,711**	809,422,200	226,982,428

Ordinary shares participate in dividends and the proceeds on winding up of the Parent Entity in proportion to the number of shares held. Ordinary shares have no par value.

At the shareholders' meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

NOTE 21: ISSUED CAPITAL *(cont.)*

Capital Management

When managing capital, the Board's objective is to ensure the entity continues as a going concern as well as to obtain optimal returns to shareholders and benefits for other stakeholders. The Board also aims to maintain a capital structure which assists to ensure the lowest possible cost of capital available to the Group.

During the term of the senior secured loan facility, the Group will have the following capital restrictions imposed:

- The Parent Entity may only issue shares where the net proceeds of such issuance are applied towards funding project costs; and
- Pursuant to an issuance of shares for corporate activities of the Group, limited to 25% of the market capitalisation of the Parent Entity in accordance with the rules of the Australian Securities Exchange and which does not require notification to or a resolution of, the shareholders of the Parent Entity.

Options and performance rights

For information relating to the Wolf Minerals Limited employee option plan and performance rights plan, including details of options and performance rights issued, exercised and lapsed during the financial year and the options and performance rights outstanding at year end, refer to Note 26 Share-based Payments.

For information relating to share options and performance rights issued to key management personnel during the financial year, refer to Note 26 Share-based Payments.

NOTE 22: RESERVES

Share based payments reserve

The share based payments reserve records items recognised as expenses on valuation of share options and performance rights.

	2016		2015	
	No	$	No	$
Balance 1 July	**9,129,320**	**1,576,880**	7,135,355	2,498,535
Issued during the year to key management personnel	**2,035,908**	**254,570**	4,170,363	153,320
Exercised during the year	**(563,279)**	**(88,153)**	(1,326,398)	(153,376)
Expired during the year	**(5,808,957)**	**-**	(850,000)	(921,599)
Balance 30 June	**4,792,992**	**1,743,297**	9,129,320	1,576,880

Foreign currency translation reserve

The foreign currency translation reserve records the effect of exchange differences on the translation of foreign currency financial statements of subsidiaries.

	2016	2015
	$	$
Balance 1 July	**32,127,749**	4,881,440
Foreign currency differences during the year	**(22,875,023)**	27,246,309
Balance 30 June	**9,252,726**	32,127,749

For the Financial Year Ended 30 June 2016

NOTE 22: RESERVES *(cont.)*

Cash flow hedge reserve

The cash flow hedge reserve records the effect of exchange and interest differences on the translation of hedged instruments.

	2016	2015
	$	$
Balance 1 July	**653,715**	-
Cash flow hedge, net of tax	**(11,324,746)**	653,715
Balance 30 June	**(10,671,031)**	653,715

NOTE 23: COMMITMENTS

(a) Development commitments

Under the terms of the forty year lease for the minerals and rights at the Project the Company has to pay an annual rent of ~$124,290 (£69,231) indexed annually. The option lapses if the Company fails to maintain its obligations under the lease.

Under the same option agreement the Company is required to procure security for various parties in the event that it is not able to meet its contractual obligations in terms of environmental rehabilitation and restoration at the conclusion of the Project. Included within other receivables are deposits and cash collateral amounting to~ $17,626,774 (£9,818,289) (2015: ~$20,090,183 (£9,818,289)) in respect of the bonds in place at year end.

(b) Lease expenditure commitments

	2016	2015
	$	$
Not longer than one year	**133,051**	127,934
Longer than one year, but not longer than five years	**282,282**	415,333
	415,333	543,267

The Group has entered into the following leases on commercial terms for office accommodation:

Location	Term	Expiry
22 Railway Road Subiaco	4 years	19 June 2019

(c) Other contractual commitments

Mining Services Contract

In 2013 Wolf Minerals (UK) Limited awarded an £85 million Mining Services Contract (**MSC**) for the Project to CA Blackwell (Contracts) Limited.

The MSC is rates-based and made up of two parts:

- Phase 1, Mining pre-strip and Mine development,
- Phase 2, Mine production.

The MSC term for phase one has been extended to 31 March 2016, followed by phase 2 which has a five year term from completion of phase 1 work. The MSC is able to be terminated by Wolf at any time with 60 days' notice.

Supply agreements

The Group has signed supply agreements for the future sale of mining outputs from the Project. These agreements are contingent on the Company meeting certain milestones in the project and contracted quantities being met; if these conditions are not met the agreements are terminable at the discretion of the buyer.

For the Financial Year Ended 30 June 2016

NOTE 24: SEGMENT REPORTING

The Consolidated Entity has identified its operating segments based on the internal reports that are reviewed and used by the chief operating decision maker to make decisions about resources to be allocated to the segments and assess their performance.

The financial information presented in the profit or loss and statement of financial position is the same as that presented to the chief operating decision makers.

The Consolidated Entity predominately operates in the tungsten and tin industry of the mining and materials sector in the United Kingdom.

NOTE 25: CASH FLOW INFORMATION

	2016	2015
	$	$
a. Reconciliation of cash flow from operations with loss after income tax		
Net loss	**(63,094,075)**	(8,761,962)
Non cash flows in profit		
Depreciation	**11,535,756**	246,577
Financial instrument expense	**5,992,401**	1,030,688
Equity compensation benefits	**359,455**	255,670
Foreign exchange differences	**(7,821)**	535,686
Finance costs	**10,616,534**	152,591
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries		
(Increase)/decrease in trade and term receivables	**(3,169,049)**	566,705
(Increase)/decrease in inventories	**(1,791,639)**	-
(Increase)/decrease in prepayments	**(476,876)**	(52,296)
Increase/(decrease) in trade payables and accruals	**14,671,005**	(166,489)
Increase/(decrease) in provisions	**451,777**	99,760
Cash flow from operations	**(24,912,532)**	(6,093,070)

For the Financial Year Ended 30 June 2016

NOTE 26: SHARE BASED PAYMENTS

Included under Corporate and technical services expense in the statement of profit or loss and other comprehensive income is $359,455 (2015: $225,670), and relates, in full, to equity-settled share-based payment transactions.

All options granted to key management personnel are for ordinary shares in Wolf Minerals Limited, which confer a right of one ordinary share for every option held.

	2016		2015	
	Number of options/rights	Weighted average exercise price	Number of options/rights	Weighted average exercise price
	No	$	No	$
Options issued to key management personnel				
Outstanding at the beginning of the year	**850,000**	**0.34**	850,000	0.34
Options exercised	**-**	**-**	-	-
Granted	**-**	**-**	850,000	0.34
Options expired	**(850,000)**	**0.34**	(850,000)	0.34
Outstanding at year end	**-**	**-**	850,000	0.34
Exercisable at year end	**-**	**-**	850,000	0.34
Options issued to shareholders				
Outstanding at the beginning of the year	**4,958,957**	**0.29**	6,285,355	0.30
Granted	**-**	**-**	-	-
Exercised	**-**	**-**	(1,326,398)	0.30
Expired	**(4,958,957)**	**0.29**	-	-
Outstanding at year end	**-**	**-**	4,958,957	0.29
Exercisable at year end	**-**	**-**	4,958,957	0.29
Rights issued to key management personnel				
Outstanding at the beginning of the year	**3,320,363**	**-**	366,945	-
Rights exercised	**(563,279)**	**-**	-	-
Granted	**2,035,908**	**-**	2,953,418	-
Rights expired	**-**	**-**	-	-
Outstanding at year end	**4,792,992**	**-**	3,320,363	-
Exercisable at year end	**4,792,992**	**-**	-	-

When key management personnel cease employment the options or rights are deemed to have lapsed.

The weighted average contract life remaining at 30 June 2016 was:

Rights	4.76 years

NOTE 26: SHARE BASED PAYMENTS *(cont.)*

Performance Rights issued during the year

During the year ended 30 June 2016, the Company issued two tranches of performance rights, Issue 3 and Issue 4. Issue 3 was granted on 16 November 2015 and consisted of 1,982,545 performance rights. Issue 4 was granted on 23 June 2016 and consisted of 53,363 performance rights. Both tranches were issued to employees in accordance with the Wolf Minerals Limited Performance Rights Plan as readopted by shareholders at the Annual General Meeting held on 16 November 2015.

The vesting of the performance rights is subject to the following conditions:

a) 50% of performance rights will vest based on the Company's relative share price performance versus the AIM Basic Resources Index in accordance with a defined scale; and

b) 50% of performance rights will vest based upon the Company's Total Shareholder Return (TSR) performance as measured over the vesting period.

The performance rights were valued by an independent third party using industry standard valuation techniques. The key inputs and valuations are summarised in the table below.

	Issue 3		Issue 4	
Vesting conditions	a)	b)	c)	d)
Underlying security spot price	$0.25	$0.25	$0.13	$0.13
Exercise price	Nil	Nil	Nil	Nil
Valuation date	16/11/15	16/11/15	23/06/16	23/06/16
Expiration date	30/6/18	30/6/18	30/06/19	30/06/19
Performance period (years)	3	3	5	5
Volatility	60.00%	60.00%	70.00%	70.00%
Risk free rate	2.09%	2.09%	1.71%	1.71%
Dividend Yield	Nil	Nil	Nil	Nil
Number of performance rights	991,273	991,273	26,682	26,681
Valuation per performance right	$0.00	$0.085	$0.085	$0.047
Valuation per tranche	$0.00	$84,258	$2,268	$1,254

Performance Right revalued during the year

On 23 June 2016 all performance rights on issue were revalued as a result ofthe Board approving an extension to the vesting period of the Performance Rights Plan's performance rights for an additional two years to a maximum of five years. Vesting assessments will be conducted by the Remuneration Committee at predetermined intervals during the additional two year period and, subject to the outcome of the review, performance rights may vest prior to their new expiry date. Approval for the requisite elements of the extension arrangements will be sought from shareholders at the Company's 2016 Annual General Meeting.

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For the Financial Year Ended 30 June 2016

NOTE 26: SHARE BASED PAYMENTS *(cont.)*

Performance Right revalued during the year *(cont.)*

The updated performance rights were valued by an independent third party using industry standard valuation techniques. The key inputs and valuations for all performance rights on issue are summarised in the table below.

	Issue 1		Issue 2		Issue 3		Issue 4	
Vesting conditions	a)	b)	c)	d)	e)	f)	g)	h)
Underlying security spot price	$0.13	$0.13	$0.13	$0.13	$0.13	$0.13	$0.13	$0.13
Exercise price	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Valuation date	23/06/16	23/06/16	23/06/16	23/06/16	23/06/16	23/06/16	23/06/16	23/06/16
Expiration date	30/06/18	30/06/18	30/06/19	30/06/19	30/06/20	30/06/20	30/06/19	30/06/19
Performance period (years)	4	4	5	5	5	5	5	5
Volatility	70.00%	70.00%	70.00%	70.00%	70.00%	70.00%	70.00%	70.00%
Risk free rate	1.73%	1.73%	1.71%	1.71%	1.84%	1.84%	1.71%	1.71%
Dividend Yield	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Number of performance rights	730,715	730,714	745,995	745,994	991,273	991,273	26,682	26,681
Valuation per performance right	$0.077	$0.031	$0.085	$0.047	$0.086	$0.045	$0.085	$0.047
Valuation per tranche	$56,265	$22,652	$63,410	$35,062	$85,249	$44,607	$2,268	$1,254

As at 30 June 2016, the unissued ordinary shares of Wolf Minerals Limited under options or rights are as follows:

Grant Date	Date of Expiry	Exercise Price	Number of Rights
28/11/14	30/06/18	$0.00	898,150
28/11/14	30/06/19	$0.00	1,491,989
16/11/15	30/06/20	$0.00	1,982,545
23/06/16	30/06/20	$0.00	53,363
04/11/11	22/12/20	$0.00	366,945
			4,792,992

NOTE 27: RELATED PARTY DISCLOSURES

i. Interests in controlled entities are disclosed in Note 2.

ii. No amounts in addition to those disclosed in Note 8 to the financial statements were paid or payable to Directors of the Company at the end of the year.

iii. During the year, Wolf Minerals Limited invoiced Wolf Minerals (UK) Limited $4,179,532 for management fees (2015: $4,344,322). At 30 June 2016 $847,961 of management charges remained unpaid.

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

NOTE 28: FINANCIAL RISK MANAGEMENT

a. Financial Risk Management Policies

The Consolidated Entity's financial instruments consist mainly of deposits with banks, other receivables, trade and other payables, loans to the UK based subsidiary and derivative financial instruments.

i. Treasury Risk Management

The Board meets on a regular basis to analyse financial risk exposure and to evaluate treasury management strategies in the context of the most recent economic conditions and forecasts.

The Board's overall risk management strategy seeks to assist the Group in meeting its financial targets, whilst minimising potential adverse effects on financial performance.

Risk management policies are approved and reviewed by the Board on a regular basis. These include the use of credit risk policies and future cash flow requirements.

ii. Financial Risk Exposures and Management

The main risks the Group is exposed to through its financial instruments are foreign currency risk, liquidity risk, credit risk and price risk.

Foreign currency risk

The Group undertakes certain transactions denominated in foreign currencies and is exposed to foreign currency risk through foreign exchange rate fluctuations, primarily with respect to pounds sterling and US Dollar.

Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity's functional currency. These currencies are reasonably stable, and the risk is managed by maintaining bank accounts denominated in those currencies.

During the period, the Consolidated Entity has entered into forward foreign exchange contracts. These contracts are to hedge the variability in the highly probable cash flows associated with the US$ receipts from future tungsten sales. The Consolidated Entity expects that there will be a close relationship between the hedge instrument (the FX forward contract) and the hedged item (US$ drawdown and US$ receipts).

The maturity, settlement amounts and the average contractual exchange rates of the Consolidated Entity's outstanding forward foreign exchange contracts at the reporting date was as follows:

	Sell USD		Average exchange rates	
	2016 ($)	2015 ($)	2016	2015
Buy GBP				
Maturity:				
0 - 6 months	**21,866,995**	7,187,562	**1.5489**	1.5617
6 - 12 months	**25,911,516**	15,973,236	**1.5536**	1.5465
12+ months	**33,238,055**	33,025,648	**1.4546**	1.5566

The Consolidated Entity recognises the profits and losses resulting from currency fluctuations as and when they arise.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. Typically the Group ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 90 days; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. Further details regarding the Group's liquidity position is included within the Going Concern section of Note 1.

For the Financial Year Ended 30 June 2016

NOTE 28: FINANCIAL RISK MANAGEMENT *(cont.)*

a. Financial Risk Management Policies *(cont.)*

ii. Financial Risk Exposures and Management (cont.)

The table below summarises the maturity profile of the Consolidated Entity's financial liabilities based on contractual undiscounted payments.

	Less than 1 Year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total	Carrying Amount
	$	$	$	$	$	$
30 June 2016						
Trade and other payables	22,500,206	-	-	-	22,500,206	22,500,206
Interest-bearing borrowings	29,180,806	27,836,127	62,822,933	-	119,839,866	110,451,886
	51,681,012	27,836,127	62,822,933	-	142,340,072	132,952,092
30 June 2015						
Trade and other payables	14,452,896	-	-	-	14,452,896	14,452,896
Interest-bearing borrowings	12,277,200	38,877,800	61,386,000	-	112,541,000	97,399,742
	26,730,096	38,877,800	61,386,000	-	126,993,896	111,852,638

Financing arrangements

The borrowing facilities in place at the reporting date are disclosed in Note 20.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's receivables from customers and investment securities. The maximum exposure to credit risk, excluding the value of any collateral or other security, at reporting date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the consolidated financial statements.

The Group does not have any material credit risk exposure to any single receivable or group of receivables under financial instruments entered into by the Group.

Price risk

Commodity price risk is the risk that the Group's future earnings will be adversely impacted by changes in the market prices of commodities, primarily tungsten. Management is aware of this impact on its primary revenue stream but knows that there is little it can do to influence the price earned apart from a hedging scheme.

The Group's Treasury policy allows for hedging of highly probable cash flows associated with the US Dollar receipts from future tungsten sales up to a maximum of 50% of the Group's rolling 24 month production. This policy allows management to combine the benefits of an exposure to the tungsten price for its shareholders whilst also facilitating the ability for management to put in place limited hedging to cover the cost base.

The following table details the Group's sensitivity to a 10% increase and decrease in the tungsten price against the invoiced price. 10% is the sensitivity used when reporting commodity price internally to management and represents management's assessment of the possible change in price. A positive number below indicates an increase in profit for the year and other equity where the price increases.

NOTE 28: FINANCIAL RISK MANAGEMENT *(cont.)*

a. Financial Risk Management Policies *(cont.)*

ii. Financial Risk Exposures and Management (cont.)

The Group holds the following financial instruments:

	2016 $	2015 $
10% increase in tungsten price	**791,292**	-
10% decrease in tungsten price	**(791,292)**	-

	2016 $	2015 $
The Group holds the following financial instruments:		
Financial assets:		
Cash and cash equivalents	**35,010,327**	34,417,454
Trade and other receivables	**5,671,617**	6,220,598
Other current assets	**38,717**	161,689
Derivative financial instruments	**-**	930,513
Other non-current assets	**17,787,186**	20,110,873
Total financial assets	**58,507,847**	61,841,127
Trade and other receivables are expected to be received as follows:		
Less than 1 month	**5,671,617**	6,220,598
Less than 6 months	**-**	-
Financial liabilities:		
Trade and sundry payables	**22,500,206**	14,452,896
Interest bearing liabilities	**110,451,886**	97,399,742
Derivative financial instruments	**13,566,283**	1,394,619
Total financial liabilities	**146,518,375**	113,247,257
Trade and sundry payables are expected to be paid as follows:		
Less than 1 month	**22,500,206**	14,452,896
Less than 6 months	**-**	-

iii. Net fair values

No financial assets and financial liabilities are readily traded on organised markets in standardised form other than listed investments, forward exchange contracts and interest rate swaps.

Fair values are materially in line with carrying values.

iv. Sensitivity analysis

Interest Rate Risk and Foreign Currency Risk

The Group has performed sensitivity analysis relating to its exposure to interest rate risk and foreign currency risk at reporting date. This sensitivity analysis demonstrates the effect on the current year results and equity which could result from a change in these risks.

For the Financial Year Ended 30 June 2016

NOTE 28: FINANCIAL RISK MANAGEMENT *(cont.)*

a. Financial Risk Management Policies *(cont.)*

iv. Sensitivity analysis (cont.)

Interest Rate Risk Exposure Analysis

	Weighted Average Effective Interest Rate		Floating Interest Rate		Non Interest Bearing	
	2016 (%)	2015 (%)	2016	2015	2016	2015
FINANCIAL ASSETS						
Cash at bank and on hand	**0.51**	1.11	**35,010,327**	34,417,454	**-**	-
Receivables	**-**	-	**-**	-	**5,671,617**	6,220,598
Other current assets	**-**	-	**-**	-	**38,717**	161,689
Derivative financial instruments	**-**	-	**-**	-	**-**	930,513
Other non-current assets	**-**	-	**-**	-	**17,787,186**	20,110,873
Total financial assets			**35,010,327**	34,417,454	**23,497,520**	27,423,673
FINANCIAL LIABILITIES						
Payables	**-**	-	**-**	-	**22,500,206**	14,423,159
Interest bearing liabilities	**4.84**	4.81	**110,451,886**	97,399,742	**-**	-
Derivative financial instruments	**-**	-	**-**	-	**13,566,283**	1,394,691
Total financial liabilities			**110,451,886**	97,399,742	**36,066,489**	15,817,850

Interest Rate Sensitivity Analysis

At 30 June 2016, the effect on profit and equity as a result of changes in the interest rate, with all other variables remaining constant would be as follows:

	2016	2015
	$	$
Change in profit		
Increase in interest rate by 0.5% (50 basis points)	**(290,238)**	145,402
Decrease in interest rate by 0.5% (50 basis points)	**290,238**	(145,402)
Change in equity		
Increase in interest rate by 0.5% (50 basis points)	**(290,238)**	145,402
Decrease in interest rate by 0.5% (50 basis points)	**290,238**	(145,402)

Foreign Currency Risk Sensitivity Analysis

Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity's functional currency. These currencies are reasonably stable, and the risk is managed by maintaining bank accounts denominated in those currencies.

During the period, the Consolidated Entity has entered into forward foreign exchange contracts. These contracts are to hedge the variability in the highly probable cash flows associated with the US$ receipts from future tungsten sales. The Consolidated Entity expects that there will be a close relationship between the hedge instrument (the FX forward contract) and the hedged item (US$ receipts).

NOTE 28: FINANCIAL RISK MANAGEMENT *(cont.)*

a. Financial Risk Management Policies *(cont.)*

iv. Sensitivity analysis (cont.)

The carrying amount of the consolidated entity's foreign currency denominated financial assets and financial liabilities at the reporting date were as follows:

	Assets		Liabilities	
	2016	2015	2016	2015
	$	$	$	$
Consolidated				
Pounds sterling	**40,827,813**	54,589,036	**137,484,811**	113,118,640
US dollars	**304,532**	53,992	**-**	-
	41,132,345	54,643,028	**137,484,811**	113,118,640

	2016	2015
	$	$
Change in profit		
Improvement in AUD by 5%	**4,379,120**	1,205,634
Decline in AUD by 5%	**(4,379,120)**	(1,205,634)
Change in equity		
Improvement in AUD by 5%	**4,379,120**	1,205,634
Decline in AUD by 5%	**(4,379,120)**	(1,205,634)

The above interest rate and foreign exchange rate risk sensitivity analysis has been performed on the assumption that all other variables remain unchanged.

NOTE 29: FAIR VALUE MEASUREMENT

Fair value hierarchy

The following tables detail the Consolidated Entity's assets and liabilities, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

For the Financial Year Ended 30 June 2016

NOTE 29: FAIR VALUE MEASUREMENT *(cont.)*

Fair value hierarchy *(cont.)*

	Level 1	Level 2	Level 3	Total
	$	$	$	$
30 June 2016				
Assets				
Option foreign exchange contracts	-	-	-	-
Forward foreign exchange contracts	-	-	-	-
Total assets	-	-	-	-
Liabilities				
Amortising interest rate swaps	-	1,237,623	-	
Forward foreign exchange contracts	-	12,328,660	-	
Total liabilities	-	13,566,283	-	

	Level 1	Level 2	Level 3	Total
	$	$	$	$
30 June 2015				
Assets				
Option foreign exchange contracts	-	15,526	-	15,526
Forward foreign exchange contracts	-	914,987	-	914,987
Total assets	-	930,513	-	930,513
Liabilities				
Amortising interest rate swaps	-	1,133,348	-	1,133,348
Forward foreign exchange contracts	-	261,271	-	261,271
Total liabilities	-	1,394,619	-	1,394,619

The fair value of financial liabilities is estimated by discounting the remaining contractual maturities at the current market interest rate that is available for similar financial liabilities.

Valuation techniques for fair value measurements categorised within level 2.

Level 2 hedging derivatives comprise forward foreign exchange contracts, forward foreign exchange options and interest rate swaps. These forward foreign exchange contracts have been fair valued using forward exchange rates that are quoted in an active market. Interest rate swaps are fair valued using forward interest rates extracted from observable yield curves. The effects of discounting are generally insignificant for Level 2 derivatives.

This valuation technique maximises the use of observable market data where it is available and relies as little as possible on entity specific estimates.

For the Financial Year Ended 30 June 2016

NOTE 30: PARENT ENTITY DISCLOSURES

	2016 $	2015 $
Financial position		
Assets		
Current assets	**17,590,373**	7,247,293
Non-current assets	**297,884,443**	232,744,058
Total assets	**315,474,816**	239,991,351
Liabilities		
Current liabilities	**974,603**	811,156
Non-current liabilities	**82,376**	53,706
Total liabilities	**1,056,979**	864,862
Net assets	**314,417,837**	239,126,489
Equity		
Issued capital	**273,544,711**	226,982,428
Equity settled benefits	**1,743,297**	1,576,879
Accumulated losses	**39,129,829**	10,567,182
Total equity	**314,417,837**	239,126,489
Financial performance		
Income for the year [1]	**28,562,647**	14,012,179
Other comprehensive income	**-**	-
Total comprehensive income	**28,562,647**	14,012,179

1 The income mainly relates to the profit distribution received from the investment in Wolf Minerals LLP.

The Parent Entity has no contingent liabilities or guarantees outstanding at 30 June 2016 other than a $46,540 rental guarantee.

NOTE 31: DIVIDENDS

The Board of Directors have recommended that no dividend be paid. No dividends were paid during the year.

NOTE 32: CONTINGENT ASSETS AND LIABILITIES

As at reporting date the Group had no contingent assets or liabilities other than a rental guarantee of $46,540.

For the Financial Year Ended 30 June 2016

NOTE 33: EVENTS AFTER THE REPORTING DATE

On 29 July 2016, the Company announced as part of its quarterly report, a breach of a senior debt facility covenant relating to a requirement to maintain a minimum forward cash balance of £5 million. Following the breach, the Company entered into negotiations with its lenders and investors in order to provide additional funding support and relief from debt obligations to enable the completion of the ramp up at Drakelands and enable the Group to meet its short term working capital requirements.

On 30 September 2016, the Company's shares went into voluntary suspension on the ASX pending the finalisation of the annual financial statements upon successful completion of the negotiations.

On 24 October 2016, the Company announced that it had finalised agreements for a standstill and restructure of the senior debt facilities and additional funding support by way of a £20 million bridge loan facility. The bridge loan will mandatorily switch to a three year subordinated convertible loan, if certain conditions precedent are satisfied, or a three year subordinated loan. The standstill includes the waiver of all existing events of default on the senior debt facilities and grants relief from financial and other covenants during the standstill period. The restructure includes relief from principal debt repayments until 31 January 2018 under an extended repayment schedule.

No other matters or circumstances have arisen since the end of the financial period which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

NOTE 34: COMPANY DETAILS

The registered office and principal place of business address is:

Suite 25, Level 3,
22 Railway Road,
SUBIACO WA 6008

for Listed Public Companies

The following additional information is required by the Australian Securities Exchange Ltd in respect of listed public companies only.

SHAREHOLDINGS

a. Distribution of Shareholders

Category (size of holding)	Distribution of holders
1 – 1,000	80
1,001 – 5,000	242
5,001 – 10,000	181
10,001 – 100,000	411
100,001 – and over	86
	1,000

There are no shareholdings held in less than marketable parcels.

b. The Names of the Substantial Shareholders Listed in the Holding Company's Register as at 21 September 2016 are:

Shareholder	Number of Ordinary Shares
Resource Capital Fund V LP	609,863,714
TTI (NZ) Limited	260,677,375
Computershare Clearing	110,496,392
Traxys Projects LP	55,506,776

Note: Computershare Clearing is the nominee account for the depositary interests that are traded on the Alternative Investment Market of the London Stock Exchange.

c. Voting Rights

The voting rights attached to each class of equity security are as follows:

Ordinary shares

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

for Listed Public Companies (cont.)

d. 20 Largest Shareholders – Ordinary Shares

No.	Name	Number of Ordinary Fully Paid Shares Held	Percentage of Ordinary Fully Paid Shares Held
1.	Resource Cap Fund V LP	609,863,714	56.29%
2.	TTI (NZ) Limited	260,677,375	24.06%
3.	Computershare Clearing	110,496,392	10.20%
4.	Traxys Projects LP	55,506,776	5.12%
5.	J P Morgan Nom Aust Ltd	3,293,402	0.30%
6.	ABN Amro Clearing Sydney	2,274,421	0.21%
7.	Aaress PL	1,302,427	0.12%
8.	Pershing Aust Nom PL	1,297,072	0.12%
9.	Russell Ralph + Hynes A M	1,287,731	0.12%
10.	Spar Nom PL	1,155,000	0.11%
11.	CITICORP Nom PL	987,615	0.09%
12.	Aust Forestry Inv PL	947,833	0.09%
13.	Novacarta PL	910,298	0.08%
14.	Homewood Inv Ltd	767,040	0.07%
15.	HSBC Custody Nom Aust Ltd	758,846	0.07%
16.	Lewis Sharon	687,000	0.06%
17.	Harrison Jeff	570,067	0.05%
18.	Bond Street Custodian	563,825	0.05%
19.	Fleurbow PL	537,602	0.05%
20.	Spiller David	513,801	0.05%
		1,054,398,237	97.31%

1. The names of the joint company secretaries are Richard Lucas and Pauline Carr.

2. The address of the principal registered office in Australia is:

Level 3, 22 Railway Road, SUBIACO WA 6008
Telephone +61 (08) 6364 3776

3. Registers of securities are held at the following address in Western Australia is:

Security Transfer Registrars Pty Ltd
770 Canning Hwy, Applecross WA 6153

4. Stock Exchange Listings

Quotation has been granted for all the ordinary shares of the company on all Member Exchanges of the Australian Securities Exchange Limited and the Alternative Investment Market of the London Stock Exchange Limited.

5. Unquoted Securities

Ordinary Shares
– Nil.

Options over Unissued Shares
– A total of 4,254,953 unquoted rights are on issue. All of these are on issue to employees.

WOLF
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