ANNUAL REPORT 2018

CONSOLIDATED TIN MINES LTD

ABN 57 126 634 606

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Annual Report

For the Year Ended
30 June 2018

CONSOLIDATED TIN MINES LIMITED

ABN 57 126 634 606

CORPORATE DIRECTORY

Board of Directors

Mr Morris Iemma	Non-Executive Chairman
Mr Ralph De Lacey	Managing Director
Mr Ze Huang Cai (Martin)	Executive Director
Mr Yading Wan (Caden)	Non-Executive Director
Ms Teresa Dyson	Non-Executive Director

Company Secretary

Mr Ze Huang Cai (Martin)

Registered Office

395 Lake Street
Cairns North QLD 4870

Principal Administrative Office

395 Lake Street
Cairns North QLD 4870
Telephone: (07) 4032 3319
Fax: (07) 4027 9429

Auditors

KPMG
300 Barangaroo Avenue
Sydney, NSW 2000

Share Registry

Security Transfer Australia Pty Ltd
770 Canning Highway
Applecross, WA 6153
Telephone: +61 8 9315 2333
Fax: +61 8 9315 2233

Stock Exchange Listing

Australian Securities Exchange
Perth, Western Australia

Website Address

www.csdtin.com.au

ASX Codes

CSD – Ordinary Shares

CONTENTS

Corporate Governance

The Company has adopted the 3rd Edition of the ASX Corporate Governance Principles and Recommendations.

A summary statement of which has been approved by the Board together with current policies and charters is available on the Company Website: http://www.csdtin.com.au

LETTER FROM THE MANAGING DIRECTOR

Dear Shareholder,

It is my pleasure to present the Annual Report for Consolidated Tin Mines Limited (CSD or the Company) for the year ended 30 June 2018.

The year to 30 June 2018 has seen the Company progress substantially with a return to mining operations, significant exploration results and progression of the Company's activities in the Einasleigh region.

Mining operations recommenced at the Mount Garnet mine in July 2017, with the mining of remnant ore from the existing Mount Garnet underground mine in parallel with new development to the newly discovered Mount Garnet Deeps deposit located 70m south of the Mount Garnet mine. The Company commenced decline development from existing workings at the Mount Garnet underground mine to access the Mount Garnet Deeps deposit. The first extraction of ore from the Mount Garnet Deeps deposit commenced in December 2018.

At the Surveyor mine, the Dry River South (DRS) main decline was fully refurbished during the year with the first extraction of ore from the Dry River South deposit occurring in June 2018.

The Mount Garnet processing plant operated part-time during the year due to limited ore availability. Several campaigns of mineral processing were conducted during the year with concentrate exported overseas or processed at domestic smelters.

The Company conducted a significant amount of exploration activity during the year culminating in JORC resource updates for the Kaiser Bill and Chloe / Jackson deposits.

In the year ahead, the Company will be focussed on achieving steady state ore production from the Dry River South and Mount Garnet Deeps deposits.

The Company seeks to progress development of the Kaiser Bill deposit at Einasleigh by developing a mine plan, completion of feasibility studies and ore sorting trials, and progression of the Company's mining lease application. The Company is ambitiously targeting commencement of mining at Kaiser Bill in 2020.

The Company's shares remain suspended on the ASX pending satisfaction of the ASX's reinstatement conditions. The Company is in the process of finalising a Prospectus for the purpose of satisfying the ASX re-quotation conditions. The Company will keep shareholders informed of developments as CSD works towards the Company being re-instated to trading on ASX.

There have been several changes to the Board during the year and subsequent to 30 June 2018 with the resignations of Executive Co-Chairman Mr Kwok Ching Tsoi, Non-Executive Director Mr Sihe Tong and Alternate Non-Executive Director Ms Xiaoyan Tong. I would like to thank Alex Tsoi, Mr Tong and Ms Tong for their service, contribution and commitment to the Board during their time on the board.

Joining the Board are Mr Morris Iemma as Non-Executive Chairman, and Mr Yading (Caden) Wan and Ms Teresa Dyson as Non-Executive Directors.

Mr Iemma has a distinguished 17-year NSW political career, holding several key portfolios including Treasurer; Minister for State Development; Minister for Public Works; Minister for Health; Minister for Sport and Recreation; and Minister for Citizenship. Mr Iemma notably served as the NSW Premier from 2005-2008.

Mr Wan has a wealth of management and financial experience. He is the current CEO and Executive Director of leading publicly-listed property Company, Boyuan Holdings Limited (ASX: BHL).

Ms Dyson is a highly-experienced public company director with broad experience spanning the resources sector, financial and transport services and infrastructure projects. Ms Dyson is currently a Non-Executive Director at Seven West Media Limited (ASX:SWM), Power and Water Corporation, Genex Power Limited (ASX:GNX), Energy Super and Energy Queensland; Board Member of the National Housing Finance and Investment Corporation and the Foreign Investment Review Board (FIRB) and Member of the Takeovers Panel.

I welcome Mr Iemma, Mr Wan and Ms Dyson to the Board and look forward to working with them in the future.

I would like to thank all employees and contractors that worked with the Company during the financial year.

Finally, and most importantly, I would like to thank our loyal shareholders for their continued support.

Yours sincerely

Mr Ralph De Lacey
Managing Director

REVIEW OF OPERATIONS

The year has seen significant progress in the Company's return to being a base metals producer with the recommencement of mining operations at the Mount Garnet and Surveyor Mines and processing operations at the Mount Garnet processing plant.

Significant progress was made at the Dry River South mine located at the Surveyor Project, 150km south of Mount Garnet, in north Queensland. During the year, a cased dewatering bore was commissioned. This water bore was strategically located in the lower levels of the historic workings, to allow dewatering to occur from the bottom of the mine, rather than the traditional way of following the water down the decline. This bore worked with great success.

Access to the Dry River South portal was re-established and the Dry River South main decline was refurbished allowing commencement of mining from the upper levels of the Dry River South deposit.

Following on from the previous year's exploration activities, further drilling at Mount Garnet led to the definition of the Mount Garnet Deeps deposit. The Company commenced development of an additional decline from existing underground workings in late calendar year 2017. This will allow mining of the Mount Garnet Deeps deposit to provide additional ore to the Mount Garnet processing plant to supplement ore from Dry River South and provide sufficient ore to achieve stable processing plant production.

Refurbishment of the Mount Garnet processing plant was completed in July 2017 with concentrate production commencing 24 July 2017. During the period, 111,348 tonnes of ore was processed through the Mount Garnet processing plant over a series of processing campaigns.

Concentrate produced from the Mount Garnet processing plant during the year was exported overseas or sold and processed at smelters within Australia.

During the year, the Company continued its extensive exploration program at the Mount Garnet, Surveyor, Balcooma, Chloe, Jackson and Kaiser Bill deposits. This culminated in the release of JORC updates to the Chloe, Jackson and Kaiser Bill deposits, the defining of the Mount Garnet Deeps deposit and the development of a new decline at Mount Garnet to access additional ore. Furthermore, the Company is investigating the significant intersections from drilling at the Balcooma mine and will include this in the Company's ongoing assessment on the feasibility of reopening the Balcooma mine.

The Company acquired the Copperfield Lodge caravan park at Einasleigh in early 2018 and has transformed this into an exploration and project hub for the Company's ongoing activities. This acquisition significantly enhances the Company's ability to conduct further exploration work at the Company's multiple mining prospects in the Einasleigh region and will support the Company's development of the Kaiser Bill deposit to enable mining in 2020.

For the next year, the Company is focussed on establishing sufficient ore supply from the refurbished Dry River South mine and newly developed Mount Garnet Deeps mine to maintain continuous production at the Mount Garnet processing plant.

The Company will continue to progress development of the Kaiser Bill deposit at Einasleigh by developing a mine plan, completion of feasibility studies and ore sorting trials, and progression of the Company's mining lease application.

Exploration activities for the next year will be focussed on the Einasleigh Project and the Surveyor Project. The Company has established a 'discovery team' to explore the large area of highly prospective exploration tenure held by the Company. This discovery team is vested with the responsibility to successfully identify new targets, to be developed to 'drill-ready' stage. The Company will continue with drilling Einasleigh and Surveyor projects and developing and increasing value to the projects.

The Company will continue to keep the market informed on the progress of the projects.

ANNUAL MINERAL RESOURCES AND ORE RESERVES STATEMENT

Mount Garnet Tin Project

Mineral Resources

Table 1: Mount Garnet Tin Project – Sn, Fe and F grade tonnage summary, as at 30 June 2018

TIN (Sn)	Cut-off Sn_EQ %	Measured tonnes	Grade Sn%	Indicated tonnes	Grade Sn%	Inferred tonnes	Grade Sn%	Total tonnes	Grade Sn%
Gillian	0.20	1,200,000	0.86	1,160,000	0.74	180,000	0.53	**2,530,000**	**0.78**
Pinnacles	0.33	-	-	5,461,000	0.30	1,575,000	0.30	**7,035,000**	**0.30**
Deadmans Gully	0.18	-	-	444,000	0.34	-	-	**444,000**	**0.34**
Windermere	0.25	-	-	829,000	0.26	1,211,000	0.27	**2,040,000**	**0.27**
TOTAL		**1,200,000**	**0.86**	**7,894,000**	**0.36**	**2,966,000**	**0.30**	**12,049,000**	**0.40**

IRON (Fe)	Cut-off Sn_EQ %	Measured tonnes	Grade Fe%	Indicated tonnes	Grade Fe%	Inferred tonnes	Grade Fe%	Total tonnes	Grade Fe%
Gillian	0.20	1,200,000	34.20	1,160,000	32.50	180,000	25.20	**2,530,000**	**32.80**
Pinnacles	0.33	-	-	5,461,000	19.12	1,575,000	21.04	**7,035,000**	**19.55**
Deadmans Gully	0.18	-	-	444,000	26.70	-	-	**444,000**	**26.70**
Windermere	0.25	-		829,000	25.79	1,211,000	23.68	**2,040,000**	**24.54**
TOTAL		**1,200,000**	**34.20**	**7,894,000**	**22.21**	**2,966,000**	**22.37**	**12,049,000**	**23.44**

FLUORINE (F)	Cut-off Sn_EQ %	Measured tonnes	Grade F%	Indicated tonnes	Grade F%	Inferred tonnes	Grade F%	Total tonnes	Grade F%
Pinnacles	0.33	-	-	5,461,000	6.28	1,575,000	4.14	**7,035,000**	**5.80**
TOTAL		**-**	**-**	**5,461,000**	**6.28**	**1,575,000**	**4.14**	**7,035,000**	**5.80**

NB: Tonnes may not add up to totals due to rounding

Please refer to ASX release 25 June 2014.

Ore Reserves

There has been no Ore Reserve completed to date.

Competent Person Statement

The information in this Annual Mineral Resource and Ore Reserves Statement that relates to the Gillian Resource is based on, and fairly represents, information and supporting documentation dated June 2014 prepared by Mr Mark Drabble, a Competent Person who is a Member of the Australasian Institute of Mining and Metallurgy. Mr Drabble is a Principal Consultant Geologist of Optiro Pty Ltd and has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity currently being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Please refer to ASX release 25 June 2014.

The information in this Annual Mineral Resource and Ore Reserves Statement that relates to the Mount Garnet Tin Mineral Resource (excluding Gillian) is based on, and fairly represents, information dated August 2013 and September 2013 compiled by Mr Michael Andrew, a Competent Person who is a Member of the Australasian Institute of Mining and Metallurgy. Mr Andrew is a Principal of Optiro Pty Ltd and has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity currently being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Please refer to ASX release 26 June 2013.

ANNUAL MINERAL RESOURCES AND ORE RESERVES STATEMENT (cont.)

Base Metals Assets

Mineral Resources

Table 2: Copper Resources as at 30 June 2018

Deposit	Category	Type	Tonnes	Zn%	Pb%	Cu%	Au g/t	Ag g/t	Competent Person
Balcooma North	Indicated (JORC 2004)	Fresh	121,000	0.1	0.0	2.0	0.0	6	1
	Inferred (JORC 2004)	Fresh	12,000	0.2	0.1	2.3	0.0	11	1
Maitland	Indicated (JORC 2004)	Oxide + Fresh	1,450,000	0.0	0.0	1.5	0.0	0	2
	Inferred (JORC 2004)	Fresh	40,000	0.0	0.0	1.1	0.0	0	2
Einasleigh	Indicated (JORC 2004)	Fresh	500,000	0.0	0.0	4.0	0.2	18	3
	Inferred (JORC 2004)	Fresh	600,000	0.0	0.0	1.9	0.1	8	3
Kaiser Bill	Indicated (JORC 2012)	Fresh	14,380,000	0.0	0.0	0.8	0.1	5.4	4
	Inferred (JORC 2012)	Fresh	4,070,000	0.0	0.0	0.8	0.1	7.3	4
Total			21,173,000	0.0	0.0	1.0	0.1	5.8	

Table 3: Polymetallic Resources as at 30 June 2018

Deposit	Category	Type	Tonnes	Zn%	Pb%	Cu%	Au g/t	Ag g/t	Competent Person
New Surveyor East	Indicated (JORC 2004)	Oxide	179,000	0.0	6.4	0.1	1.2	93	2
Chloe/Jackson	Indicated (JORC 2012)	Fresh	4,017,000	4.1	1.6	0.2	0.0	39	5
	Inferred (JORC 2012)	Fresh	3,991,000	3.8	1.4	0.2	0.0	33	5
Railway Flat	Inferred (JORC 2004)	Fresh	900,000	3.4	0.9	0.2	0.0	16	3
Total			9,087,000	3.8	1.6	0.2	0.0	34.8	

Competent persons:

1 Kagara Limited ASX release 11 January 2012 (JORC Code 2004 Edition)*
2 Kagara Limited ASX release 21 September 2011 (JORC Code 2004 Edition)*
3 Kagara Limited ASX release 25 October 2011 (JORC Code 2004 Edition)*
4 I Taylor, see ASX release 26 July 2018
5 I Taylor, see ASX release 18 June 2018

* With respect to the resource statements for these projects the Group has relied on the veracity of the original resource statements. The original resource statements are available from the ASX platform. The Group confirms it is not aware of any material changes to the resource statements.

Following commencement of ore extraction from the Dry River South deposit in June 2018, the resource statement for the Dry River South deposit included in previous resource statements is no longer accurate.

An updated JORC resource for the Dry River South deposit has not been prepared and the Dry River South deposit has been excluded from this Annual Mineral Resources and Ore Reserves Statement.

Ore Reserves

There has been no Ore Reserve completed to date.

Competent Person Statement

The information in this Annual Report that relates to Kaiser Bill and Chloe / Jackson mineral resources is based on information compiled by Mr I. Taylor who is a Certified Professional by The Australasian Institute of Mining and Metallurgy and is employed by Mining Associates Pty Ltd. Mr Taylor has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'.

DIRECTORS' REPORT

The Directors present their report together with the consolidated financial statements of the Group comprising of the Company and its subsidiaries for the financial year ended 30 June 2018 and the auditor's report thereon.

Directors

The names and details of the Directors of the Company at any time during the financial year and until the date of this report are as follows. Directors were in office for the entire period unless otherwise stated.

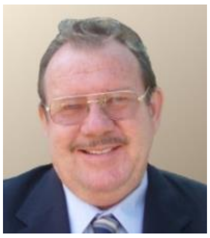
Morris Iemma
Non-Executive Chairman (appointed 29 August 2018)

Morris Iemma is a former Premier of NSW.

Mr Iemma has a distinguished 17-year NSW political career, holding several key portfolios including Treasurer; Minister for State Development; Minister for Public Works; Minister for Health; Minister for Sport and Recreation; and Minister for Citizenship. Mr Iemma notably served as the NSW Premier from 2005-2008.

Mr Iemma is currently Chairman of Greyhound Racing NSW; District Commissioner for the Greater Sydney Commission and sits on the Board of TAFE NSW and is Chairman of Miracle Babies Foundation and NSW Cancer Institute. He has previously served on the Boards of Beyond Blue, the Sydney Cricket Ground (SCG) Trust and as Chair of the South East Sydney Health District.

Ralph De Lacey
Managing Director



Mr De Lacey a founder of the Company, which was established as a focused tin exploration and development company, to progress large tin deposits located on the lower Herberton Tin Field, near Cairns, to production.

Mr De Lacey is an experienced, hands-on, mine manager and has extensive mining experience in north Queensland. He has managed successful large scale private mining operations and a number of successful mining and exploration projects throughout the region.

Mr De Lacey is a life member of the influential lobby group, North Queensland Miners Association Inc, having served 17 years as President. Mr De Lacey has not been a Director of any other listed company in the last 3 years.

Ze Huang (Martin) Cai
Executive Director, Chief Financial Officer and Company Secretary

Mr Ze Huang Cai is an experienced financial executive having co-founded and managed a number of companies in Australia and Hong Kong. Mr Cai has a Masters in Applied Finance from Macquarie University and a Bachelor of Science (Mathematics) from the Hua Qiao University, China.

Mr Cai has comprehensive experience in the financial sector having spent four years with the Construction Bank of China and more than three years with a commodity trading company. Most recently, Mr Cai has managed and advised several resource and trading companies including Shinewarm Resources. He was formerly an Executive Director and the Chief Financial Officer of Snow Peak Mining Pty Ltd from January 2013 to January 2015. Mr Cai has not been a Director of any other listed company in the last 3 years.

DIRECTORS' REPORT

Yading Wan (Caden)
Non-Executive Director (appointed 29 August 2018)

Mr Yading (Caden) Wan has over 25 years' experience working in property development in Australia and China.

Mr Wan has held numerous senior management roles within the property industry and is the CEO and Executive Director of leading publicly-listed property group, Boyuan Holdings Limited (ASX:BHL).

Mr Wan was the Chairman and CEO of Jiaxing Zhonghuan Properties Co. Ltd and the Chairman of the Australian Jiaxing Association Pty Ltd.

Teresa Dyson
Non-Executive Director (appointed 24 January 2019)

Ms Teresa Dyson is a highly-credentialed and well-respected company director with a broad range of experience spanning the resources sector; financial and transport services and infrastructure projects

Ms Dyson holds a law degree from the University of Queensland and a Master of Applied Finance from Macquarie University and was Queensland Woman Lawyer of the Year in 2011.

Ms Dyson is currently a Non-Executive Director at Seven West Media Limited (ASX:SWM), Power and Water Corporation, Genex Power Limited (ASX:GNX), Energy Super and Energy Queensland; Board Member of the National Housing Finance and Investment Corporation and the Foreign Investment Review Board (FIRB) and Member of the Takeovers Panel.

Former Directors

Kwok Ching Tsoi (Alex)
Joint Executive Chairman (resigned 29 August 2018)

Mr Tsoi was the Vice-President of Snow Peak Group. He oversaw the public relations of the group in addition to the management and oversight of the group's, international projects and investments. Mr Tsoi has been pivotal in the successful management and initiation of several large projects and the successful diversification of the group's investment strategy. Mr Tsoi is an IT and mathematical specialist who has extensive experience leading start-up projects in Fortune 500 companies. He has a vast network of international investment and financial contacts from Hong Kong, China and abroad. Mr Tsoi has not been a Director of any other listed company in the last 3 years.

SiHe Tong
Non-Executive Director (resigned 25 June 2018)

Mr Tong is a highly successful businessman in China and has a diverse range of interests which include real estate development, shopping mall management, banking and insurance. Mr Tong is a multiple recipient of 'The Elite Managing Director of Zhejiang Providence' award, which is awarded by the Chinese Local, State and Central government.

Mr Tong has been the Chairman and Managing Director of Snow Peak Group Limited since it was established in September 2007. Prior to that, he held Managing Director roles in various manufacturing industries, including the silk and paper industries. Mr Tong began real estate development in October 1993 and is a first-tier member of the China Real Estate Association and the Centre of Research of Private Economy in Zhejiang province.

Mr Tong holds a Master of Business Administration from Zhejiang University and gained the title of Senior Economist in China in 2000. Mr Tong has not been a Director of any other listed company in the last 3 years.

DIRECTORS' REPORT

Xiaoyan Tong (Seraphina)
Alternative Non-Executive Director for Mr SiHe Tong (ceased 25 June 2018)

Ms Tong is currently the head of Human Resources of Snow Peak Group. Ms Tong has extensive experience in human resource management and industrial relations. Ms Tong has proactively driven positive cultural change through leadership development and talent management. Ms Tong has not been a Director of any other listed company in the last 3 years.

Company Secretary

Ze Huang (Martin) Cai

Refer to Mr Cai's director biography for further detail on his experience and qualifications.

Directors' Interests

As at the date of this report the Directors' interests in shares and options of the Company are as follows:

Director	*Directors' Interests in Ordinary Shares*	*Directors' Interests in Options*
Morris Iemma	-	-
Ralph De Lacey [1]	46,703,727	-
Ze Huang (Martin) Cai [1]	42,630,326	-
Yading (Caden) Wan [2]	281,827,775	-
Teresa Dyson	-	-

[1] Interest partly held through director's association with Snow Peak Mining Pty Ltd
[2] Interest held through director's association with Cyan Stone Pty Ltd

Directors' Meetings

The number of meetings of the Company's Directors held during the year ended 30 June 2018, whilst each Director was in office, and the numbers of meetings attended by each Director were:

Director	*Board of Directors' Meetings*	
	Eligible to Attend	*Attended*
Ralph De Lacey	12	12
Si He Tong [1]	12	0
Ze Huang (Martin) Cai	12	12
Kwok Ching Tsoi (Alex)[2]	12	12
Xiaoyan Tong (Seraphina) – Alternate [3]	12	0

[1] Resigned as a director 25 June 2018
[2] Resigned as a director 29 August 2018
[3] Ceased as a director 25 June 2018

Principal Activities

The Company's principal activities during the year consisted of the recommencement of mining at the Mount Garnet mine in July 2017, refurbishment of the main decline at the Dry River South mine and commencement of mining in June 2018 and the restart of the Mount Garnet processing plant in July 2017 as well as zinc and copper exploration and development in north Queensland.

Dividends

No dividend has been paid since the end of the previous financial year and no dividend is recommended for the current year.

DIRECTORS' REPORT

Review of Operations

Restart of Operations

Following execution of the Deed of Company Arrangement (DOCA) on 8 December 2016 and receipt of funding from Cyan Stone Pty Ltd (Cyan), the Company set about restarting the Mount Garnet and Surveyor mines and the Mount Garnet processing plant.

The Mount Garnet mine and processing plant restart was completed early July 2017 with mining commencing 5 July and processing of ore for production of concentrate commencing 24 July 2017. The Dry River South mine (DRS) at Surveyor was dewatered and access to the decline portal was re-established late calendar year 2017. Refurbishment of the DRS decline reached the upper level ore in April 2018 with first ore trucked to the Mount Garnet processing plant in June 2018. Refurbishment of the DRS decline to lower levels is continuing in conjunction with mining operations at the upper levels.

EGM

The Company issued a Notice of Meeting (NOM) on 28 March 2018 under which shareholder approval was sought to approve the debt to equity conversion of related party debts proposed in the Deed of Company Arrangement (DOCA), the Cyan subscription agreement, consolidation of the Company's shares and additional capital raisings under a private placement and public offer, please refer to ASX release 28 March 2018.

Shareholders approved all resolutions in the NOM at an Extraordinary General Meeting (EGM) held in Cairns, QLD on 30 April 2018.

Changes in Capital

Consolidation of Shares

The Company completed a 10-to-1 consolidation of its shares on 7 May 2018, with fractions rounded up. The Company had 889,970,521 ordinary shares on issue pre-consolidation and 88,997,142 ordinary shares on issue post-consolidation.

Shares Issued

On 14 May 2018, the Company issued 145,605,096 ordinary shares in repayment of $34,630,653 of related party debts. The Company has conducted an analysis of the fair value of the shares issued as at 14 May 2018. The preferred fair value per share was determined to be $0.2513, leading to a loss on debt conversion of $1,959,907 as the fair value of the equity issued was greater than the value of the debt extinguished. Please refer to Note 20 for more detail.

On 14 May 2018, the Company issued a further 270,000,000 shares to Cyan at $0.12615 per share and an option to subscribe to a further 19,817,678 shares at $0.12615 per share in accordance with the Cyan subscription agreement. Cyan had previously prepaid amounts to the Company of $36,560,500.

As at 30 June 2018, the option had not been exercised by Cyan. Subsequent to year-end, Cyan exercised the option in July 2018, a further 19,817,678 shares were issued to Cyan at $0.12615 per share. This was offset against the remaining $2,500,000 already prepaid by Cyan, included in the $36,560,500 noted above. Refer to Note 17 for additional information.

Pursuant to the private placement approved by shareholders at the EGM, the Company issued a further 2,799,480 ordinary shares at $0.60 per share by 30 June 2018 to raise $1,679,688. The private placement was completed by 30 July 2018, in total, 19,998,312 ordinary shares were issued at $0.60 per share under the private placement raising $11,998,987.

Change of Control

The issue of shares to Cyan together with the additional share purchases by Cyan approved under the EGM increased Cyan's shareholding in the Company to 54.67% as at 30 June 2018. At the date of this report, Cyan's shareholding is 51.75% reflecting additional shares issued to Cyan as a result of Cyan's exercise of their option, additional shares issued under the private placement and off-market transfers.

Cyan's shareholding provides it with a majority controlling interest in the Company. The change of control occurred on 14 May 2018 upon the issuance of shares.

DIRECTORS' REPORT

Loans and borrowings no longer on balance sheet

As a result of the issue of shares to related party creditors and Cyan, $68,691,153 of liabilities previously on the Company's balance sheet as at 14 May 2018 and $61,344,397 as at 30 June 2017 has been extinguished and converted to equity. A breakdown is provided below.

i. $10,750,000 being amounts owed to Snow Peak Global Company Limited;
ii. $17,788,142 being amounts owed to Snow Peak Mining Pty Ltd;
iii. $4,323,396 being amounts owed to Snow Peak International Investment Limited;
iv. $1,769,115 being amounts owed to the Directors and the Directors' associates, and
v. $34,060,500 being the stated value of the 270,000,000 shares issued to Cyan and offset against the prepaid amounts. No loss on conversion occurs as shares are being converted for prepaid capital contributions and the Company has elected to treat the conversion by analogy to the conversion for compound instruments at maturity. As noted above, a further $2,500,000 has been offset post balance date upon exercise of the option by Cyan and the issuance of a further 19,817,678 shares at $0.12615 per share.

Funding Arrangements

Cyan Stone Pty Ltd

The Company entered into two separate loan facilities with Cyan during the reporting period whereby individual drawdowns are separately agreed and is repayable at the end of the term:

i. $10m commencing September 2017 for a 3 year period at an interest rate of 6% p.a. ($10m drawn down and accrued interest of $409,984 at balance date; and
ii. $30m commencing November 2017 for a 3 year period at an interest rate of 6% p.a. ($21.26m drawn down and accrued interest of $434,643 at balance date).

The total amount owing to Cyan as at 30 June 2018 in respect of these loan facilities is $32,104,627 being $31,260,000 drawn down and accrued interest of $844,627.

These loans are secured by a floating charge over all of the Group's assets. Refer to Note 1C "Going concern basis for preparation of financial statements" of the accompanying audited financial statements for drawn down balance at time of signing this report.

Should the right opportunity arise, the Company may raise additional capital utilising the Company's 15% placement capacity under ASX listing rule 7.1.

Exploration Activities

Funding from Cyan allowed commencement of a drilling program in January 2017 with the aim of identifying additional base metal resources to provide feed to the Mount Garnet processing plant. This program includes:

- Stage 1, 2 and 3 drilling of the Mount Garnet Deeps deposit, which is now complete and confirmed the existence of a continuous mineralised shoot at depth parallel to the original Mount Garnet resource. The Company commenced development of an additional decline from existing underground workings in late 2017 to enable mining of the Mount Garnet Deeps deposit.
- Several drilling programs were completed at:
  - the Chloe/ Jackson deposit and Kaiser Bill deposit near Einasleigh. Updated JORC Resources based on historic drilling and drilling completed during the year have been announced for each of these prospects. Additional in-fill drilling has been completed at the Kaiser Bill deposit.
  - the Balcooma deposit.
  - the Dry River South deposit.

The following tenements expired during the year ended 30 June 2018 and were not renewed:

EPM 18806	Mount Garnet
EPM 19323	Kangaroo Creek
MLA 20007	Mount Garnet

The Company completed due diligence on the Muldiva Prospect during the September 2017 quarter though decided not to proceed with this mineral right acquisition.

DIRECTORS' REPORT

Financial Results

The net loss after income tax for the financial year was $38,496,196 (2017: $9,916,947).

The loss for the year reflects costs associated with recommencement of mining activities at the Mount Garnet and Surveyor mines, care and maintenance costs during periods on shutdown at the Mount Garnet processing plant and costs for exploration and mine refurbishment not capitalised under the Group's accounting policies.

The loss is net of:

- a loss on conversion of debt of $1,959,907, representing the net difference between the fair value of shares issued for the conversion of related party debts pursuant to the terms of the DOCA;
- capitalised exploration costs written off of $1,665,246 on tenements and projects that have been relinquished;
- amortisation of $604,385 relating to depletion of mining tenements from mining activities at the Mount Garnet and Dry River South mines,
- exploration expenditure incurred and not capitalised of $4,193,353, and
- depreciation of $6,536,884 on property plant and equipment, of which $5,881,046 relates to the Mount Garnet processing plant.

Financial Position

At the end of the financial year the Group had net assets of $39,087,102 (2017: $5,252,548), including $345,006 (2017: $779,143) in cash and at call deposits, exploration and evaluation assets of $40,557,887 (2017: $45,448,509) and operating mining assets of $19,227,726 (2017: $3,993,464).

Legal Matters

Baal Gammon

The Department of Environment and Heritage Protection (DEHP) has issued a clean-up notice to Baal Gammon Copper Pty Ltd (BGC), Snow Peak Mining Pty Ltd (SPM) and the Company. In the Directors' view, the Company is in compliance with the Clean-Up Notice.

The Company, the Company's wholly owned subsidiary Colinacobre Pty Ltd (Colinacobre) and SPM entered into an agreement with BGC in January 2017 whereby CSD, Colinacobre and SPM agreed to relinquish their rights under a Mineral Rights Agreement, and BGC agreed to assume responsibility and liability (including any environmental liabilities) for and in respect of the Baal Gammon Project. However, should BGC fail to perform its obligation, or be placed into insolvency, therere may be an attempt to involve the Group with respect to the environmental liability, the Group will defend any such attempt.

Transfer of Snow Peak Mining tenements

Tenement transfers from SPM have been delayed with the Group currently waiting on the release of documents from the Office of State Revenue. Whilst SPM remain the current holder of the legal title to the tenements, the Company has full beneficial ownership and control over the tenements.

The Company has received legal advice regarding the transfer of the tenements in relation to partial payment of outstanding royalties and transfer duties to the Queensland Office of State Revenue under the DOCA and is in discussions with the Queensland Office of State Revenue to finalise the transfers.

Should a dispute arise with the Queensland Office of State Revenue, and should the Company's legal position not be upheld in any subsequent court ruling, the Company may be required to pay additional amounts to the Queensland Office of State Revenue to finalise the transfer of the tenements from SPM to the Group.

At the date of this report, no formal dispute has been lodged and no court proceedings have commenced.

Options Over Unissued Shares

An option to subscribe to 19,817,678 shares at $0.12615 per share was issued to Cyan during the current financial year and the option was not exercised during the year. The option had an expiry of 31 July 2018 and Cyan was able to exercise the option at any time prior to this date. No options were issued or exercised during the previous financial year.

DIRECTORS' REPORT

The Cyan option was subsequently exercised in July 2018, with 19,817,678 shares at $0.12615 per share issued to Cyan. This was offset against the remaining $2,500,000 already prepaid by Cyan. Refer to Note 17 for additional information. Had Cyan not exercised the option, the 19,817,678 shares would not have been issued to Cyan and the Company would be liable to repay the $2,500,000 prepaid by Cyan.

As at the date of this report, there are no unissued ordinary shares of the Company under option (2017: nil).

Distribution by Administrator

A first and final dividend from the creditors trust, operated by Blair Pleash and Kathleen Vouris (the Administrators) as trustees, was declared on 22 January 2018.

Upon effectuation of the DOCA in January 2017, the Company's unrelated and unsecured creditors as at 19 July 2016 (being the date the Company entered into voluntary administration) were transferred to the creditors trust together with $10 million of the prepayment of subscription funds provided by Cyan.

The Company recorded a gain of $13,104,557 in relation to this transaction in the Company's 2017 financial statements.

Matters Subsequent to the End of the Financial Year

Operations

Mining at the DRS mine is continuing with ore extraction increasing progressively. Development of the additional Mount Garnet Deeps decline is progressing with first extraction of ore occurring in December 2018.

Processing operations at the Mount Garnet processing plant continue with discrete campaigns of increasing duration.

Following the commencement of ore extraction from the Mount Garnet Deeps deposit, the Company expects to achieve steady state production with continuous mining and processing in mid 2019.

Exploration is continuing with drilling programs undertaken at Kaiser Bill, Surveyor and Mount Garnet.

Private Placement Completed

The private placement approved by shareholders at the EGM referred to in the Changes in Capital section above was completed by 30 July 2018 with an additional 17,198,832 ordinary shares issued after 30 June 2018, raising $10,319,299. In total, 19,998,312 ordinary shares were issued under this private placement raising $11,998,987.

The Company conducted a further placement of 200,000 shares in September 2018 utilising the Company's existing placement capacity under ASX listing rule 7.1. The shares were issued at $0.60 per share raising $120,000.

Loans and Borrowings

The loan of $250,000 provided by Ralph De Lacey was repaid in July 2018 and the loan facility terminated. Ralph De Lacey provided the Company with another loan facility of $400,000 in August 2018, this loan facility accrues interest at 0.4% per month and has a term of 3 months. At the date of this report, $357,100 has been drawn down under this loan facility and this amount is due and payable at call.

The Company has drawn down an additional $8,545,000 from the Operating Loan provided by Cyan between 30 June 2018 and the date of this report, please refer to Note 1C "Going concern basis for preparation of financial statements" for drawn down balance at time of signing this report. The Cyan loans are secured by a floating charge over all of the Group's assets.

The Company and Cyan extended the term of Operating Loan by 1 year and increased the loan facility by $5 million, from $25 million to $30 million in January 2019.

In July 2018, Cyan exercised its option to subscribe to 19,817,678 ordinary shares at 12.615 cents per share and this was offset against previous prepayments made by Cyan, please refer to Note 17(i).

DIRECTORS' REPORT

Additional Placement Executed

The Company executed a subscription agreement with Wealth Pointer Global Limited in March 2019. Under the subscription agreement, Wealth Pointer Global Limited will be issued with 34,710,743 fully paid ordinary shares at $0.605 per share to raise $21 million.

The subscription agreement is subject to conditions, including completion of due diligence by Wealth Pointer Global Limited and execution of a loan conversion agreement between Cyan and the Company in relation to the Cyan loans set out above.

Other than the information provided above, there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Group, to affect substantially the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent financial years.

Likely Developments and Expected Results of Operations

The Company is continuing to develop a long-term plan to maximise the value of its projects and, with this in mind, is:

- Carrying out feasibility studies for the establishment of:
  - a new copper mining project at the Kaiser Bill deposit to provide additional ore to the Mount Garnet processing plant; and
  - a tin mining project at Mount Garnet with 500ktpa ore throughput.
- Developing and operating current projects, including:
  - Completion of mining of existing Mount Garnet mineralisation;
  - Completing the development of Mount Garnet Deeps; and
  - Continuing refurbishment and mining of Dry River South;
- Optimising the Mount Garnet polymetallic circuit to maximise production at approximately 600,000 tonnes per annum (approximately 70 tonnes per hour).

Environmental Regulation and Performance

The Group holds various exploration licences that regulate its exploration activities in Australia. These licences include conditions and regulations with respect to the rehabilitation of areas disturbed during the course of the Group's exploration activities.

The Department of Environment and Heritage Protection (DEHP) has issued a clean-up notice to Baal Gammon Copper Pty Ltd (BGC), Snow Peak Mining Pty Ltd and CSD. The three companies appealed the issuance of the original notice, and following mediation, have accepted an amended clean-up notice issued on 20 November 2015. In the Directors' view, the Company is in compliance with the requirements of the Clean-Up Notice. The Company entered into a settlement agreement with BGC (see Baal Gammon in Legal Matters for further detail). Under the terms of the settlement agreement, BGC assumes all of the Company's responsibility and obligations under the Clean-Up Notice.

Corporate Governance

The Group has adopted the 3rd edition of the ASX Corporate Governance Principles and Recommendations. A summary statement approved by the Board, together with current policies and charters, is available on the Company's website at www.csdtin.com.au.

DIRECTORS' REPORT

Remuneration Report (Audited)

The Directors of the Company present the Remuneration Report (Report) for the Company and its controlled entities (the Group) for the year ended 30 June 2018. This Report forms part of the Directors' Report and has been audited in accordance with section 300A of the Corporations Act 2001. The Report details the remuneration arrangements for key management personnel (KMP) of the Group.

a) Remuneration Policy

Remuneration levels are competitively set to attract and retain appropriately qualified and experienced Directors and Senior Executives. The Board assesses the appropriateness of remuneration packages, given trends in comparative companies both locally and internationally. Remuneration packages comprise fixed remuneration and may include bonuses, performance rights or equity based remuneration entirely at the discretion of the Board based on the performance of the individual.

The Group had entered into agreements with the previous Joint Executive Chairs and the Finance Director which includes performance based components. The Board considers that the performance of Directors at the current stage of the Group's development is measurable by physical results of exploration and the performance of the Group at its feasibility or development stage and the focus has been to secure the services of Directors at this stage. As noted in section (c) below, no performance based remuneration was paid.

b) Key Management Personnel

The following Directors and Senior Executives were Key Management Personnel (KMP) of the Company during the financial year:

Name	Position	Term as KMP
Non-executive directors		
SiHe Tong	Non-executive director	Up to 25 June 2018
Xiaoyan (Seraphina) Tong	Alternate to Mr S Tong	Up to 25 June 2018
Executive directors		
Ralph De Lacey	Joint Executive Chairperson and Managing Director	Full financial year
Kwok Ching (Alex) Tsoi	Joint Executive Chairperson	Full financial year
Ze Huang (Martin) Cai	Finance Director and Chief Financial Officer	Full financial year

There were no other persons having the authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, during the financial year. Other than the appointments of Mr Iemma, Mr Wan and Ms Dyson, there were no changes of Key Management Personnel between the reporting date and the date the financial report was authorised for issue.

DIRECTORS' REPORT

c) *Details of Remuneration for Directors and Executive Officers*

During the year there were no other Senior Executives, other than as stated below, which were employed by the Company or Group for whom disclosure is required. Details of the remuneration, both paid and payable, for each Director and identified KMP, are as follows:

Directors	Year	*Short Term*		*Other Long Term* (iii) $	*Post Employment*	*Share Based Payments*	
		Salary and fees $	*Short term incentives* $		*Super-annuation Contributions* $	*Value of Options* $	*Total* $
R De Lacey	**2018**	**322,807**	**-**	**34,344**	**45,193**	**-**	**402,344**
	2017(iv)	322,203	-	34,344	44,533	-	401,080
S H Tong (i)	**2018**	**-**	**-**	**-**	**-**	**-**	**-**
	2017	-	-	-	-	-	-
Z H Cai	**2018**	**312,225**	**-**	**31,514**	**29,661**	**-**	**373,400**
	2017(iv)	312,210	-	31,514	29,814	-	373,538
X Tong (Alternate)(i)	**2018**	**35,000**	**-**	**-**	**3,325**	**-**	**38,325**
	2017(iv)	35,000	-	-	3,325	-	38,325
K C Tsoi	**2018**	**164,257**	**-**	**16,707**	**15,604**	**-**	**196,568**
	2017(iv)	165,775	-	16,707	15,830	-	198,312
D Harris (ii)	**2018**	**-**	**-**	**-**	**-**	**-**	**-**
	2017	1,041	-	-	109	-	1,150
Total Directors	**2018**	**834,289**	**-**	**82,565**	**93,783**	**-**	**1,010,637**
	2017	836,229	-	82,565	93,611	-	1,012,405

i. Xiaoyan Tong is the Alternate Director of S H Tong.
ii. D Harris resigned as Non-executive Director effective 13 July 2016.
iii. In accordance with AASB 119 Employee Benefits, annual leave is classified as another long-term employee benefit. Other long term benefits also include Long Service Leave accrued.
iv. During the period the Company was in Voluntary Administration (19 July 2016 to 8 December 2016) Messrs De Lacey, Cai and Tsoi were paid a portion of their salary and entitlements with the remainder accrued. Xiaoyan Tong was not paid a salary or entitlements during the year with the unpaid amounts accrued, upon Ms Tong's resignation as Alternate Director in June 2018, Ms Tong relinquished the amounts accrued to her. The total accrued as at year end is $nil (2017: $289,788). The amounts accrued were included in the remuneration report for 2017 and were repaid as part of the shares issued for debt.

Details of options and other performance based remuneration:

No KMPs have received performance based remuneration during this or the previous financial year.

Performance Based Remuneration

Short Term Incentives - Cash bonuses
No cash bonuses have been paid to KMPs during this or the previous financial year.

Long Term Incentives - Equity based remuneration
No equity based remuneration has been provided to KMPs during the financial year.

DIRECTORS' REPORT

d) Service Agreements

The following service agreements exist with Key Management Personnel:

Ralph De Lacey – Managing Director (formerly Joint Executive Chairman)

An employment agreement is in place with Ralph De Lacey commencing 24 February 2016. The Group will pay Mr De Lacey for his services a salary of $368,000 per year (inclusive of superannuation) paid on a monthly basis, on a Total Employment Cost basis. Any additional hours of service other than those proposed in the service agreement will be payable at Mr De Lacey's pro-rata hourly rate. The Short-Term Incentive (STI) component will be between 0 - 50% of Total Employment Cost, with an award equivalent of 25% "at target" performance. The actual entitlements will be determined according to performance against a combination of personal and business KPI's. The STI is paid annually in April each year.

Total Employment Cost (TEC)	$ 368,000
Short Term Incentive (STI) at target	$ 92,000
Total Remuneration Package	$ 460,000

Mr De Lacey's salary will be reviewed by the Group in May each year in accordance with the policy of the Company for the review of salaries. Changes of TEC, if any, will take into account personal and business performance and status.

In addition to the review, the Group may at any time during the term pay to Mr De Lacey a performance-based bonus over and above the Salary. In determining the extent of any Performance Based Bonus, the Group shall take into consideration the key performance indicators of Mr De Lacey and the Group, as the Group may set from time to time, and any other matter that it deems appropriate. No short term incentive was paid during this financial year.

The Company may terminate the contract subject to a 12 month notice period.

Kwok Ching (Alex) Tsoi – Joint Executive Chairman (resigned 29 August 2018)

An employment agreement is in place with Alex Tsoi commencing 13 January 2015, for the provision of his services as Joint Executive Chairman. The Company will pay Mr Tsoi for his services a fixed salary of $181,500 per year (inclusive of superannuation) paid on a monthly basis, on a Total Employment Cost basis. The Short-Term Incentive (STI) component will be between 0 - 50% of Total Employment Cost, with an award equivalent of 25% "at target" performance. The actual entitlements will be determined according to performance against a combination of personal and business KPI's. The STI is paid annually in April each year.

Total Employment Cost (TEC)	$ 181,500
Short Term Incentive (STI) "at Target"	$ 45,375
Total Remuneration Package	$ 226,875

Mr Tsoi's salary will be reviewed by the Company in May each year in accordance with the policy of the Company for the review of salaries. Changes of TEC, if any, will take into account personal and business performance and status.

In addition to the review, the Company may at any time during the term pay to Mr Tsoi a performance-based bonus over and above the Salary. In determining the extent of any Performance Based Bonus, the Company shall take into consideration the key performance indications of Mr Tsoi and the Company, as the Company may set from time to time, and any other matter that it deems appropriate. No short term incentive was paid during this financial year.

The Company may terminate the contract subject to a 12 month notice period.

DIRECTORS' REPORT

Ze Huang (Martin) Cai – Finance Director and Chief Financial Officer

An employment agreement with Martin Cai commencing 13 January 2015, for the provision of his services as Finance Director and Chief Financial Officer. The Group will pay Mr Cai for his services a fixed salary of $345,000 per year (inclusive of superannuation) paid on a monthly basis, on a Total Employment Cost basis. The Short-Term Incentive (STI) component will be between 0 - 50% of Total Employment Cost, with an award equivalent of 25% "at target" performance. The actual entitlements will be determined according to performance against a combination of personal and business KPI's. The STI is paid annually in April each year.

Total Employment Cost (TEC)	$ 345,000
Short Term Incentive (STI) "at Target"	$ 66,250
Total Remuneration Package	$ 411,250

Mr Cai's salary will be reviewed by the Group in May each year in accordance with the policy of the Group for the review of salaries. Changes of TEC, if any, will take into account personal and business performance and status.

In addition to the review, the Group may at any time during the term pay to Mr Cai a performance-based bonus over and above the Salary. In determining the extent of any Performance Based Bonus, the Group shall take into consideration the key performance indications of Mr Cai and the Group, as the Group may set from time to time, and any other matter that it deems appropriate. No short term incentive was paid during this financial year.

The Company may terminate the contract subject to a 12-month notice period.

e) Equity Based Remuneration - Options

No options were granted as equity based remuneration during the current or previous financial years.

There were no options previously issued to Directors or Senior Executives for remuneration being exercised during the reporting period.

f) Equity instrument disclosures relating to Key Management Personnel

Option holdings

Key Management Personnel held no options over ordinary shares in the Company during the financial year. Please refer to the 'Options Over Unissued Shares' section above and Note 22 for details of other options outstanding at the end of the reporting period.

Shareholdings

The number of shares in the Company held during the financial year by each Director of the Company and other Key Management Personnel of the Company, including their personally related parties, are set out below. There were no shares granted during the year as compensation.

2018	Balance at start of the year (*post consolidated)	Received during the year on exercise of options	Other changes during the year	Balance at the end of the financial year
Directors				
R De Lacey	**62,867,606**	**-**	**95,669,910**	**158,537,516**
S H Tong	**67,370,000**	**-**	**102,608,146**	**169,978,146**
Z H Cai	**61,237,606**	**-**	**95,039,722**	**156,277,328**
K C Tsoi	**70,607,606**	**-**	**111,246,301**	**181,853,907**
X Tong	**-**	**-**	**12,836,655**	**12,836,655**

*The Company's issued ordinary shares were consolidated on 8 May 2018 on a 10-to-1 basis, with fractions rounded up. The consolidation occurred pursuant to shareholder approval granted at an Extraordinary General Meeting of shareholders held on 30 April 2018.

DIRECTORS' REPORT

Shareholding information for Key Management Personnel who were not Key Management Personnel for the whole year is only for that portion of the year during which they held a key management position. For the purpose of this table, shares held at appointment are assumed to have been held at 1 July and shares held at termination are assumed to be held at 30 June, with any acquisitions or disposals prior to appointment or after termination, not shown.

g) Loans made to Key Management Personnel

No loans were made to any Director or Key Management Personnel during the year.

h) Other transactions with Key Management Personnel and their related entities

During the year the Group incurred costs of $88,704 (2017: $88,704) from NQ Mining Enterprise Pty Ltd, a company associated with Mr Ralph De Lacey, for occupancy costs, the provision of technical assistance and mining consulting services. All services provided by NQ Mining Enterprise Pty Ltd were done so at an arm's length basis and on normal commercial terms. The Company issued 628,984 ordinary shares at $0.12615 per share to NQ Mining Enterprise Pty Ltd for conversion of DOCA related debt amounting to $79,346, the fair value of the shares issued was determined to be $158,064 (please refer to Note 20) leading to a loss on conversion of debt of $78,717. There is a balance of $14,784 owing to the director related entity as at 30 June 2018 (2017: $79,346).

During the year the Group incurred costs of $144,000 (2017: $144,000) from ARM (NQ) Pty Ltd, a company associated with Messrs De Lacey, Cai and Tsoi for rent on the Mount Garnet residential properties. All services provided by ARM (NQ) Pty Ltd were done so at an arm's length basis and on normal commercial terms. The Company issued 1,372,468 ordinary shares at $0.12615 per share to ARM (NQ) Pty Ltd for conversion of DOCA related debt amounting to $173,137, the fair value of the shares issued was determined to be $344,901 (please refer to Note 20) leading to a loss on conversion of debt of $171,764. There is a balance of $24,000 owing as at 30 June 2018 (2017: $173,137).

Workforce One Pty Ltd is a company associated with Messrs De Lacey, Cai and Tsoi. The Company issued 6,442,935 ordinary shares at $0.12615 per share to Workforce One Pty Ltd for conversion of DOCA related debt amounting to $812,776, the fair value of the shares issued was determined to be $1,619,110 (please refer to Note 20) leading to a loss on conversion of debt of $806,333. There is no balance owing at 30 June 2018 (2017: $812,776).

Snow Peak Mining Pty Ltd is a company associated with Messrs De Lacey, Cai, Tsoi and Tong. The Company issued 72,325,949 ordinary shares at $0.25 per share to Snow Peak Mining Pty Ltd for conversion of DOCA related debt amounting to $17,788,142, the fair value of the shares issued was determined to be $18,175,511 (please refer to Note 20) leading to a loss on conversion of debt of $387,369.

Snow Peak International Investment Limited is a company associated with Messrs Tsoi and Tong. The Company issued 17,293,586 ordinary shares at $0.25 per share to Snow Peak International Investment Limited for conversion of DOCA related debt amounting to $4,323,396, the fair value of the shares issued was determined to be $4,345,878 (please refer to Note 20) leading to a loss on conversion of debt of $22,482.

Snow Peak International Investment Limited deposited $250,000 in a trust account on the Company's behalf prior to the Company entering into voluntary administration in July 2016. Due to non-recovery of the deposited funds, the Company agreed to repay the funds deposited to SPII. There is a balance of $250,000 owing at 30 June 2018.

Snow Peak Global Company Limited is a company associated with Mr Tsoi. The Company issued 41,961,646 ordinary shares at $0.25 per share to Snow Peak Global Company Limited and its nominees for conversion of DOCA related debt amounting to $10,750,000, the fair value of the shares issued was determined to be $10,544,962 (please refer to Note 20) leading to a gain on conversion of debt of $205,039.

The Company issued 1,910,963 shares at $0.12615 per share to Mr De Lacey for conversion of DOCA related debt amounting to $241,067, the fair value of the shares issued was determined to be $480,225 (please refer to Note 20) leading to a loss on conversion of debt of $239,158. Mr De Lacey provided the Company with a loan facility of $250,000 in June 2018 with interest accruing monthly at 0.4% per month, the facility has a term of one month. The Company drew down the full amount in June 2018, the balance owing at 30 June 2018 is $250,000 (2017: nil) and the loan was repaid in July 2018.

DIRECTORS' REPORT

The Company issued 1,909,759 shares at $0.12615 per share to Mr Cai for conversion of DOCA related debt amounting to $240,916, the fair value of the shares issued was determined to be $479,922 (please refer to Note 20) leading to a loss on conversion of debt of $239,006.

The Company issued 822,752 shares at $0.12615 per share to Mr Tsoi for conversion of DOCA related debt amounting to $103,790, the fair value of the shares issued was determined to be $206,758 (please refer to Note 20) leading to a loss on conversion of debt of $102,968.

The Company issued 248,162 at $0.12615 per share shares to Ms Tong for conversion of DOCA related debt amounting to $31,306, the fair value of the shares issued was determined to be $62,363 (please refer to Note 20) leading to a loss on conversion of debt of $31,058.

There were no other transactions with key management personnel during the year.

i) *Additional Information*

Group performance

The table below shows the performance of the Group as measured by the movement in its share price and change in market capitalisation over the financial last five financial years.

The Group went into a voluntary trading halt on 27 June 2016 and has remained suspended from the ASX for the period from this date up to the date of this report. The share price used for the 2016, 2017 and 2018 financial years is the share price on 24 June 2016, this being the last day in which securities were traded.

	30 June 2018	**30 June 2017**	**30 June 2016**	**30 June 2015**	**30 June 2014 (Restated)**
A$ per share (*pre consolidation)	**Not applicable**	$0.025 (suspended)	$0.025 (suspended)	$0.06	$0.05
A$ per share (*post consolidation)	**$0.25 (suspended)**	$0.25 (suspended)	$0.25 (suspended)	$0.60	$0.50
A$ Market Capitalisation	**$126,850,430**	$22,249,263	$22,249,263	$17,345,772	$12,530,719
A$ Loss for year/period	**$(38,496,196)**	$(9,916,947)	$(14,753,742)	$(1,609,844)	$(1,399,343)

*The Company's issued ordinary shares were consolidated on 7 May 2018 on a 10-to-1 basis, with fractions rounded up. The consolidation occurred pursuant to shareholder approval granted at an Extraordinary General Meeting of shareholders held on 30 April 2018. Prior year share prices are shown at the original pre-consolidation share price and an adjusted post-consolidation share price taking into consideration the 10-to-1 consolidation.

There is no relationship between the Group's remuneration policy and the Company's share price performance.

End of Audited Remuneration Report

DIRECTORS' REPORT

Officers' and Auditors Indemnities and Insurance
During the year the Company paid an insurance premium to insure certain officers of the Company. The officers of the Company covered by the insurance policy include the Directors and the Company Secretary named in this report.

The Directors and Officers Liability insurance provides cover against all costs and expenses that may be incurred in defending civil or criminal proceedings that fall within the scope of the indemnity and that may be brought against the officers in their capacity as officers of the Company. The insurance policy does not contain details of the premium paid in respect of individual officers of the Company. Disclosure of the nature of the liability cover and the amount of the premium is subject to a confidentiality clause under the insurance policy.

The Company has not entered into any agreement to indemnify or insure any auditor of the Company.

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

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

Non-audit Services
KPMG has provided $20,500 of tax advisory services in addition to their statutory duties as financial statement auditor.

The Directors are satisfied that the provision of the above non-audit services during the year by the auditor is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The Directors are satisfied that the provision of those non-audit services during the year by the auditor did not compromise the auditor indepence requirements of the Corporations Act 2001 because:

- the Directors are not aware of any reason to question the auditor's independence declaration under section 307C of the Corporations Act 2001;
- the nature of the non-audit services provided is not inconsistent with the requirements of the Corporations Act 2001, and
- provision of the non-audit services is consistent with the processes in place for the Board to monitor the independence of the auditor.

Auditor's Independence Declaration
A copy of the Auditor's Independence Declaration as required under Section 307C of the Corporations Act is set out on Page 21.

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

Dated at Sydney this 15th day of May 2019.

Morris Iemma

Non-Executive Chairman

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of Consolidated Tin Mines Limited

I declare that, to the best of my knowledge and belief, in relation to the audit of Consolidated Tin Mines Limited for the financial year ended 30 June 2018 there have been:

i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

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

KPMG

KPMG

Daniel Camilleri
Partner

Sydney
15 May 2019

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the financial year ended 30 June 2018

	Note	Year Ended 30 June 2018 $	Year Ended 30 June 2017 $
Revenue		**9,788,497**	675,144
Cost of Sales	5(a)	**(15,840,665)**	(244,780)
Gross Profit/(Loss)		**(6,052,168)**	430,364
Mine and mill refurbishment	5(b)	**(10,386,491)**	(5,607,054)
Care and maintenance	5(c)	**(7,381,154)**	(6,952,773)
Occupancy		**(137,493)**	(275,457)
Administration	5(e)	**(4,158,783)**	(4,780,580)
Corporate and other	5(f)	**(1,279,836)**	(893,460)
Capitalised project costs written off	11	**-**	(1,258,478)
Exploration expenditure not capitalised	12	**(4,193,353)**	(1,349,127)
Impairment of exploration and evaluation assets	12	**(1,665,246)**	(864,600)
Impairment of mining tenements	13	**(379,448)**	-
Gain on transfer of payables to Creditors Trust	5(i)	**-**	13,104,557
Loss on conversion of debt to equity	5(j)	**(1,959,907)**	-
Other gains and losses	5(k)	**-**	193,550
Operating Loss		**(37,593,879)**	(8,253,058)
Net finance expense	5(h)	**(902,317)**	(1,663,889)
Loss before income tax		**(38,496,196)**	(9,916,947)
Income tax benefit	6	**-**	-
Loss for the year	24	**(38,496,196)**	(9,916,947)
Other comprehensive income		**-**	-
Total comprehensive income for the year attributable to owners of the Group		**(38,496,196)**	(9,916,947)

Earnings per share for loss attributable to the ordinary equity holders of the company	Note	Cents	Cents
Basic and diluted loss per share	33	**(26.76)**	**(11.1)**

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2018

	Note	As at 30 June 2018 $	As at 30 June 2017 $
ASSETS			
Current assets			
Cash and cash equivalents	7	**345,006**	779,143
Trade and other receivables	8	**928,682**	945,968
Inventories	9	**1,451,467**	184,755
Prepayments	10	**2,171,667**	674,927
Total current assets		**4,896,822**	2,584,793
Non-current assets			
Property, plant and equipment	11	**21,755,822**	24,469,434
Exploration and evaluation assets	12	**40,557,887**	45,448,509
Mining tenements	13	**19,227,726**	3,993,464
Bonds and deposits	14	**11,826,339**	11,690,443
Total non-current assets		**93,367,774**	85,601,850
Total assets		**98,264,596**	88,186,643
LIABILITIES			
Current liabilities			
Trade and other payables	15	**7,126,468**	13,944,998
Employee leave liabilities	16	**1,154,410**	667,960
Loans and borrowings	17	**7,435,228**	57,340,093
Total current liabilities		**15,716,106**	71,953,051
Non-current liabilities			
Loans and borrowings	18	**32,104,627**	-
Employee leave liabilities	16	**554,614**	236,923
Provisions	19	**10,802,147**	10,744,121
Total non-current liabilities		**43,461,388**	10,981,044
Total liabilities		**59,177,494**	82,934,095
Net assets		**39,087,102**	5,252,548
EQUITY			
Contributed equity	21	**108,079,800**	35,749,050
Accumulated losses	24	**(68,992,698)**	(30,496,502)
Reserves	24	**-**	-
Total equity		**39,087,102**	5,252,548

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 30 June 2018

	Contributed equity $	Accumulated losses $	Convertible notes reserve $	Total $
As at 1 July 2016	35,749,050	(21,642,012)	1,062,457	15,169,495
Total comprehensive income for the year:				
Loss for the year	-	(9,916,947)	-	(9,916,947)
Transfer of convertible note reserve	-	1,062,457	(1,062,457)	-
Other comprehensive income	-	-	-	-
Subtotal	35,749,050	(30,496,502)	-	5,252,548
Transactions with owners in their capacity as owners:				
Share issues	-	-	-	-
As at 30 June 2017	**35,749,050**	**(30,496,502)**	**-**	**5,252,548**
Total comprehensive income for the year:				
Loss for the year	**-**	**(38,496,196)**	**-**	**(38,496,196)**
Other comprehensive income	**-**	**-**	**-**	**-**
Subtotal	**35,749,050**	**(68,992,698)**	**-**	**(33,243,648)**
Transactions with owners in their capacity as owners:	**-**	**-**	**-**	**-**
Share issues	**72,330,750**	**-**	**-**	**72,330,750**
As at 30 June 2018	**108,079,800**	**(68,992,698)**	**-**	**39,087,102**

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 30 June 2018

	Note	Year Ended 30 June 2018 $	Year Ended 30 June 2017 $
Cash flows from operating activities			
Interest received		**5,451**	26,380
Interest paid		**(74,735)**	(21,938)
Receipts from customers		**9,211,610**	706,491
Payments to suppliers and employees		**(30,895,025)**	(11,550,064)
Payment to Creditors Trust	5(i)	**-**	(10,000,000)
Net cash used in operating activities	32	**(21,752,699)**	(20,839,131)
Cash flows from investing activities			
Payments for property, plant and equipment		**(3,810,768)**	(2,985,295)
Payments for mine development		**(8,757,696)**	-
Exploration and Feasibility expenditure		**(6,663,642)**	(3,621,416)
Disposal of Baal Gammon copper project	23	**(400,000)**	(1,400,000)
(Payments)/refund for security deposits		**(3,461,092)**	(1,243,638)
Net cash used in investing activities		**(23,093,198)**	(9,250,349)
Cash flows from financing activities			
Proceeds from Cyan Stone Pty Ltd		**41,106,756**	26,713,744
Proceeds from Private Placement		**1,679,688**	-
Proceeds from Ming Huang Trading Loan		**-**	2,723,913
Proceeds from other borrowings		**2,992,240**	671,998
Repayment of borrowings		**(1,366,924)**	(335,999)
Net cash from financing activities		**44,411,760**	29,773,656
Net decrease in cash and cash equivalents		**(434,137)**	(315,824)
Cash and cash equivalents at the beginning of the year		**779,143**	1,094,967
Cash and cash equivalents at the end of the financial year	7	**345,006**	779,143

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 30 June 2018

Note 1 Corporate information and summary of significant accounting policies

Consolidated Tin Mines Limited (the Company or the Parent) is a company limited by shares incorporated and domiciled in Australia whose shares are listed on the Australian Securities Exchange. These consolidated financial statements comprise the Company and its subsidiaries (together referred to as the Group).

The Group is a for-profit entity and is primarily involved in exploration and mining of mineral resources in Australia for processing and sale. The Company's registered office is at 395 Lake Street, Cairns, Australia.

The principal accounting policies adopted in the preparation of the financial statements are set out below. The Group has consistently applied the following accounting policies to all periods presented in these consolidated financial statements.

A. Basis of preparation

These general purpose consolidated financial statements have been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board (AASB), including Australian Accounting Interpretations and the Corporations Act 2001. They were authorised for issue by the Board of Directors on 15th May 2019.

The consolidated financial statements are presented in Australian dollars.

Statement of compliance

The consolidated financial statements comply with International Financial Reporting Standards (IFRS) adopted by the International Accounting Standards Board (IASB).

B. Basis of consolidation

The consolidated financial statements incorporate all of the assets, liabilities and results of the Company (or Parent) and all of its subsidiaries (together referred to as the Group). Subsidiaries are entities the Parent controls. The Parent controls an entity when it 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 over the entity. A list of subsidiaries is provided in Note 34.

The assets, liabilities and results of all subsidiaries are fully consolidated into the financial statements of the Group from the date on which control is obtained by the Group. The consolidation of a subsidiary is discontinued from the date that control ceases. Intercompany transaction, balances and unrealised gains or losses on transactions between Group entities are fully eliminated on consolidation.

Equity interests in a subsidiary not attributable, directly or indirectly, to the Group are presented as non-controlling interests (NCI). NCI are measured at their proportionate share of the acquiree's identifiable net assets at the date of acquisition. Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

The Group accounts for business combinations using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment.

C. Going concern basis for preparation of financial statements

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

At 30 June 2018, the Group had a cash balance of $345,006 (2017: $779,143), a working capital deficiency of $10,819,284 (2017: $69,368,257) and incurred net operating cash outflows for the year ended 30 June 2018 of $21,752,699 (2017: cash outflow of $20,839,131).

The ability of the Group to continue as a going concern is dependent on:

1. the successful achievement of the operations plans which are based on assumptions including commodity prices, foreign exchange rates and achieving production quantities in line with respective cost and timing assumptions;
2. receipt of additional debt funding from Cyan under the two facilities described below, up to $195,000 being the capacity remaining under the two facilities;
3. finalisation and receipt of equity funding of $21 million from Wealth Pointer Global Limited pursuant to the subscription agreement executed in March 2019, and

4. Ming Huang Trading Limited, Ralph De Lacey and Snow Peak International Investment Limited not calling upon their respective loans which are due and payable at call.

Should there be deficiencies in achieving any of the three matters above the Group will be required to enter into additional capital raising activities via a public offer under a prospectus and private placement (as currently proposed), or source additional financial support from Cyan in addition to the debt financing outlined in item 2 above.

There are significant uncertainties with respect to achieving a capital raising via private placements and the prospectus process.

The loan facilities provided by Cyan are not backed by any guarantees. There is a risk that the Group may be unable to draw down on the Cyan facilities as required.

Operations Plans

The Group has implemented an operations plan starting 1 November 2017 to recommence mining at the Mount Garnet, Surveyor and Maitland mines with processing of ore at the Mount Garnet Processing Plant. The operations plan is dependent upon the Group being able to sell product in line with assumptions used in the Group's economic forecasts, including commodity prices, production quantities, costs, production timing and foreign exchange rates, to support the Group's continued operations.

The Group reviews recent market movements and considers the opinions and forecasts of industry and finance professionals in determining the Group's economic forecasts. At present, the Group views that the best forecast is the prevailing market rate of the day. The Group periodically reviews our operations plans and cash flow forecasts by updating the economic variables to the prevailing rates for zinc, lead, copper and silver commodities.

The Group's operations model forecasts 404,400 tonnes to be mined at Mount Garnet and 437,500 tonnes to be mined at Surveyor from June 2018 through March 2020 with an average of 40,000 tonnes of ore being processed each month through to April 2020. Based on the assumptions above, the Group's operations model cash flow forecast to April 2020 provides a positive cash position at April 2020 and a positive working capital ratio.

The cash proceeds of $10,319,299 received after 30 June 2018 relating to the completion of the private placement as disclosed as a subsequent event have been used in the Group's operations plans.

Significant falls in commodity prices and/or increases in foreign exchange rates will have a material impact on the future cash flows of the Group.

The Group's operations plan is subject to inherent production risks relating to underground mining, transportation, weather and processing of mineral ore. Any delays in the timing as well as quantum of production may have a material impact on the Group's cash flows.

Should commodity prices fall, foreign exchange rates rise, costs increase, production delays arise or production quantities fall, the Company may experience a shortage of capital and may need to reduce expenditure on exploration, or seek additional debt or equity funding.

Cyan Stone Pty Ltd

Cyan has agreed to provide the Company with financing under two separate facilities:

- $10 million commencing September 2017 for a 3 year period at an interest rate of 6% p.a. ($10m drawn down as at the date of this report); and
- $30 million commencing November 2017 for a 3 year period at an interest rate of 6% p.a. ($29.805m drawn down as at the date of this report).

At 30 June 2018, the Cyan operating loan had not been extended to 3 years and was due to be repaid in November 2019. Following the extension of the loan term to 3 years in January 2019, the operating loan is now due to be repaid in November 2020.

The $30 million loan facility was increased from $20 million to $25 million in May 2018, and from $25 million to $30 million in January 2019.

These loans are secured by a floating charge over all of the Group's assets.

Wealth Pointer Global Limited Placement

The Company executed a subscription agreement with Wealth Pointer Global Limited in March 2019. Under the subscription agreement, Wealth Pointer Global Limited will be issued with 34,710,743 fully paid ordinary shares at $0.605 per share to raise $21 million.

The subscription agreement is subject to conditions, including completion of due diligence by Wealth Pointer Global Limited and execution of a loan conversion agreement between Cyan and the Company in relation to the Cyan loans set out above.

Loans repayable at call

The Ming Huang Trading Limited, Ralph De Lacey and Snow Peak International Investment Limited loans continue to be outstanding at the date of this report and are repayable at call.

Assumptions in respect of commodity prices, foreign exchange rates, production quantities, timing and cost, the provision of future funding via a public offer under a prospectus, a private placement or additional financial support by Cyan and continued funding support of Ming Huang Trading Limited, Ralph De Lacey and Snow Peak International Investment Limited represent material uncertainties that may cast significant doubt on the Group's ability to continue as a going concern.

As a result, should the Group be unable to continue as a going concern it may be required to realise its assets and discharge its liabilities other than in the normal course of business and at amounts different to those stated in the consolidated financial statements. The consolidated financial statements do not include any adjustments relating to the recoverability and classification of asset carrying amounts or the amount of liabilities that might result should the group be unable to continue as a going concern and meet its debt obligations as and when they fall due.

D. Historical cost convention

These financial statements have been prepared on a historical cost basis.

E. Critical accounting estimates and judgements

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

F. Segment reporting

Operating segments are identified and segment information disclosed, where appropriate, on the basis of internal reports reviewed by the Company's board of directors, being the Chief Operating Decision Maker, as defined by AASB 8.

G. Foreign currency translation

Functional and presentation currency

Both the functional and presentation currency of the Company and its Australian subsidiaries is Australian dollars ($A).

Transactions and balances

Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange at the reporting date.

All exchange differences in the consolidated financial report are taken to the profit or loss.

H. Revenue recognition

Revenue is recognised at the fair value of the consideration received or receivable to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

The Company has contracts for the sale of mineral concentrates in parcel sizes ranging from 500 wet metric tonnes (wmt) to 10,000 wmt. Final revenue determined for each sale is dependent upon the final assays received from internationally recognised third party laboratories and exchanged with buyers and final prices. Final prices are determined as the monthly average price of the relevant commodity over a quotational period. The quotational period is determined following delivery of a full parcel to port or domestic smelter and is typically the month following delivery or the third month following delivery of the parcel.

The Company has conducted an analysis of all unfinalised invoices as at 30 June 2018 under which revenue has been recognised during the reporting period and has adjusted recognised revenue to reflect the forward market price for the quotational period of unfinalized parcels.

Metal sales are recognised when the significant risks and rewards of ownership of the goods have passed to the buyer. Revenue is measured at the fair value of the consideration received or receivable, net of shipping costs and foreign exchange movements.

Management fees are recognised at the contractual rates as labour hours are delivered and direct expenses are incurred.

I. Interest income

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

J. Income tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to the temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

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 which are enacted or substantially enacted for each jurisdiction. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to those timing differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss. In addition, no deferred tax is recognised in respect of goodwill.

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

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

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

K. Leases

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

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, at the inception of the lease are transferred to the entity are classified as finance leases.

Finance leases are capitalised at inception of the lease at the fair value of the leased property or, if lower, the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are apportioned between the reduction in the lease liability and the finance charge, so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised as an expense in the profit and loss.

Capitalised leased assets are depreciated on a straight-line basis over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Company will obtain ownership of the asset by the end of the term.

Leases are classified as operating leases where substantially all the risks and benefits remain with the lessor. Payments in relation to operating leases are recognised as expenses in profit or loss on a straight-line basis over the lease term.

Lease incentives under operating leases are recognised in profit or loss as an integral part of the total lease expense.

L. Impairment of assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets and the asset's value in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash-generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses relating to continuing operations are recognised in profit or loss unless the asset is carried at re-valued amount (in which case the impairment loss is treated as a revaluation decrease).

An assessment is also made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at re-valued amount, in which case the reversal is treated as a revaluation increase. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

M. Cash and cash equivalents

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

N. Fair value estimation

A number of the Company's accounting policies and disclosures require the determination of fair value. Fair values have been determined for measurement and/or disclosure purposes based on the following methods:

- Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. It is based on the presumption that the transaction takes place either in the principal market for the asset or liability or, in the absence of a principal market, in the most advantageous market. The principal or most advantageous market must be accessible to, or by, the group.
- Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interest.
- The fair value measurement of a non-financial asset takes into account the market participant's ability to generate economic benefits by using the asset at its highest and best use or by selling it to another market participant that would use the asset at its highest and best use.
- In measuring fair value, the group uses valuation techniques that maximise the use of observable inputs and minimise the use of unobservable inputs.

O. Inventories

Finished goods

Finished goods are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. The cost of mining inventories is determined using a weighted average basis. Costs, including an appropriate portion of fixed and variable overhead expenses, are assigned to inventory on hand by the method most appropriate to each particular class of inventory.

Materials and Stores

Inventories of consumable supplies are valued at the lower of cost and net realisable value. Cost is assigned on a weighted average basis.

P. Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the assets.

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 Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

The asset's residual values and useful lives are reviewed, and adjusted if appropriate, at each balance date. Although the Company has plans to utilise the supergene copper circuit at the Mount Garnet plant in the future, the Company has reduced the expected useful life of the supergene copper circuit to 2 years from balance date. Depreciation of property, plant and equipment is calculated using the written down value method or straight-line method to allocate their cost, net of residual values, over their estimated useful lives, as follows:

Asset Class	Depreciation Rate
Mount Garnet Processing Plant	Straight line – estimated useful life for different components between 2 to 8.5 years
Buildings	5% straight line
Office equipment and fittings	20% written down value
Motor vehicles	25% written down value
Site equipment	20% written down value

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

An item of property, plant and equipment is derecognised on disposal or when no further future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of an asset (calculated as the difference between net disposal proceeds and the carrying amount of the asset) is included in profit and loss in the year the asset is derecognised.

Q. Mining tenements and mineral exploration and evaluation expenditure

Mining tenements and exploration and evaluation expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that rights of tenure to that area of interest are current and that the costs are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Balances classified as Mining Tenements represent the accumulated exploration and evaluation expenditure incurred in relation to areas of interest in which mining of a mineral resource is planned to or has commenced.

Accumulated expenditure in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon the area is made.

When production commences, the accumulated expenditure for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward expenditure in relation to that area of interest.

In respect of mining tenements, the asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (refer policy on impairment of assets above).

R. Trade and other payables

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

The amounts are unsecured and usually paid within 30 days of recognition.

S. Borrowings
Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

T. Employee benefits

Short-term employee benefit obligations
Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled wholly within 12 months after the end of the reporting period are recognised in other liabilities in respect of employees' services rendered up to the end of the reporting period and are measured at amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when leave is taken and measured at the actual rates paid or payable.

Other long-term employee benefit obligations
Liabilities for long service leave and annual leave that are not expected to be settled wholly within 12 months after the end of the reporting period. They are recognised as part of the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees to the end of the reporting period using the projected unit credit method. Consideration is given to expected future salaries and wages levels, experience of employee departures and periods of service. Expected future payments are discounted using corporate bond rates at the end of the reporting period with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Regardless of when settlement is expected to occur, liabilities for long service leave and annual leave are presented as current liabilities in the statement of financial position if the entity does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period.

U. Share based payments
Share based compensation payments are made available to Directors and employees.

The fair value of options granted is recognised as an employee benefit expense with a corresponding increase in equity. The fair value is measured at grant date and recognised over the period during which the employees become unconditionally entitled to the options.

The fair value at grant date is independently determined using an option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free rate for the term of the option.

The fair value of the options granted is adjusted to reflect market vesting conditions. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each balance date, the entity revises its estimate of the number of options that are expected to become exercisable. The employee benefit expense recognised each period takes into account the most recent estimate.

Upon the exercise of options, the balance of the share based payments reserve relating to those options is transferred to accumulated losses and the proceeds received, net of any directly attributable transaction costs, are credited to share capital.

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

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

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

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

For share-based payments to parties others than employees, the Company measures the value of the share based payment based on the fair value of the goods or services received, unless the fair value cannot be estimated reliably. When the Company cannot estimate reliably the fair value of the goods or services received, it measures their value and the corresponding increase in equity, indirectly, by reference to the fair value of the equity instruments granted.

V. Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

W. Earnings per share

Basic earnings per share

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

Diluted earnings per share

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

X. Goods and service tax (GST)

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

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

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the taxation authority, are presented as operating cash flows. Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

Y. Trade and other receivables

Trade and other receivables are recognised and carried at original invoice amount less any allowance for any uncollectible amounts. An allowance for a doubtful debt is made when there is objective evidence that the Company will not be able to collect the debt. Bad debts are written off when identified.

Z. Investments and other financial assets

Financial assets in the scope of AASB139 Financial Instruments: Recognition and Measurement are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale investments, as appropriate. When financial assets are recognised initially, they are measured at fair value, plus in the case of investments not at fair value through profit or loss, directly attributable transaction costs. The Company determines the classification of its financial assets after initial recognition and, when allowed and appropriate, re-evaluates this designation at each financial year-end.

All regular way purchases and sales of financial assets are recognised on the trade date, i.e. the date that the Company commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets under contracts that require delivery of the assets within the period established generally by regulation or convention in the marketplace.

Held-to-maturity investments
Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Company has the positive intention and ability to hold to maturity. Investments included to be held for an undefined period are not included in this classification.

Investments that are intended to be held-to-maturity, such as bonds, are subsequently measured at amortised cost. This cost is computed as the amount initially recognised minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initially recognised amount and the maturity amount. This calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums and discounts. For investments carried at amortised cost, gains and losses are recognised in profit or loss when the investments are derecognised or impaired, as well as through the amortisation process.

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

AA. Provisions
Provisions are recognised when the Company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefit will be required to settle the obligation and that a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a borrowing cost.

BB. Adoption of New and Revised Standards - Changes in accounting policies on initial application of accounting standards
In the year ended 30 June 2018, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Group's operations and effective for the current annual reporting period.

New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 July 2017 and have not been applied in preparing these financial statements. Those which may be relevant to the Group are set out below. The Group does not plan to adopt these standards early.

<u>AASB 9 Financial Instruments (2014)</u>

AASB 9 replaces the existing guidance in AASB 139 Financial Instruments: Recognition and Measurement. AASB 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from AASB 139.

AASB 9 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted.

The Group is progressing its assessment of the potential impact on its financial statements resulting from the application of AASB 9, however no material impact is expected.

<u>AASB 15 Revenue from Contracts with Customers</u>

AASB 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including AASB 118 Revenue, AASB 111 Construction Contracts and AASB Interpretation 13 Customer Loyalty Programmes.

AASB 15 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted. The Group is progressing its assessment the potential impact on its financial statements resulting from the application of AASB 15, however no material impact is expected.

<u>AASB 16 Leases</u>

AASB 16 removes the lease classification test for lessees and requires all the leases (including operating leases) to be brought onto the balance sheet. The definition of a lease is also amended and is now the new on/off balance sheet test for lessees.

AASB is effective for annual reporting periods beginning on or after 1 January 2019, with early adoption permitted where AASB 15 Revenue from Contracts with Customers is adopted at the same time.

The Group is assessing the potential impact on its financial statements resulting from the application of AASB 16.

Note 2 Financial risk management

The Group has exposure to a variety of risks arising from its use of financial instruments. This note presents information about the Group's exposure to the specific risks, and the policies and processes for measuring and managing those risks. The Board of Directors has the overall responsibility for the risk management framework and has adopted a Risk Management Policy.

a) 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 transactions with customers and investments. The Group's maximum exposure to credit risk is the carrying amount of relevant financial assets as recorded in the statement of financial position. The Group does not hold collateral.

i. Trade and other receivables
The Group has no investments. The receivables that the Group does experience through its normal course of business are short term and the risk of non-recovery of receivables is considered to be negligible.

ii. Cash deposits
The Group's primary banker is Bendigo Bank Limited. At balance date predominantly all operating accounts and funds held on deposit are with this bank. The Directors believe any risk associated with the use of only one bank is mitigated by their size and reputation. Except for this matter the Group currently has no significant concentrations of credit risk.

iii. Bonds and deposits
The Group has bonds on deposit with Queensland State Government departments in respect of environmental and other exploration and mining related requirements. The Group considers assets held under these bond arrangements to be exposed to minimal credit risk.

b) 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.

The Group currently has a working capital deficiency.

The Group will continue to manage its liquidity risk by monitoring its cash reserves and forecast spending. Management is cognisant of the future demands for liquid finance resources to finance the Group's current and future operations, and consideration is given to the liquid assets available to the Group before commitment is made to future expenditure or investment.

c) Market risk
Market risk is the risk that changes in market prices, such as foreign exchange rates, commodity prices, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising any return.

i. Interest rate risk
The Group has cash assets which may be susceptible to fluctuations in changes in interest rates. Whilst the Group requires the cash assets to be sufficiently liquid to cover any planned or unforeseen future expenditure, which prevents the cash assets being committed to long term fixed interest arrangements; the Group does mitigate potential interest rate risk by periodically entering into short to medium term fixed interest investments.

ii. Foreign exchange risk
The Group has metal sales contracts denominated in US dollars which will be susceptible to fluctuations in the US / AUD exchange rate.

d) Capital management
The Group considers its capital to comprise its ordinary share capital net of capital raising costs, equity compensation reserve and accumulated losses.

Note 2 Financial risk management (continued)

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board considers the balance between equity and borrowings before making funding decisions with the aim of maintaining a strong capital base. The Board of directors does not monitor the return on capital as in their opinion it does not reflect the measure of success of an exploring company. The Company does not plan to purchase its own shares on the market, pay or declare dividends to shareholders or make any other capital return, in its current phase.

The Company is not exposed to externally imposed capital requirements.

Note 3 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Group and that are believed to be reasonable under the circumstances.

a) Mining tenements and exploration and evaluation assets
The Group's accounting policy is stated at Note 1. A regular review is undertaken of each area of interest to determine the reasonableness of the continuing carrying forward of costs in relation to that area of interest. Please refer to Note 12 for additional information on the assessment of exploration and evaluation assets and Note 13 for additional information on the assessment of mining tenements.

b) Impairment of assets
The Group assesses each cash-generating unit at each period end, to determine whether there is an indication of impairment. Where an indicator of impairment exists, a formal estimate of the recoverable amount is made, which is deemed as being the higher of the fair value less costs of disposal and value in use calculated in accordance with the Group's accounting policy.

For details of impairment assessment of mining tenement assets for the current year, refer to Note 13.

c) Deferred tax assets
The Group does not recognise net deferred tax assets as it is improbable in the short to medium term that these assets will be realised.

d) Rehabilitation provision
The calculation of rehabilitation and closure provisions rely on estimates of costs required to rehabilitate and restore disturbed land to its original condition. These estimates are regularly reviewed and adjusted in order to ensure that the most up to date data is used to calculate these balances.

Significant judgement is required in determining the provision for mine rehabilitation as there are many transactions and other factors that will affect the ultimate costs required to rehabilitate the mine site. Factors that will affect this liability include future development, changes in technology, price increases, changes in interest rates and changes in legislation.

The Group bases its rehabilitation provision on the value of the environmental bonds determined in consultation with the Department of Environment and Science (formerly Department of Environment and Heritage Protection) and lodged with the Department of Natural Resources and Mines for each respective tenement. The amount of financial assurance required was most recently determined in June 2017, the Group will submit a revised Plan of Operations together with proposed financial assurance to the Department of Environment and Science by April 2019.

Note 4 Segment information

The Group has identified its operating segments based on the internal reports that are reviewed and used by the board of directors (chief operating decision makers) in assessing performance and determining the allocation of resources.

The Group currently considers there to be only one reportable segment, that being mining and exploration within Australia.

All significant operating decisions are based upon analysis of the Group as a single segment. The financial results of this segment are represented by financial statements of the entity.

Note 5 Expenses

	2018 $	2017 $
Loss before income tax includes the following specific expenses:		
(a) Cost of Sales:		
Mining	**6,354,117**	13,568
Processing	**2,946,700**	-
Movement in inventories	**(857,282)**	231,212
Site Support	**4,547,625**	-
Depreciation	**1,692,492**	-
Amortisation	**604,385**	-
Royalties & Other	**552,628**	-
Total cost of sales	**15,840,665**	244,780
(b) Mine and mill refurbishment		
Mount Garnet	**4,516,868**	4,188,710
Surveyor	**5,869,623**	1,418,344
Total mine and mill refurbishment	**10,386,491**	5,607,054
(c) Care and maintenance:		
Mount Garnet	**2,536,762**	1,776,974
Baal Gammon	**-**	603,150
Surveyor	**-**	321,419
Depreciation, see item (d) below	**4,844,392**	4,251,230
Total care and maintenance	**7,381,154**	6,952,773
(d) Depreciation:		
Land and buildings	**232,496**	199,160
Office equipment	**37,228**	41,199
Mobile equipment	**148,430**	45,765
Plant and equipment	**6,118,730**	3,965,106
Total depreciation	**6,536,884**	4,251,230
Depreciation allocated to Cost of Sales	**1,692,492**	-
Depreciation allocated to Care & Maintenance Expense	**4,844,392**	4,251,230
(e) Administration expenses		
Audit fees	**233,500**	235,225
Consultants	**200,014**	800,086
Deposits Not Recovered	**286,674**	-
Employee expenses	**1,937,147**	2,078,282
Insurance	**672,612**	783,034
Information Technology	**122,035**	189,055
Legal fees	**499,112**	296,422
Other administrative expenses	**207,689**	398,476
Total administration expenses	**4,158,783**	4,780,580
(f) Corporate expenses		
Deposits Not Recovered	**250,000**	-
Employee expenses	**995,773**	743,145
Other corporate expenses	**34,063**	150,315
Total corporate expenses	**1,279,836**	893,460

Note 5 Expenses (continued)

	2018 **$**	2017 $
(g) Employee expenses:		
Included in:		
Cost of sales	**5,116,022**	-
Mine and mill refurbishment	**4,224,171**	1,965,845
Care and maintenance	**1,605,452**	1,813,826
Exploration	**1,777,238**	428,372
Administration	**1,937,147**	2,078,282
Corporate and other	**995,773**	743,145
Total employee expenses	**15,655,803**	7,029,470
(h) Net finance expense:		
Interest received from financial institutions	**(17,045)**	(26,380)
Interest expense	**919,362**	1,690,269
Total net finance expense	**902,317**	1,663,889
(i) Gain on transfer of payables to Creditors Trust		
Creditors transferred to the Creditors Trust	**-**	(23,104,557)
Payment to Creditors Trust	**-**	10,000,000
Gain on transfer of creditors	**-**	(13,104,557)
(j) Loss on conversion of debt to equity (Note 20)		
Fair value of shares issued to convert DOCA debt [1]	**36,590,561**	-
Value of debt converted	**(34,630,654)**	-
	1,959,907	-
(k) Other gains and losses		
Loss on foreign exchange	**-**	6,450
Gain on sale of Baal Gammon Copper Project (Note 23)	-	(200,000)
	-	(193,550)

1. DOCA debt only relates to debt owed to Snow Peak and director related entities and does not include prepayment of the Cyan subscription amount.

Note 6 Income tax

	2018 $	2017 $
a) Income tax benefit		
Current income tax:		
Current income tax benefit	**(11,447,630)**	(5,137,900)
Current income tax benefit not recognised	**10,007,710**	2,715,704
Deferred income tax:		
Relating to Cyan interest amounts [1]	**284,511**	
Relating to deductible and taxable temporary differences	**1,155,409**	2,422,196
Income tax (benefit)/expense	**-**	-
b) Reconciliation of prima facie tax benefit		
Loss before income tax	**(38,496,196)**	(9,916,947)
Tax at the Australian rate of 30% (2017: 30%)	**(11,548,859)**	(2,975,084)
Tax effect:		
Non-deductible expenses	**1,541,149**	259,380
Deferred tax asset not recognised	**10,007,710**	2,715,704
Income tax benefit	**-**	-
c) Deferred tax		
Assets		
Tax losses available to offset against future taxable income	**24,368,165**	12,920,535
Accrued expenses	**309,271**	221,880
Employee leave liabilities	**512,707**	271,465
Superannuation payable	**125,403**	55,032
Rehabilitation provision	**3,240,644**	3,223,236
Non-deductible equity raising costs – recognised in equity	**6,286**	4,055
	28,562,476	16,696,203
Liabilities		
Capitalised exploration and evaluation expenditure	**(4,265,491)**	(3,423,487)
Prepaid expenses	**(651,500)**	(202,479)
	(4,916,991)	(3,625,966)
Subtotal deferred tax asset	**23,645,485**	13,070,237
Deferred tax asset not recognised [2]	**(23,645,485)**	(13,070,237)
Net deferred tax asset	**-**	-

1. Interest accrued on the Cyan operations and exploration loans, totalling $844,627 in the period have been deducted from income tax benefit pending Cyan's analysis of thin capitalisation rules on its controlled entities. Should thin capitalisation apply, a portion of the Group's debt deductions may be disallowed.

2. Deferred tax assets have not been recognised in respect of these items because it is not probable in the short to medium term that these assets will be realised.

3. The Group has total estimated tax losses at 30 June 2018 of $81,227,216 (2017: $43,068,449). The ability of the Group to utilise these tax losses will depend on whether the Group is determined to pass the Australian Tax Office rules of the same business test. The Group has received advice that the Group should satisfy the same business test and that the Group is presently able to utilise these tax losses.

Note 7 Current assets - Cash and cash equivalents

	2018 $	2017 $
Cash at bank and in hand	**345,006**	779,143
Deposits at call	**-**	-
Total	**345,006**	779,143

Cash at bank and in hand and deposits at call earn interest at floating rates based on daily bank deposit rates and short term fixed rates.

Note 8 Current assets – Trade and other receivables

	2018 $	2017 $
Receivables:		
Trade debtors	**570,185**	-
GST receivable	**303,751**	945,968
Fuel rebate receivable	**54,746**	-
Total	**928,682**	945,968

No receivables are impaired or past due.

Note 9 Current assets – Inventories

	2018 $	2017 $
Concentrate	**857,282**	-
Materials and stores	**594,185**	184,755
Total	**1,451,467**	184,755

The carrying value of concentrate has been recognised at expected net realisable value based on subsequent sales post balance date.

Note 10 Current assets – Prepayments

	2018 $	2017 $
Insurance	**364,800**	465,903
Other suppliers	**1,806,867**	209,024
Total	**2,171,667**	674,927

Prepayments to other suppliers include prepayments for parts and services not yet received or provided. The Group has re-established credit facilities with many suppliers following cessation of voluntary administration on 12 January 2017, however, a range of suppliers currently request prepayment prior to provision and delivery of parts and services.

Note 11 Non-current assets – Property, plant and equipment

	2018 $	2017 $
Carrying Values at 30 June:		
Land & Buildings		
At cost	**3,704,803**	2,986,523
Accumulated depreciation	**(550,609)**	(318,112)
	3,154,194	2,668,411
Office equipment and fittings		
At cost	**375,012**	301,129
Accumulated depreciation	**(190,035)**	(152,807)
	184,977	148,322
Motor vehicles		
At cost	**885,289**	684,147
Accumulated depreciation	**(325,349)**	(176,919)
	559,940	507,228
Plant and equipment		
At cost	**28,623,560**	20,568,437
Accumulated depreciation	**(10,766,849)**	(4,648,119)
	17,856,711	15,920,318
Mine Development		
At cost	**-**	5,225,155
	-	5,225,155
Total	**21,755,822**	24,469,434
Reconciliation of movements:		
Land & buildings		
Carrying amount at start of the year	**2,668,411**	4,948,615
Additions	**718,279**	211,000
Transfers to office equipment and plant and equipment	**-**	(1,033,566)
Capitalised project costs written off (i)	**-**	(1,258,478)
Depreciation	**(232,496)**	(199,160)
Carrying amount at end of the year	**3,154,194**	2,668,411
Office equipment and fittings		
Carrying amount at start of the year	**148,322**	117,556
Additions	**73,883**	70,538
Transfers from land & buildings	**-**	1,427
Depreciation	**(37,228)**	(41,199)
Carrying amount at end of the year	**184,977**	148,322
Mobile plant		
Carrying amount at start of the year	**507,228**	141,792
Additions	**201,142**	411,201
Depreciation	**(148,430)**	(45,765)
Carrying amount at end of the year	**559,940**	507,228
Plant and equipment(ii)		
Carrying amount at start of the year	**15,920,318**	18,669,478
Additions	**2,817,463**	183,806
Transfers from land & buildings	**-**	1,032,139
Transfers from Exploration & Evaluation Assets (iii)	**5,237,660**	-
Depreciation	**(6,118,730)**	(3,965,105)
Carrying amount at end of the year (ii)	**17,856,711**	15,920,318
Mine development		
Carrying amount at start of the year	**5,225,155**	-
Additions	**-**	2,108,749
Increase in rehabilitation asset	**-**	3,116,406
Transfers to Mining Tenements	**(5,225,155)**	-
Carrying amount at end of the year	**-**	5,225,155
Total	**21,755,822**	24,469,434

(i) these costs related to a feasibility study that was discontinued.

(ii) the $15.89m (2017: $14.7m) net carrying value of the Mount Garnet Polymetallic Plant which is included in Plant and Equipment is based on depreciated cost. The carrying value is supported by an external valuation which has applied second hand market value assumptions.

(iii) the Group has reassessed values assigned to rehabilitation assets acquired from Snow Peak Mining and has reassigned values based on the most recent financial assurance determination. $5,237,660 previously assigned to exploration and evaluation assets has been determined to apply to the Mount Garnet processing storage and tailings dams closures and plant removal and rehabilitation.

Note 12 Non-current assets – Exploration and evaluation assets

	2018 $	2017 $
Exploration and evaluation phase – at cost	**40,557,887**	45,448,509
(a) In the exploration and evaluation phase		
Cost brought forward	**45,448,509**	48,034,283
Exploration expenditure incurred during the year at cost	**8,665,276**	3,621,417
Exploration costs expensed during the year (i)	**(4,193,353)**	(1,349,127)
Impairment of exploration tenements(ii)	**(1,665,246)**	(864,600)
Exploration asset reclassified as mining tenements (Note 13)	**(2,459,639)**	(3,993,464)
Exploration asset reclassified as plant & equipment (Note 11)	**(5,237,660)**	-
Cost carried forward	**40,557,887**	45,448,509

(i) Exploration costs expensed during the year reflect exploration expenditure that is not capitalised in accordance with the Group's accounting policies.

(ii) Impairment of exploration tenements includes exploration costs written off in relation the following tenements and mining lease applications that expired and were not renewed:

EPM 18806 Mount Garnet
EPM 19323 Kangaroo Creek
MLA 20007 Mount Garnet

It also includes exploration costs written off in accordance with the Group's accounting policies in relation to tenements the Group is currently reviewing for ongoing retention. No decision has been made on any potential relinquishment of the tenements under review, however, it is considered likely relinquishment may occur.

Exploration costs written off in the previous reporting period include the following tenements that expired and were not renewed:

EPM 17548 Petford East
EPM 17550 Herberton Extended
EPM 17551 Smiths Creek

As these tenements were not renewed, all capitalised exploration costs associated with these tenements were written off.

The expiry and non-renewal of the tenements in the current reporting reduces the Group's commitments for future exploration by $nil (2017: $650,000).

Exploration and evaluation assets acquired have been recorded at recoverable value per independent valuation reports. The recoverability of exploration and evaluation assets carried at cost is dependent upon successful development and commercial exploitation, or alternatively sale of the respective areas of interest. There is a floating charge over all of the Group's assets as security for the Cyan loans (please refer to Note 18).

Transfers of legal title to tenements from SPM have been delayed with the Group currently waiting on the release of documents from the Office of State Revenue. Whilst SPM remain the current holder of the legal title to the tenements, the Company has full beneficial ownership and control over the tenements.

The Company has received legal advice regarding the transfer of the tenements and is in discussions with the Queensland Office of State Revenue to finalise the transfers. The Company hopes to finalise the transfer of tenements by June 2019.

Note 13 Non-current assets – Mining Tenements

	2018 $	2017 $
Mining tenements		
Mount Garnet	**3,506,859**	303,240
Surveyor	**15,720,867**	3,690,224
	19,227,726	3,993,464
Reconciliation of movements:		
Carrying amount at start of the year	**3,993,464**	-
Exploration assets reclassified as Mining tenements	**2,459,639**	3,993,464
Mine development reclassified as Mining tenements	**5,225,155**	-
Mind development incurred during the year at cost	**8,533,301**	-
Mine development amortised during the year	**(604,385)**	-
Impairment of Mining tenements	**(379,448)**	
Carrying amount at end of the year	**19,227,726**	3,993,464

The recoverability of mining tenements carried at cost is dependent upon successful development and commercial exploitation, or alternatively sale of the respective areas of interest. There is a floating charge over all of the Group's assets as security for the Cyan loans (please refer to Note 18).

Transfers of legal title to tenements from SPM have been delayed with the Group currently waiting on the release of documents from the Office of State Revenue. Whilst SPM remain the current holder of the legal title to the tenements, the Company has full beneficial ownership and control over the tenements.

The Company has received legal advice regarding the transfer of the tenements and is in discussions with the Queensland Office of State Revenue to finalise the transfers. The Company hopes to finalise the transfer of legal title tenements by June 2019.

Amortisation
Amortisation of mining tenements recommenced from July 2017 in respect of the remaining value attributed to the remnant ore at Mount Garnet (not including Mount Garnet Deeps).

Amortisation of mining tenements at Surveyor commenced June 2018 in line with mining recommencement at the Dry River South mine.

Amortisation of the Mount Garnet Deeps deposit commenced January 2019 upon commencement of mining following development of the new decline to the Mount Garnet Deeps orebody.

The amortisation pattern at Surveyor and Mount Garnet will follow the Company's mining plan on a tonnes mined basis against the available tonnes to be mined at each location.

The Surveyor mining tenements are expected to be amortised over 22 months from June 2018 through to March 2020 in line with the Group's operation model forecasts.

The Mount Garnet mining tenements are expected to be amortised over 15 months from January 2019 through to March 2020 in line with the Group's operation model forecasts.

Ore mined from Dry River South is forecast to have an average grade of 6.8% Zn, 2.0% Pb and 0.9% Cu. Ore mined from Mount Garnet Deeps is forecast to have an average grade of 4.4% Zn.

Impairment Testing
Impairment testing is performed in accordance with the Company's accounting policy on impairment disclosed in Note 1L.

Recoverable amount has been estimated based on discounted cash flows using market based commodity price and exchange assumptions, estimated quantities of recoverable minerals, production levels, operating costs and capital requirements forecast.

The value in use assessment is conducted collectively across both Mount Garnet and Surveyor Mines. This is due to the Mount Garnet processing plant requiring ore feed from both mines to sustain the forecast production rate.

From September 2018 through April 2020, operating costs are forecast to be $16.5 million at Mount Garnet and $26.2 million at Surveyor and processing costs are estimated to be $34.9 million.

Note 13 Non-current assets – Mining Tenements (continued)

From September 2018 through April 2020, capital expenditure is forecast to be $7.1 million at Mount Garnet and $7.5 million at Surveyor in addition to the operating costs above.

The Company's operations model forecasts 404,400 tonnes ore to be mined from Mount Garnet and 437,500 tonnes ore to be mined from Surveyor with an average of 40,000 tonnes ore being processed each month through to April 2020 and steady production achieved in early 2019.

The Company's operations forecasts production of 92,600 tonnes of zinc concentrate at 48% zinc, 12,200 tonnes of copper concentrate at 25% copper and 8,200 tonnes of lead concentrate at 66% lead through to April 2020.

The operations model requires the utilisation of the Mount Garnet processing plant to generate the cash flows. To ensure that the Net Present Value calculated represents only the value of the mining tenements, the Company has deducted a fair use value for the Mount Garnet processing plant.

Production volumes are based on the Company's operation plans, with the average in line with operating one circuit at the Mount Garnet Plant with a throughput of approximately 500,000 tonnes per annum. This information is obtained from internally maintained budgets and project evaluations performed by the Group in its ordinary course of business.

Based on the assumptions noted below, at 30 June 2018, the recoverable amount for the mining tenements was determined to be below book value and an impairment of $379,448 was recorded.

Key Assumptions
In determining the value assigned to each key assumption, management has used external sources of information and utilised experts within the Group to validate entity specific assumptions. The table below summarises the key assumptions used in the carrying value assessments:

Model Assumptions	FY 2019	FY 2020
Zinc USD per tonne metal	$2,500	$2,500
Copper USD per tonne metal	$6,000	$6,000
Lead USD per tonne metal	$2,060	$2,060
AUD:USD exchange rate	0.72	0.72
Mount Garnet Operating Cost (Sept 18 – Apr 20)	$16.5 million	
Dry River South Operating Cost (Sept 18 – Apr 20)	$26.2 million	
Mount Garnet Processing Cost (Sept 18 – Apr 20)	$34.9 million	
Post-tax discount rate*	16%	
Equivalent pre-tax discount rate	21.8%	

The Company has utilised the actual cashflows associated with the use and operation of the mining tenements between 1 July 2018 and 31 August 2018 in the determination of the recoverable amount of the Mining Tenements as at 30 June 2018.

The forecast mining quantities and expected concentrate production volumes to April 2020 are the identifiable resources with reference to the Kagara JORC resource statement for Dry River South, refer to ASX release 21 September 2011, and internal resource estimates for Mount Garnet that support the value of the mining tenements disclosed. The expected life of mine in respect of these resources is to April 2020.

The Company notes that the post-tax discount rate utilised for impairment testing in the preceding financial year is 20%. The decrease in the discount rate is due to progression of the Company's operations plan and recommencement of mining operations. The Company notes that changes to the discount rate is the least sensitive key assumption, please refer to the Senstitivity table below.

Note 13 Non-current assets – Mining Tenements (continued)

Sensitivity
The Company has conducted sensitivity analysis on the key assumptions above. The sensitivities tested and additional impairment required as a result of different scenarios is summarised below:

Sensitivity	Additional Impairment
5% decrease in average AUD equivalent commodity prices over period	$9.6 million
10% decrease in average AUD equivalent commodity prices over period	$14.4 million
5% increase in average operating and development costs over period	$7.6 million
10% increase in average operating and development costs over period	$10.3 million
5% decrease in average grade of ore mined over period	$8.5 million
10% decrease in average grade of ore mined over period	$12.8 million
Increase in post-tax discount rate to 18%	$574,000
Increase in post-tax discount rate to 20%	$1.1 million

The Company's impairment testing provides an allowance for minor potential delays in production. No sensitivity analysis has been conducted on the production forecasts. Should significant delays occur, the value of the mining tenements may be impaired significantly. The quantum of any impairment will depend on the timing and length of any delay and any additional costs incurred as a result of the delay.

The Fair Value estimates are considered to be level 3 fair value measurements (as defined by accounting standards) as they are derived from valuation techniques that include inputs that are not based on observable market data. The Group considers the inputs and the valuation approach to be consistent with the approach taken by market participants.

Significant judgements and assumptions are required in making estimates of fair value. This is particularly so in the assessment of long life assets. It should be noted that the fair value is subject to variability in key assumptions including, but not limited to, metal prices, currency exchange rates, discount rates, production profiles, working capital and operating and capital costs. The operations plan has inherent production risks relating to underground mining, transportation, weather and processing of mineral ore; any delays in the timing as well as quantum of production may have a material impact on the Group's cash flows.

A change in one or more of the assumptions used to estimate fair value could result in a material change in the estimated fair value, and consequently an impairment in the carrying value of mining tenements.

Note 14 Non-current assets – Bonds and deposits

	2018 $	2017 $
Bonds and deposits	**951,582**	876,674
Rehabilitation financial assurances	**10,874,757**	10,813,769
Total	**11,826,339**	11,690,443

The rehabilitation financial assurances are security for environmental rehabilitation of tenements on which the Group has worked or is currently working. Bonds and deposits consist of security deposits for supply of services.

The Financial Assurances are held in SPM's name and are awaiting transfer to the Group together with the tenements held in SPM's name. The Group has beneficial ownership over the Financial Assurances.

Note 15 Current liabilities – Trade and other payables

	2018 $		2017 $
Trade payables and accruals	**5,598,213**	(i)	7,372,922
Employment related payables			
Accrued salaries	**402,738**		-
Accrued PAYG	**552,870**		1,093,535
Accrued superannuation	**418,009**		183,439
Accrued Payroll tax	**146,376**		-
Other employee payables	**8,262**		-
Payables to the Snow Peak Group	**-**	(i)	5,295,102
Total	**7,126,468**		13,944,998

Trade payables and accruals are non-interest bearing.

(i) The amounts owing to Snow Peak Group of $5,295,102 at 30 June 2017 and $1,769,115 of the trade payables and accruals value at 30 June 2017 form part of the related party creditors whose debt was converted into shares under the Deed of Company Arrangement on 14 May 2018.

The Company issued 35,204,323 ordinary shares with a fair value of $8,846,846 ($0.2513 per share, please see Note 20) in repayment of $7,064,217 and recorded a loss on debt conversion of $1,755,095 relating to the conversion of these debts.

Details of the Group's exposure to interest rate and liquidity risks, and fair value in respect of its liabilities are set out in Note 25. There were no secured current liabilities at 30 June 2018.

Due to the short-term nature of the Group's payables, the carrying amount is assumed to approximate their fair value.

Note 16 Employee leave liabilities

	2018 $	2017 $
a) Current Liability		
Annual leave liability	**1,154,410**	667,960
b) Non – Current Liability		
Long Service leave liability	**554,614**	236,923

Note 17 Current liabilities - Loans and borrowings

	2018 $	2017 $
Loan – Cyan Stone (i)	**2,500,000**	26,713,744
Amounts owing - Snow Peak Mining (iv)	**-**	16,816,438
Amounts owing - Snow Peak Global Company (ii)	**-**	10,750,000
Loan - Ming Huang Trading (iii)	**2,723,913**	2,723,913
Other Related Party Loans (v)	**500,000**	-
Insurance premium funding	**291,340**	335,998
Financial leases	**1,419,975**	-
Total	**7,435,228**	57,340,093

(i) Loan – Cyan Stone Pty Ltd

Pursuant to the Subscription Agreement (as varied), Cyan Stone Pty Ltd (Cyan) agreed to a scheduled prepayment of the subscription funds, and advanced the full $36,560,500 by September 2017, being $34,060,500 for the 270 million post consolidation shares and $2,500,000 for the option.

The Company issued 270 million ordinary shares to Cyan on 14 May 2018 at $0.12615 per share. As there was no significant change to the contractual terms of the Subscription Agreement (as varied), the Group has applied an accounting policy choice with respect to the prepaid capital contributions. The equity instrument issued has been measured at the carrying amount of the liability and no gain or loss is recognised on reclassification. This accounting policy differs to the application of IFRIC19 for the conversion of related party debt to equity, please refer to Note 20.

At 30 June 2018, Cyan had not exercised the option and a prepayment of $2,500,000 remained outstanding. Subsequent to the end of this reporting period, Cyan exercised their option to subscribe to an additional 19,817,678 ordinary shares at $0.12615 per share in July 2018 and there is no remaining outstanding balance payable at the date of this report.

(ii) Loan – Snow Peak Global Company Limited

As part of the assumption of SPM liabilities a $10m loan from Snow Peak Global Company Limited (SPGC) to SPM was assumed by the Group. The loan was repayable 12 months from the date the final loan parcel was received, which was 22 October 2015. Interest accrued at 10% until 22 October 2016, was payable quarterly and any accrued interest is included in the outstanding balance of the loan owing. On the repayment date, SPGC had the option to convert the Loan into a 10% ownership of the assets acquired by the Group under the Asset Sale Agreement, however this option was not exercised by SPGC.

As agreed in the DOCA and approved by shareholders at an Extraordinary General Meeting on 30 April 2018, the Company issued 41,961,646 ordinary shares on 14 May 2018 for repayment of this loan. The shares issued had a fair value of $10,544,962 ($0.2513 per share, see Note 20), and a gain on debt conversion of $205,039 was recorded.

(iii) Loan – Ming Huang Trading Limited

During the term of the Administration of the Company, Ming Huang Trading Limited advanced to the Administrator $2,723,913, whilst the Administrators were in control of the Company to fund care and maintenance requirements. This loan is not interest bearing and is due and payable at call.

(iv) Convertible Notes – Snow Peak Mining Pty Ltd

As part of the acquisition of Snow Peak Mining ("SPM") assets, 165,000,000 unsecured convertible notes were issued to SPM for the acquisition of tenements, mining information and records. The convertible notes had a face value of $0.10 per note and incurred interest at 7% per annum until redemption by the voluntary administrators on 28 July 2016 at which time the convertible notes became a liability that was due and payable immediately and was no longer interest bearing from that date.

As agreed in the DOCA and approved by shareholders at an Extraordinary General Meeting on 30 April 2018, the Company issued 68,439,127 ordinary shares on 14 May 2018 for repayment of this loan. The shares issued had a fair value of $17,198,753 ($0.2513 per share, please see Note 20), and a loss on debt conversion of $382,316 was recorded.

Note 17 Current liabilities - Loans and borrowings (continued)

(v) Other Related Party Loans

Ralph De Lacey provided the Company with a short term loan of $250,000 in June 2018. This loan incurred interest at 0.4% per month and was repaid by the Company in July 2018.

SPII deposited $250,000 in a trust account on the Company's behalf prior to the Company entering into voluntary administration in July 2016. Due to non-recovery of the deposited funds, the Company agreed to repay the funds deposited to SPII. The $250,000 owing to SPII is not interest bearing and is due and payable at call.

Note 18 Non-current liabilities - Loans and borrowings

	2018 **$**	2017 $
Exploration Loan – Cyan Stone (i)	**10,409,984**	-
Operating Loan – Cyan Stone (i)	**21,694,643**	-
Total	**32,104,627**	-

The Company entered into two separate loan facilities with Cyan Stone during the reporting period whereby individual drawdowns are separately agreed and are repayable at the end of the term:

i. $10m commencing September 2017 for a 3 year period at an interest rate of 6% p.a. ($10m drawn down and accrued interest of $409,984 at balance date; and
ii. $30m commencing November 2017 for a 3 year period at an interest rate of 6% p.a. ($21.26m drawn down and accrued interest of $434,643 at balance date).

At 30 June 2018, the Cyan operating loan had not been extended to 3 years and was due to be repaid in November 2019. Following the extension of the loan term to 3 years in January 2019, the operating loan is now due to be repaid in November 2020.

These loans are secured by a floating charge over all of the Group's assets. Refer to Note 1C "Going concern basis for preparation of financial statements" for drawn down balance at time of signing this report.

Note 19 Non-current liabilities - Provisions

	2018 **$**	2017 $
Rehabilitation provision	**10,802,147**	10,744,121

The rehabilitation provision relates to the estimated obligation in relation to the environmental rectification works on the Group's tenements. The Group bases its rehabilitation provision on the value of the environmental bonds lodged with the Department of Natural Resources and Mines for each respective tenement.

A settlement deed was entered into with Baal Gammon Copper Pty Ltd (BGC) on 31 January 2017 and, in return for the payments and transfer of financial assurance, on 1 February 2017 the Group transferred all rehabilitation obligations associated with the Baal Gammon Mine ($5.75 million) to BGC (Note 23).

The actual cost of rehabilitation may differ significantly (higher or lower) from the amount provisioned due to inherent uncertainties and may not be determined until such time rehabilitation works take place.

The key assumptions utilised in the calculation of the environmental bonds and by reference the Group's rehabilitation provision are:

i. the extent of contaminated material on the Mount Garnet ROM, Surveyor ROM and Balcooma ROM; and
ii. underlying cost estimations received from external parties reflect actual costs required to rehabilitate the mine sites.

Reconciliation of movements in rehabilitation provision:

	2018 **$**	2017 $
Balance at the beginning of the year	**10,744,121**	13,436,295
Change in cost estimates	**58,026**	3,058,398
Derecognition due to sale of Baal Gammon Copper Project (note 23)	**-**	(5,750,572)
Balance at the end of the year	**10,802,147**	10,744,121

Note 20 Loss on Debt Conversion

Pursuant to the terms of the DOCA, and as approved by shareholders at an EGM held on 30 April 2018, the Company issued 145,605,096 shares in repayment of $34,630,654 of debt owing to related parties of the Company on 14 May 2018.

In accordance with IFRIC 19 (International Financial Reporting Interpretations Committee), the shares issued in repayment of debt are to be issued at fair value as determined on the date of issuance, with any difference between the fair value of the instruments issued and nominal value of the debt being recorded as gain or loss on conversion.

To assess the fair value of the shares issued, the Company adopted the methodology employed by Stantons International Securities in their Independent Expert Report (IER) and included in the Notice of Meeting (NoM) (please refer to ASX release 28 March 2018).

The Company applied the adjusted net asset backing methodologies, concurring with the IER that this was most appropriate. The Group's assets and liabilities are valued at the moment just prior to the issuance of the shares, being 14 May 2018.

The mining tenements were valued using a discounted cash flow method, utilising the same model used by the Company for impairment testing, with cash flows updated to reflect the 30 April 2018 valuation date. The key assumptions utilised in the impairment assessment apply to the valuation of the mining tenements, refer to Note 13.

Exploration assets were valued utilising the methodologies employed by Minnelex in their Independent Valuation Report. The Company has relied upon the key inputs employed by Minnelex, including the following:

Methodology Input	Input Value
Yardstick Discount Factor Base Metal Resources	1.25%
Value of Equivalent Copper Metal in Base Metal Resources	3c / lb
Yardstick Value per tonne Tin in Tin Resources	$128.50
$ / square km value of Exploration Tenements	$4,000 / sq km

The Mount Garnet processing plant was valued utilising an Independent Valuation Report from Como Engineers dated June 2017, discounting the second hand multiple by 10% and depreciating the values contained therein in accordance with useful life expectations below.

Other assets that are not revalued are taken at the book value as recorded in the Group's internal accounts at April 2018. A summary of these assets and valuation considerations provided below:

Asset	Reasoning
Cash	Market value of cash is equal to the book value
Receivables	Reflect actual received cashflows in subsequent months
Inventories	Approximate actual received cashflows from sale of inventories in subsequent months
Deposits and Bonds	Represent cash deposits, market value of cash is equal to book value
Land, buildings and other equipment	The Company has considered the value of land, buildings and other equipment as a whole, while there may be minor variances between market value and book value for individual items, the Company is satisfied that aggregate book value for all items considered in this category approximate the aggregate market value of those items.

The Company notes that the valuation of the exploration assets was conducted as at 14 May 2018 and the valuation of the mining tenements and Mount Garnet processing plant as at 30 April 2018. Any differences between valuations as at 30 April 2018 and 14 May 2018 would be immaterial for the purpose of the share valuation.

The Group's significant liabilities at that time included the related party debts that were repaid from the issuance of these shares. The Cyan prepayment funds excluding the option amount that were repaid from the issuance of these shares as well as the two Cyan loan facilities described in Note 18.

Note 20 Loss on Debt Conversion (continued)

A summary of the adjusted net asset backing valuation is provided below:

	April 2018 $
Current Assets	4,312,051
Bonds and Deposits	11,821,184
Exploration and evaluation assets	73,751,096
Mining tenements	14,383,225
Plant and equipment	39,614,229
Total Assets	**143,881,785**
Trade payables	4,855,155
Loans and Borrowings	104,411,347
Annual leave and Long service leave	1,451,540
Rehabilitation obligations	10,802,147
Total Liabilities	**121,520,189**
Net Assets	**22,361,596**
Shares on issue	**88,997,142**
Price per share	**$0.2513**

The adjusted net asset backing methodology determined the fair value of the net assets of the Group to be $22.36 million. At the time, the Company had 88,997,142 ordinary shares on issue, providing a fair value for each ordinary share of $0.2513.

Utilising this fair value per share, the total value of the 145,605,096 shares issued was calculated to be $36,590,561. The difference to the value of the debt owing of $34,630,654, being $1,959,907 has been recognised as a loss on debt conversion.

Note 21 Contributed equity

Share capital

		2018		2017	
		No.	**$**	No.	$
Ordinary shares – fully paid (post consolidated basis)		**507,401,718**	**108,079,800**	889,970,521	35,749,050

Share movements during the year

	Issue price (cents)	Nominal price (cents)	Fair value price (cents)	2018		2017	
				No.	**$**	No.	$
At the beginning of the year				**889,970,521**	**35,749,050**	889,970,521	35,749,050
10-to-1 share consolidation (7 May 2018) (i)				**88,997,142**	**-**	-	-
Shares issued to Cyan Stone Pty Limited under Subscription Agreement (14 May 2018) (ii)	12.615	12.615	N/A	**270,000,000**	**34,060,500**	-	-
Shares issued to Snow Peak Mining Pty Ltd, Snow Peak International Investment Limited and Snow Peak Global Company Limited under DOCA (14 May 2018) (iii)	25.13	25	25.13	**131,581,181**	**33,066,351**		
Shares issued to other directors, director related parties and other creditors under DOCA (14 May 2018) (iv)	25.13	12.615	25.13	**14,023,915**	**3,524,211**		
Private Placement (31 May 2018 to 28 June 2018)	60	60	N/A	**2,799,480**	**1,679,688**	-	-
At the end of the year				**507,401,718**	**108,079,800**	889,970,521	35,749,050

i. The Company completed a 10-to-1 share consolidate on 7 May 2018 pursuant to shareholder approval granted at an Extraordinary General Meeting held on 30 April 2018.

ii. Issuance of shares pursuant to Subscription Agreement, the nominal price per share is $0.12615. As noted in Note 17, due to there being no significant change to the contractual terms of the Subscription Agreement (as varied), the Group has applied an accounting policy choice with respect to the prepaid capital contributions. The equity instrument issued has been measured at the carrying amount of the liability and no gain or loss is recognised on reclassification.

iii. The Company issued 131,581,181 ordinary shares in aggregate at a nominal price of $0.25 per share to Snow Peak Mining Pty Ltd, Snow Peak International Investment Limited, Snow Peak Global Company Limited and their nominees for conversion of debts with a value of $32,861,538. The Company applied IFRIC 19 and conducted an analysis on the fair value of shares issued. The analysis returned a fair value of $0.2513 per share (please refer to Note 20), providing a fair value on these shares of $33,066,351 and resulting in a loss on debt conversion of $204,812.

Note 21 Contributed equity (continued)

iv. The Company issued 14,023,915 ordinary shares in aggregate at a nominal price of $0.12615 per share to directors, director related entities and other creditors for conversion of debts with a value of $1,769,115. The Company applied IFRIC 19 and conducted an analysis on the fair value of shares issued. The analysis returned a fair value of $0.2513 per share (please refer to Note 20), providing a fair value on these shares of $3,524,210 and resulting in a loss on debt conversion of $1,755,095.

There were no share movements between 1 July 2016 and 30 June 2017.

Ordinary shares
Ordinary shares have no par value and the Company does not have a limited amount of authorised capital. The Company is a public company limited by shares. The Company was incorporated in Perth, Western Australia. The Company's shares are limited whereby the liability of its members is limited to the amount (if any) unpaid on the shares respectively held by them. Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the company in proportion to the number of and amounts paid on the shares held. On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

Share Options
Information relating to options issued by the Company is set out in Note 22.

Note 22 Share Options

a) Options granted, exercised and lapsed during the year

An option was granted during the reporting period to Cyan on 14 May 2018. The option provides Cyan with the right to subscribe to 19,817,678 ordinary shares at 12.615 cents per share for an aggregate amount of $2,500,000. The option had an expiration date of 31 July 2018 and was exercisable at Cyan's option.

No options were exercised into fully paid ordinary shares During the reporting period.

No options lapsed during the reporting period.

b) Options on issue at the balance date

There is one option outstanding over 19,817,678 unissued ordinary shares at 30 June 2018 (2017: nil).

Reconciliation of movement of options over unissued shares during the year including weighted average exercise price (WAEP)

	2018		2017	
	No.	**WAEP (cents)**	No.	WAEP (cents)
Options outstanding at the start of the year	-	-	-	-
Options granted during the year	1	12.615	-	-
Options exercised during the year	-	-	-	-
Options expired	-	-	-	-
Options outstanding at the end of the year	**1**	**12.615**	-	-

At 30 June 2018 there was one option on issue that were vested and fully exercisable (30 June 2017: Nil).

c) Subsequent to the balance date

Cyan exercised the option and 19,817,678 ordinary shares were issued in July 2018. As the Cyan option was issued and exercised as noted in Note 17 and due to there being no significant change to the contractual terms of the Subscription Agreement (as varied), the value of the option is considered to be the $2,500,000 amount prepaid by Cyan.

d) Basis and assumptions used in the valuation of options granted in the reporting period

No options were granted as remuneration during the current financial year.

Note 23 Baal Gammon Copper Project

The Company, the Company's wholly owned subsidiary, Colinacobre Pty Ltd, and SPM entered into an agreement with Baal Gammon Copper Pty Ltd ("BGC") on 31 January 2017 to sell the Group's interest in the Baal Gammon Copper Project ("Project"), including all environmental liabilities and obligations related to that Project.

The Company agreed to pay BGC $1,800,000 in monthly instalments and to transfer financial assurances of $3,750,000 held with respect to the Project. At 30 June 2018 the full amount had been paid to BGC.

	2017 **$**
Consideration	(1,800,000)
Financial assurance transferred	(3,750,572)
Environmental rehabilitation obligation transferred (Note 18)	5,750,572
Gain on sale before income tax	200,000

Note 24 Reserves and accumulated losses

	2018	
	Accumulated Losses **$**	**Convertible note reserve[(i)]** **$**
Balance at the start of the financial year	**(30,496,502)**	**-**
Loss for year	**(38,496,196)**	**-**
Balance carried forward at the end of the financial year	**(68,992,698)**	**-**

	2017	
	Accumulated Losses **$**	**Convertible note reserve[(i)]** **$**
Balance at the start of the financial year	**(21,642,012)**	**1,062,457**
Loss for year	**(9,916,947)**	**-**
Transfer of convertible note reserve	**1,062,457**	**(1,062,457)**
Balance carried forward at the end of the financial year	**(30,496,502)**	**-**

(i) Convertible notes reserve

The reserve for convertible notes comprises the amount allocated to the equity component for the convertible notes issued by the Group in April 2016 as part consideration under the Asset Sale Agreement (see Note 17(iv)). The balance of this reserve was transferred to accumulated losses following redemption of the convertible notes on 28 July 2016.

Note 25 Financial instruments

a) Credit risk

The Directors do not consider that the Group's financial assets are subject to anything more than a negligible level of credit risk. Cash is held with a credit worthy high quality Australian financial institution. The Group has bonds on deposit with Queensland State Government departments in respect of environmental and other exploration and mining related requirements. The Group considers assets held under these bond arrangements to be exposed to minimal credit risk. The carrying amounts disclosed in the statement of financial position represent the maximum exposure to credit risk for the financial assets, Note 2(a).

b) Impairment losses

The Directors do not consider that any of the Group's financial assets are subject to impairment at the reporting date.

No impairment expense or reversal of impairment charge against financial assets has occurred during the reporting period.

c) Liquidity risk

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements, Note 2(b):

2018	Carrying amount $	Contractual cash flows $	6 months or less $	1-2 years $	2-5 years $	More than 5 years $
Trade and other payables	7,126,468	7,126,468	7,126,468	-	-	-
Cyan Stone Exploration Loan	10,409,984	10,409,984	409,984	-	10,000,000	-
Cyan Stone Operating Loan	21,694,643	21,694,643	434,643	-	21,260,000	-
Loan - Ming Huang Trading	2,723,913	2,723,913	2,723,913	-	-	-
Loan - Cyan Stone	2,500,000	2,500,000	2,500,000	-	-	-
Loans - Related Parties	500,000	500,000	500,000	-	-	-
Other	1,711,315	1,858,488	1,858,488	-	-	-
Total	**46,666,323**	**46,813,496**	**15,553,496**	**-**	**31,260,000**	**-**

2017	Carrying amount $	Contractual cash flows $	6 months or less $	1-2 years $	2-5 years $	More than 5 years $
Trade and other payables	13,944,998	13,944,998	13,944,998	-	-	-
Loan – Cyan Stone	26,713,744	26,713,744	26,713,744	-	-	-
Amounts owing - Snow Peak Mining	16,816,438	16,816,438	16,816,438	-	-	-
Amounts owing - Snow Peak Global Company	10,750,000	10,750,000	10,750,000	-	-	-
Loan - Ming Huang Trading	2,723,913	2,723,913	2,723,913	-	-	-
Other	335,998	357,503	357,503	-	-	-
Total	**71,285,091**	**71,306,596**	**71,306,596**	**-**	**-**	**-**

1. Under the Deed of Company Arrangement, related party creditors ($32,861,540) at 30 June 2017 comprising SPM payables of $5,295,102, loan to SPM of $16,816,438 and SPGC loan of $10,750,000) were converted into ordinary shares in the Company. Amounts payable to directors and director related entities were also be converted into equity.

Note 25 Financial instruments (continued)

d) Interest rate risk

At the reporting date the interest profile of the Group's interest-bearing financial instruments was:

	Carrying amount ($)	
	2018 **$**	2017 $
Variable rate instruments		
Cash and cash equivalents	**345,006**	779,143
Deposits	**611,582**	-
Fixed rate instruments		
Convertible notes	**-**	-
Loan	**32,104,627**	335,998

e) Cash flow sensitivity analysis for variable rate instruments

A change of 50 basis points in interest rates at the reporting date would have increased/(decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

2018	**Profit or loss**		**Equity**	
	50bp increase $	**50bp decrease $**	**50bp increase $**	**50bp decrease $**
Variable rate instruments	**3,058**	**(3,058)**	**3,058**	**(3,058)**

2017	**Profit or loss**		**Equity**	
	50bp increase $	**50bp decrease $**	**50bp increase $**	**50bp decrease $**
Variable rate instruments	**5,270**	**(5,270)**	**5,270**	**(5,270)**

f) Fair values

Fair values versus carrying amounts

The carrying amount of the Group's financial assets and liabilities approximates to the corresponding fair value.

Note 26 Dividends

No dividends were paid or proposed during the financial year (2017: Nil). The Company has no franking credits available as at 30 June 2018 (2017: Nil).

Note 27 Remuneration of auditors

	2018 $	2017 $
Audit and review of financial statements:		
Auditors of the Group - KPMG	**233,500**	235,225
Other auditors	**-**	-
	233,500	235,225
Other services:		
Auditors of the Group – KPMG	**20,500**	28,188
Other auditors	**-**	-
	254,000	264,413

Note 28 Contingencies

a) Contingent liabilities

There were no material contingent liabilities of the Group as at 30 June 2018 or 30 June 2017 other than:

Environmental Clean-up Notice

The Department of Environment and Heritage Protection (DEHP) has issued a clean-up notice to Baal Gammon Copper Pty Ltd (BGC), Snow Peak Mining Pty Ltd and CSD. The Group is in compliance with the Clean-Up Notice.

The Company, the Company's wholly owned subsidiary Colinacobre Pty Ltd (Colinacobre) and SPM entered into an agreement with BGC whereby CSD, Colinacobre and SPM agreed to relinquish their rights under a Mineral Rights Agreement, and BGC agreed to assume responsibility and liability (including any environmental liabilities) for and in respect of the Baal Gammon Project. However, should BGC fail to perform its obligation, or be placed into insolvency, there may be an attempt to involve the Group with respect to the environmental liability, the Group will defend any such attempt.

Native Title and Aboriginal Heritage

Native title claims have been made with respect to areas which include tenements in which the Group has an interest. The Group is unable to determine the prospects for success or otherwise of the claims and, in any event, whether or not and to what extent the claims may significantly affect the Group or its projects. Agreement is being or has been reached with various native title claimants in relation to Aboriginal Heritage issues regarding certain areas in which the Group has an interest.

SPM Tenement Transfers

Tenement transfers from SPM have been delayed with the Group currently waiting on the release of documents from the Office of State Revenue. Whilst SPM remain the current holder of the legal title to the tenements, the Group has full beneficial ownership and control over the tenements.

The Group has received legal advice regarding the transfer of the tenements in relation to partial payment of outstanding royalties and transfer duties to the Queensland Office of State Revenue under the DOCA and is in discussions with the Queensland Office of State Revenue to finalise the transfers.

Should a dispute arise with the Queensland Office of State Revenue and should the Group's legal advice not be reflected in any subsequent court ruling, the Group may be required to pay additional amounts to the Queensland Office of State Revenue to finalise the transfer of the tenements from SPM to the Group.

Bank guarantees

The Group has provided cash deposits to the Queensland Government in support of rehabilitation bond requirements against the Group's mining operations.

b) Contingent assets

There were no material contingent assets of the Group as at 30 June 2018 or 30 June 2017.

Note 29 Commitments

a) Future exploration

The Group has certain obligations to expend minimum amounts on exploration in tenement areas. These obligations may be varied from time to time and are expected to be fulfilled in the normal course of operations of the Group.

The commitments to be undertaken are as follows:

	2018 $	2017 $
Payable:		
- not later than 12 months	**2,063,000**	2,143,500
- between 12 months and 5 years	**2,612,500**	3,793,000
- greater than 5 years	**-**	-
	4,675,500	5,936,500

To keep tenements in good standing, work programs should meet certain minimum expenditure requirements. If the minimum expenditure requirements are not met, the Group has the option to negotiate new terms or relinquish the tenements. The Group also has the ability to meet expenditure requirements by joint venture or farm-in agreements.

b) Operating lease commitments

	2018 $	2017 $
Payable:		
- not later than 12 months	**1,465,424**	2,264,062
- between 12 months and 5 years	**195,816**	72,000
- greater than 5 years	**-**	-
	1,661,240	2,336,062

c) Contractual capital commitments

There are no contractual capital commitments as at 30 June 2018 or 30 June 2017.

Note 30 Related party transactions

a) Related party remuneration – Key management personnel

A summary of total compensation paid to Key Management Personnel, during the year is as follows:

	Key Management Compensation	
	2018 **$**	2017 $
Short-term employee benefits – salary, fees	**834,289**	836,229
Short term employee benefits - bonuses	**-**	-
Other long-term employee benefits	**82,565**	82,565
Post-employment benefits	**93,783**	93,611
	1,010,637	1,012,405

b) Other key management personnel transactions

The Company issued 1,910,963 ordinary shares at $0.12615 per share to Mr De Lacey for conversion of DOCA related debt amounting to $241,067, the fair value of the shares issued was determined to be $480,225 (please refer to Note 20) leading to a loss on conversion of debt of $239,158. Mr De Lacey provided the Company with a loan facility of $250,000 during the year. The balance owing at 30 June 2018 is $250,000 (2017: nil), please refer to Note 17 (v).

The Company issued 1,909,759 ordinary shares at $0.12615 per share to Mr Cai for conversion of DOCA related debt amounting to $240,916, the fair value of the shares issued was determined to be $479,922 (please refer to Note 20) leading to a loss on conversion of debt of $239,006.

The Company issued 822,752 ordinary shares at $0.12615 per share to Mr Tsoi for conversion of DOCA related debt amounting to $103,790, the fair value of the shares issued was determined to be $206,758 (please refer to Note 20) leading to a loss on conversion of debt of $102,968.

The Company issued 248,162 ordinary shares at $0.12615 per share to Ms Tong for conversion of DOCA related debt amounting to $31,306, the fair value of the shares issued was determined to be $62,363 (please refer to Note 20) leading to a loss on conversion of debt of $31,058.

Transactions with related parties:

During the year the Group incurred costs of $88,704 (2017: $88,704) from NQ Mining Enterprise Pty Ltd, a company associated with Mr Ralph De Lacey, for occupancy costs, the provision of technical assistance and mining consulting services. All services provided by NQ Mining Enterprise Pty Ltd were done so at an arm's length basis and on normal commercial terms. The Company issued 628,984 ordinary shares at $0.12615 per share to NQ Mining Enterprise Pty Ltd for conversion of DOCA related debt amounting to $79,346, the fair value of the shares issued was determined to be $158,064 (please refer to Note 20) leading to a loss on conversion of debt of $78,717. There is a balance of $14,784 owing to the director related entity as at 30 June 2018 (2017: $79,346).

During the year the Group incurred costs of $144,000 (2017: $144,000) from ARM (NQ) Pty Ltd, a company associated with Messrs De Lacey, Cai and Tsoi for rent on the Mount Garnet residential properties. All services provided by ARM (NQ) Pty Ltd were done so at an arm's length basis and on normal commercial terms. The Company issued 1,372,468 ordinary shares at $0.12615 per share to ARM (NQ) Pty Ltd for conversion of DOCA related debt amounting to $173,137, the fair value of the shares issued was determined to be $344,901 (please refer to Note 20) leading to a loss on conversion of debt of $171,764. There is a balance of $24,000 owing as at 30 June 2018 (2017: $173,137).

Workforce One Pty Ltd is a company associated with Messrs De Lacey, Cai and Tsoi. The Company issued 6,442,935 ordinary shares at $0.12615 per share to Workforce One Pty Ltd for conversion of DOCA related debt amounting to $812,776, the fair value of the shares issued was determined to be $1,619,110 (please refer to Note 20) leading to a loss on conversion of debt of $806,333. There is no balance owing at 30 June 2018 (2017: $812,776).

Snow Peak Mining Pty Ltd is a company associated with Messrs De Lacey, Cai, Tsoi and Tong. The Company issued 72,325,949 ordinary shares at $0.25 per share to Snow Peak Mining Pty Ltd for conversion of DOCA related debt amounting to $17,788,142, the fair value of the shares issued was determined to be $18,175,511 (please refer to Note 20) leading to a loss on conversion of debt of $387,369.

Note 30 Related party transactions (continued)

Snow Peak International Investment Limited is a company associated with Messrs Tsoi and Tong. The Company issued 17,293,586 ordinary shares at $0.25 per share to Snow Peak International Investment Limited for conversion of DOCA related debt amounting to $4,323,396, the fair value of the shares issued was determined to be $4,345,878 (please refer to Note 20) leading to a loss on conversion of debt of $22,482.

Snow Peak International Investment Limited deposited $250,000 in a trust account on the Company's behalf prior to the Company entering into voluntary administration in July 2016. Due to non-recovery of the deposited funds, the Company agreed to repay the funds deposited to SPII.

Snow Peak Global Company Limited is a company associated with Mr Tsoi. The Company issued 41,961,646 ordinary shares at $0.25 per share to Snow Peak Global Company Limited and its nominees for conversion of DOCA related debt amounting to $10,750,000, the fair value of the shares issued was determined to be $10,544,962 (please refer to Note 20) leading to a gain on conversion of debt of $205,039.

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

c) Other non key management personnel related party transactions

Cyan Stone Pty Ltd (Cyan) became a related party on 14 May 2018 by virtue of becoming the majority shareholder of the Company. During the year, Cyan provided the Company with additional prepayments of $9,846,756 in relation to the subscription of ordinary shares under the Cyan subscription agreement and associated option.

During the year, Cyan provided the Company with 2 loan facilities, a $10 million exploration loan with a three year term from September 2017 and a $30 million operating loan with a two year term from November 2017. Both loan facilities accrue interest at 6% per annum and are secured by a floating charge over all of the Group's assets. The Company drew down $31,260,000 from the two loan facilities during the year.

At 30 June 2018, the Cyan operating loan had not been extended to 3 years and was due to be repaid in November 2019. Following the extension of the loan term to 3 years in January 2019, the operating loan is now due to be repaid in November 2020.

The $30 million loan facility was increased from $20 million to $25 million in May 2018, and from $25 million to $30 million on 8th January 2019.

On 14 May 2018, the Company issued 270,000,000 shares to Cyan at $0.12615 per share and an option to subscribe to a further 19,817,678 shares at $0.12615 per share in accordance with the Cyan subscription agreement. Cyan had previously prepaid amounts to the Company of $36,560,500.

During the year the Group incurred costs of $55,000 (2017: nil) from Cyan Stone for occupancy costs. The balance owing at 30 June 2018 is $55,000 (2017: nil).

Except as stated above, there were no other related party transactions during the year.

Note 31 Events occurring after the balance date

Private Placement Completed

The private placement was completed by 30 July 2018 with an additional 17,198,832 ordinary shares issued after 30 June 2018, raising $10,319,299. In total, 19,998,312 ordinary shares were issued under the private placement raising $11,998,987.

The Company conducted a further placement of 200,000 shares in September 2018 utilising the Company's existing placement capacity under ASX listing rule 7.1. The shares were issued at $0.60 per share raising $120,000.

Loans and Borrowings

The loan of $250,000 provided by Ralph De Lacey was repaid in July 2018 and the loan facility terminated. Ralph De Lacey provided the Company with another loan facility of $400,000 in August 2018, this loan facility accrues interest at 0.4% per month and has a term of 3 months. At the date of this report, $357,100 has been drawn down under this loan facility and this amount is due and payable at call.

The Company has drawn down an additional $8,545,000 from the Operating Loan provided by Cyan between 30 June 2018 and the date of this report, please refer to Note 1C "Going concern basis for preparation of financial statements" for drawn down balance at time of signing this report. The Cyan loans are secured by a floating charge over all of the Group's assets.

The Company and Cyan extended the term of Operating Loan by 1 year and increased the loan facility by $5 million, from $25 million to $30 million in January 2019.

In July 2018, Cyan exercised its option to subscribe to 19,817,678 ordinary shares at 12.615 cents per share and this was offset against previous prepayments made by Cyan, please refer to Note 17(i).

Additional Placement Executed

The Company executed a subscription agreement with Wealth Pointer Global Limited in March 2019. Under the subscription agreement, Wealth Pointer Global Limited will be issued with 34,710,743 fully paid ordinary shares at $0.605 per share to raise $21 million.

The subscription agreement is subject to conditions, including completion of due diligence by Wealth Pointer Global Limited and execution of a loan conversion agreement between Cyan and the Company in relation to the Cyan loans set out above.

Other than the information provided above, there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Group, to affect substantially the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent financial years.

Note 32 Cash Flow Information

	Year Ended 30 June 2018 $	Year Ended 30 June 2017 $
Loss after income tax	**(38,496,196)**	(9,916,947)
Non-cash items:		
Depreciation	**6,536,884**	4,251,230
Amortisation	**604,385**	-
Gain on disposal of Baal Gammon Project	**-**	(200,000)
Gain on transfer of payables to creditors trust	**-**	(13,104,557)
Impairment of mining tenements	**379,448**	
Impairment of exploration assets	**4,081,361**	2,213,726
Impairment of property, plant and equipment	**-**	1,258,478
Non recovery of deposits	**536,674**	-
Loss on conversion of equity	**1,959,907**	-
Change in operating assets and liabilities:		
Decrease/(increase) in receivables	**(1,011)**	(858,686)
Decrease/(increase) in prepaid expenses	**(1,496,739)**	(318,489)
Decrease/(increase) in inventories	**(1,266,711)**	60,214
Increase/(decrease) in other payables	**4,605,158**	(3,871,400)
Increase/(decrease)in employee liabilities	**804,141**	(261,674)
Increase/(decrease)in rehabilitation provision	**-**	(91,026)
Net cash outflow from operating activities	**(21,752,699)**	(20,839,131)

Non-cash financing and investing activities

There were no non-cash financing and investing activities in the current or previous financial year.

There are no other transactions which had material non-cash components.

Note 33 Earnings per share

	Year Ended 30 June 2018 Cents (post-consolidation)	Year Ended 30 June 2017 Cents (post consolidation)
a) Basic earnings per share		
Loss attributable to ordinary equity holders of the Company	**(26.76)**	(11.1)
b) Diluted earnings per share		
Loss attributable to ordinary equity holders of the Company	**(26.76)**	(11.1)
c) Loss used in calculation of basic and diluted loss per share	**$**	$
Loss after tax	**(38,496,196)**	(9,916,947)
d) Weighted average number of shares used as the denominator	**Number of Shares**	Number of Shares
Weighted average number of shares used as the denominator in calculating basic and diluted earnings per share	**143,852,863**	88,997,142

As at 30 June 2018, Cyan's option to subscribe to 19,817,6787 ordinary shares at 12.615 cents per share had not been exercised and remained outstanding, it was subsequently exercised in July 2018.

As the Company made a loss during the year, the presence of the Cyan option is non-dilutive.

Note 34 Subsidiary company details and consolidation information

Name of Subsidiary	Country of Incorporation and operation	Ownership interest 2018	Ownership interest 2017
CTM Alluvial Mining Pty Ltd	Australia	100%	100%
Colinacobre Pty Ltd	Australia	100%	100%
Surveyor Mining Pty Ltd	Australia	100%	100%

Colinacobre Pty Ltd and Surveyor Mining Pty Ltd were parties to the Asset Sale Agreement with Snow Peak Mining Pty Ltd and Snow Peak International Investments Ltd.

Note 35 Parent entity disclosures

As at, and throughout, the financial year ended 30 June 2018 the parent entity of the Group was Consolidated Tin Mines Limited.

(a) Result of parent entity

	2018 $	2017 $
Loss for the period	**(38,496,196)**	(9,916,947)
Other comprehensive income	**-**	-
Total comprehensive income/(loss) for the year	**(38,496,196)**	(9,916,947)

(b) Financial position of parent entity at year end

	2018 $	2017 $
Current assets	**4,896,822**	2,584,793
Total assets	**98,264,596**	88,186,643
Current liabilities	**15,716,106**	71,953,051
Total liabilities	**59,177,494**	82,934,095
Total equity comprising of:		
Share capital	**108,079,800**	35,749,050
Accumulated losses	**68,992,698**	(30,496,502)
Convertible note reserve	**-**	-
Total equity	**39,087,102**	5,252,548

(c) Contingencies

The Company is not aware of any significant contingencies as at the end of the financial year other than those mentioned in Note 28.

(d) Guarantees

The Company has not entered into any guarantees in relation to the debts of its subsidiaries.

(e) Contractual commitments

The Company has not entered into any contractual commitments for the acquisition of property, plant and equipment.

DIRECTORS' DECLARATION

The Directors of Consolidated Tin Mines Limited ("the Company") declare that:

(a) The accompanying financial statements and notes are in accordance with the Corporations Act 2001, including:

(i) complying with Accounting Standards and the Corporations Regulations 2001 and other mandatory professional reporting requirements; and

(ii) giving a true and fair view of the financial position of the Company as at 30 June 2018 and of its performance, as represented by the results of its operations, changes in equity and cash flows, for the financial year ended on that date.

(b) The Company has included in the notes to the financial statements an explicit and unreserved statement of compliance with International Financial Reporting Standards.

(c) 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.

(d) The remuneration disclosures included in the Directors' Report (as part of the audited Remuneration Report) for the year ended 30 June 2018, comply with section 300A of the Corporations Act 2001.

The Directors have been given the declarations required by Section 295A of the Corporations Act 2001 from the Managing Director and Company Secretary for the financial year ended 30 June 2018.

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

Dated at Cairns this 15th day of May 2019.

Morris Iemma

Non-Executive Chairman

Independent Auditor's Report

To the shareholders of Consolidated Tin Mines Limited

Report on the audit of the Financial Report

Opinion

We have audited the ***Financial Report*** of Consolidated Tin Mines Limited (the Company).

In our opinion, the accompanying Financial Report of the Company is in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the ***Group's*** financial position as at 30 June 2018 and of its financial performance for the year ended on that date; and
- complying with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The ***Financial Report*** comprises:

- Consolidated statement of financial position as at 30 June 2018;
- Consolidated statement of profit or loss and other comprehensive income, Consolidated statement of changes in equity, and Consolidated statement of cash flows for the year then ended;
- Notes including a summary of significant accounting policies; and
- Directors' Declaration.

The ***Group*** consists of the Company and the entities it controlled at the year-end or from time to time during the financial year.

Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report.

We are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with the Code.

Material uncertainty related to going concern

We draw attention to Note 1(c), Going Concern basis for preparation of financial statements in the financial report. The conditions disclosed in Note 1(c), indicate a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern and, therefore, whether it will realise its assets and discharge its liabilities in the normal course of business, and at the amounts stated in the financial report. Our opinion is not modified in respect of this matter.

In concluding there is a material uncertainty related to going concern we evaluated the extent of uncertainty regarding events or conditions casting significant doubt in the Group's assessment of going concern. Our approach to this involved:

- Assessing the Group's cash flow forecasts for incorporation of the Group's operations and plans to address going concern, in particular in light of the recent history of the Group's loss making operations and recommencement of mining operations;
- Evaluating the feasibility, quantum and timing of the Group's plans to refinance existing shareholder and related party loans and raise additional shareholder funds to address going concern; and
- Determining the completeness of the Group's going concern disclosures for the principle matters casting significant doubt on the Group's ability to continue as a going concern, the Group's plans to address these matters, and the material uncertainty.

Key Audit Matters

In addition to the matter described in the *Material uncertainty related to going concern section*, we have determined the matters described below to be the ***Key Audit Matters:***

- Exploration and Evaluation assets
- Carrying value of Mount Garnet Polymetallic Plant
- Carrying value of Mining Tenements
- Accounting for and valuation of shares issued to repay debt

Key Audit Matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial Report of the current period.

These matters were addressed in the context of our audit of the Financial Report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Exploration and Evaluation assets ($40.56m)	
Refer to Note 12 'Exploration and Evaluation assets' *to the Financial Report*	
The key audit matter	***How the matter was addressed in our audit***
Exploration and Evaluation (E&E) assets is a key audit matter due to: • the significance of the activity to the Group's business and the size of the	Our audit procedures included: • Evaluating the Group's accounting policy to recognise exploration and evaluation assets using the criteria in the accounting standard;

balance (being 41% of total assets); and • the greater level of audit effort required to evaluate the Group's application of the requirements of the industry specific accounting standard AASB 6 *Exploration for and Evaluation of Mineral Resources*, in particular consideration of the conditions allowing capitalisation of relevant expenditure and presence of impairment indicators. The presence of impairment indicators would necessitate a detailed analysis by the Group of the value of E&E, therefore given the criticality of this to the scope and depth of our work, we involved senior team members to challenge the Group's assessment. In assessing the conditions allowing capitalisation of relevant expenditure, we focused on: • the determination of the areas of interest (areas) in particular evaluating the results of the external expert engaged by the Group; • documentation available regarding rights to tenure, via licensing, and compliance with relevant conditions, to maintain current rights to an area of interest and the authoritative nature of external registry sources and the Group's intention and capacity to continue the relevant E&E activities; • the Group's determination of whether the E&E are expected to be recouped through successful development and exploitation of the area of interest, or alternatively, by its sale; In assessing the presence of impairment indicators, we focused on those that may draw into question the commercial continuation of E&E activities for areas of interest where significant capitalised E&E exists. In addition to the assessments above, and given the Group's planned cashflow forecast in respect of certain areas of interest, and the financial position of the Group, we paid particular attention to: • The ability of the Group to fund the continuation of activities; • Results from latest activities regarding the existence or otherwise of commercially viable quantities of zinc, lead, copper and tin resources or reserves, including the	• We assessed the Group's determination of its areas of interest for consistency with the definition in the accounting standard. This involved analysing the licenses in which the Group holds an interest and the exploration programmes planned for those for consistency with documentation such as Group cash flow forecasts, results of the external expert engaged by the Group and planned work programmes; • For each area of interest, we assessed the Group's current rights to tenure, by corroborating the ownership of the relevant license to government registries and evaluating agreements in place with other parties. We also tested for compliance with conditions, such as minimum expenditure requirements, on a sample of licenses; • We tested the Group's additions to E&E for the year by evaluating a statistical sample of recorded expenditure for consistency to underlying records, the capitalisation requirements of the Group's accounting policy and the requirements of the accounting standard; • We evaluated Group documents, such as minutes of Board meetings, ASX announcements, and cash flow forecasts, for consistency with their stated intentions for continuing E&E in certain areas. We corroborated this through interviews with key operational and finance personnel; • We analysed the Group's determination of recoupment through successful development and exploitation of the areas of interest by evaluating the Group's documentation of planned future and continuing activities including cash flow forecasts and the Group's operations plan; • We obtained project and corporate budgets identifying existing funding and the requirement to source alternate funding. We compared this for consistency with E&E areas of interest, for evidence of the ability to fund continued activities. We identified those areas relying on alternate funding sources and evaluated the capacity of the Group to secure such funding; • We compared the results from the external

impact of current and forecast prices on the valuation of E&E assets. The Group engaged an external expert to assist with these assessments. In addition to the above across significant tenements, the Group recorded an impairment charge of $1,665,246 against E&E, resulting from the expiry of specific tenement licenses and E&E expenditure incurred not considered recoverable of specific tenements. This further increased our audit effort in this key audit area.	expert engaged by the Group regarding the existence or otherwise of commercially viable quantities of zinc, lead, copper and tin resources or reserves and the valuation of E&E assets for particular tenements to the carrying value of E&E; • Working with our valuation specialists to assess the valuation approach used by the external expert engaged by the Group against industry practice; • We compared the current and forecast zinc, lead, copper and tin prices used by the external expert engaged by the Group in their valuation to publicly available data applicable to the Australian market; • We assessed the scope, competency and objectivity of the external expert engaged by the Group who assisted with the assessments of the valuation of E&E assets; • For the specific tenements where impairment was recorded, writing down the full E&E amount, we recalculated the impairment charge against the recorded carrying value and compared this to the amount disclosed.

Carrying value of Mount Garnet Polymetallic Plant ($15.89m)

Refer to Note 11 'Property, plant and equipment' *to the Financial Report*

The key audit matter	***How the matter was addressed in our audit***
Included in property, plant and equipment are assets relating to the Mount Garnet Polymetallic Plant (the Plant) with a carrying value of $15.89m. This is a key audit matter due to: • the significance of the Plant to the Group's business and the size of the balance (being 16% of total assets); • the greater level of audit effort required to evaluate the key assumptions made by the Group with respect to assessing the recoverable value and appropriate useful economic life of the Plant. The Group has determined the expected useful economic	Our audit procedures included: • We attended the operating site and inspected the Plant to assist our understanding of the Group's plans for use. We used these observations to challenge the Group's assumptions with respect to the useful life of the Plant; • We assessed the scope, competency and objectivity of the external expert engaged by the Group who assisted with the valuation of the Plant; • We engaged our valuation specialists to assess the replacement value method used by

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life of the Plant is longer than the life of mine forecast for the Mining Tenements currently identified by the Group at Note 13 to the Financial Report. This condition increased the possibility of the Plant being impaired and increased our audit effort in this area;
We focused on:

the replacement value method used by the Group in determining what the Group would have to pay to replace the Plant;
adjustments made to the full replacement value for the age of the Plant, its condition, and the expected useful life and associated depreciation.

The Plant is highly specialised resulting in a high proportion of audit effort applied to gather sufficient appropriate audit evidence on the above.
The Group engaged an external expert in the prior year to assist with these assessments.
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the Group’s external expert against industry practice and the accounting standards requirements;
We considered the sensitivity of the Group's valuation of the Plant by varying key assumptions, such as the full replacement value, within a reasonably possible range, to focus our further procedures;
We assessed the Group’s external expert assessment of the adjustments made to the full replacement value for the age of the Plant, its condition, the expected useful life of the Plant and rate of depreciation applied to the plant through inquiry of the external expert and checking the comparable assets the external expert used;
We checked the full replacement value by testing a sample of components in the prior year of the Plant’s full replacement value to external quotes for replacement;
We compared the results of the valuation of the Plant performed by the Group’s external expert in the prior year to the carrying value recorded by the Group.

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<tr><th colspan="2">Carrying value of Mining Tenements ($19.23m)</th></tr>
<tr><td colspan="2">Refer to Note 13 ‘Mining Tenements’ to the Financial Report</td></tr>
<tr><td>The key audit matter</td><td>How the matter was addressed in our audit</td></tr>
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The carrying value of Mining Tenements is a key audit matter due to the greater level of audit effort required to evaluate the key assumptions made by the Group with respect to assessing the recoverable value of the Mining Tenements and the size of the balance (being 20% of total assets).
The Group prepares a value in use model to assess the recoverable value. The key assumptions used in the Group’s value in use model are forecast zinc, lead and copper prices, forecast commodity grades, discount rates, life of mine forecast and forecast production quantities and costs.
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Our audit procedures included:

We inquired with the Group and read the minutes of directors meetings and ASX announcements to understand the Group’s production plans for certain Mining Tenements. We used this knowledge when assessing forecast production assumptions and the recoverability of the Mining Tenements;
We assessed the scope, competency and objectivity of the Group’s internal experts who assisted the Group in preparing the forecast production quantities and costs, forecast commodity grades and life of mine forecast;

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The Group used an internal expert to assist developing the key assumptions above. In addition internal expert resource reports are used to assist in developing forecast production quantities. Our assessment is made more challenging given production has only recently recommenced and the price volatility of zinc, lead and copper. In addition to the above, the Group recorded an impairment charge of $379,448 against Mining Tenements, resulting from the Group determining that the recoverable value of Mining Tenements were lower than its carrying value. This further increased our audit effort in this key audit area.	This information is used by the Group to assist in their carrying value assessment of the Mining Tenements; • We compared the key assumptions to the Board approved production plans; • We compared the Group's forecast production quantities used in the value in use model to the internal expert resource reports; • We compared the Group's forecast zinc, lead and copper price assumptions contained in the value in use model against published price forecasts; • We assessed the Group's sensitivity analysis on key assumptions in the value in use models such as zinc, lead and copper prices, forecast commodity grades, discount rates, and, forecast production quantities and costs to focus our further procedures; • Working with our valuation specialists to assess the appropriateness of the valuation approach used by the external expert engaged by the Group against industry specific standards and accounting standard requirements; • Working with our valuation specialists to compare the Group's discount rates to publicly available market data for comparable industry participants; • We assessed the disclosures in the financial report using our understanding of the carrying value of the mining tenements obtained from our testing and against the requirements of the accounting standards; • We recalculated the impairment charge against the recorded amount disclosed.

Accounting for and valuation of shares issued to repay debt ($36.59m)

Refer to Note 20 'Loss on Debt Conversion' *to the Financial Report*

The key audit matter	***How the matter was addressed in our audit***
On 14 May 2018 the Group issued 145,605,096 shares in repayment of $34,630,653 of debt owing to related parties of the Group. The total fair value of the shares issued was determined by the Group to be $36,590,561. As a result, the difference in the value of the debt owing and the fair value of the shares being $1,959,907 has been recognised as a loss on debt conversion. This is a key audit matter due to: • the significant unusual nature of the transaction and the impact to the financing structure of the Group and the financial statements; • the judgement required by the Group to estimate the fair value of the shares issued. The Group went into a voluntary trading halt on 27 June 2016 and remains suspended from the ASX. The Group has used the adjusted net asset valuation approach to value the shares issued. The inherent complexity of the valuation approach and assumptions used by the Group required a greater level of audit effort and we involved senior team members to challenge the Group's assessment. In assessing the fair value of the shares issued we focused on the key assumptions which include: • the appropriateness of the adjusted net asset valuation approach used by the Group. • the assumptions underlying the fair value of the significant assets as at 14 May 2018. The significant assets with key assumptions are Exploration and Evaluation assets, Mining Tenements and Mount Garnet Polymetalic Plant. The key assumptions used by the Group are those used to assess the fair value of the assets as at 30 June 2018 for the purpose of the valuation assessment of these assets, as referred to in our Key Audit Matters above. These assumptions have then been	Our audit procedures included: • We read minutes of shareholder meetings approving the transaction and underlying agreements to understand the key terms and conditions of the transaction; • We consulted with our accounting specialists to assess the accounting treatment for the transaction against the accounting standard requirements and alternate approaches; • We assessed the scope, competence and objectivity of the Group's external expert to prepare the adjusted net asset valuation approach used by the Group to estimate the fair value of the shares; • We engaged our valuation specialists to assess the appropriateness of the net asset valuation approach used by the Group's external expert against industry specific practice and accounting standard requirements; • We compared the fair value assessment performed at 30 June 2018 for each of the significant assets to the assessment performed by the Group at 14 May 2018. This was performed for Exploration and evaluation assets, Mining tenements and the Mount Garnet Polymetalic Plant. We assessed the differences in assumptions between the assessment as at 30 June 2018 and 14 May 2018. Our procedures to challenge the Group's key assumptions at 14 May 2018 for each significant asset are consistent to those referred to in our respective Key Audit Matters above. We assessed the impact of the conditions resulting in the impairments recorded by the Group in considering the fair value assessment at 14 May 2018; • We assessed the disclosures in the financial report, specifically in relation to related parties, using our understanding of the issue obtained

adjusted to the Group's determination of fair value at 14 May 2018. The Group engaged an external expert to assist with this assessment.	from our testing and against the requirements of the accounting standards.

Other Information

Other Information is financial and non-financial information in Consolidated Tin Mines Limited's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

- preparing the Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*
- implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error
- assessing the Group and Company's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Group and Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- to issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Financial Report.

A further description of our responsibilities for the audit of the Financial Report is located at the *Auditing and Assurance Standards Board* website at: http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf This description forms part of our Auditor's Report.

Report on the Remuneration Report

Opinion

In our opinion, the Remuneration Report of Consolidated Tin Mines Limited for the year ended 30 June 2018, complies with *Section 300A* of the *Corporations Act 2001*.

Directors' responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with *Section 300A* of the *Corporations Act 2001*.

Our responsibilities

We have audited the Remuneration Report included in pages 15 to 20 of the Directors' report for the year ended 30 June 2018.

Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with *Australian Auditing Standards*.

KPMG

Daniel Camilleri
Partner

Sydney
15 May 2019

ADDITIONAL INFORMATION

Pursuant to the Listing Requirements of the Australian Securities Exchange, the shareholder information set out below was applicable at 1st April 2019.

a. Distribution of Equity Securities
Analysis of numbers of security holders by size of holding:

Distribution	Number of shareholders
1 – 1,000	232
1,001 – 5,000	407
5,001 – 10,000	163
10,001- 100,000	312
More than 100,000	91
Totals	**1,205**

There were 338 shareholders holding less than a marketable parcel of ordinary shares.

b. Substantial Shareholders
An extract of the Company's Register of Substantial Shareholders (who hold 5% or more of the issued capital) is set out below:

Shareholder Name	Issued Ordinary Shares	
	Number of shares	Percentage of shares %
Cyan Stone Pty Ltd	281,827,775	51.75%
Snow Peak International Investment Limited	80,720,983	14.83%
Win Harvest Corporation Limited	41,133,855	7.56%
Snow Peak Mining Pty Ltd	41,116,921	7.55%

c. Twenty Largest Shareholders
The names of the twenty largest holders of quoted shares are listed below:

Shareholder Name	Issued Ordinary Shares	
	Number of shares	Percentage of shares %
Cyan Stone Pty Ltd	281,827,775	51.75%
Snow Peak International Investment Limited	80,720,983	14.82%
Win Harvest Corporation Limited	41,133,855	7.55%
Snow Peak Mining Pty Ltd	41,116,921	7.55%
Success Sea Development Company Limited	26,343,678	4.84%
Boal & Co	17,431,282	3.20%
M&L Inspiration Investment Pty Ltd	13,332,722	2.44%
Mr Ralph De Lacey & Mrs Michelle Ryan	3,535,963	0.65%
NQ Mining Enterprises Pty Ltd	2,046,843	0.38%
Mr Ze Huang Cai	1,513,405	0.28%
Ms Lingyan Qiu	1,238,000	0.23%
Ms Qin Xu	1,180,000	0.22%
Mr Huiliang Yao	1,135,000	0.21%
Mr Kwok Ching Tsoi	822,752	0.15%
Citicorp Nominees Pty Ltd	758,076	0.14%
Ms Liping Dai	520,000	0.10%
Mr L A Cousins & Mrs A E Cousins	512,681	0.09%
Mr Jiafa Li	505,000	0.09%
Ms Qiaoming Sun	500,000	0.09%
Ms Aiqing Zhang	500,000	0.09%
Top 20 total	**516,674,936**	**94.87%**

d. Voting Rights
In accordance with the Company's Constitution, voting rights in respect of ordinary shares are on a show of hands whereby each member present in person or by proxy shall have one vote and upon a poll, each share will have one vote.

SCHEDULE OF MINERAL TENEMENTS

Schedule of Tenements as at 30 June 2018

Registered Holder	Tenement No.	Tenement Name	Interest at start	Interest at end	Status
Consolidated Tin Mines	MDL 38	Gillian	100%	100%	Granted
	MDL 381	Windermere	100%	100%	Granted
	MDL 448	Herberton Deep Lead	100%	100%	Granted
	MDL 482	Jeannie River	100%	100%	Granted
	EPM 14185	Mount Garnet	100%	100%	Granted
	EPM 15611	Lynd River	100%	100%	Granted
	EPM 17073	Mount Garnet Extended	100%	100%	Granted
	EPM 17547	Tate River Extended	100%	100%	Granted
	EPM 17623	Mount Garnet West	100%	100%	Granted
	EPM 17753	Mount Garnet Nth West	100%	100%	Granted
	EPM 17875	Lynd River Extended	100%	100%	Granted
	EPM 17917	Smith's Creek Extended	100%	100%	Granted
	EPM 18000	Mount Garnet East	100%	100%	Granted
	EPM 18118	Bolwarra	100%	100%	Granted
	EPM 18321	Mount Garnet South	100%	100%	Granted
	EPM 18795	Gillian	100%	100%	Granted
	EPM 19105	Jimbilly North	100%	100%	Granted
	EPM 19204	Nettle Creek South	100%	100%	Granted
	EPM 19323	Kangaroo Creek	100%	0%	Expired
	EPM 19468	Jeannie River Extended	100%	100%	Granted
	EPM 19603	Dinner Creek	100%	100%	Granted
	EPM 25386	Spring Creek	100%	100%	Granted
	EPM 25427	Nettle Creek	100%	100%	Granted
	EPM 25428	Reedy Creek	100%	100%	Granted
	EPM 25689	Twelve Mile	100%	100%	Granted
	EPM 25702	Soda	100%	100%	Granted
	EPM 25711	Brownville	100%	100%	Granted
	EPM 25939	Torwood	100%	100%	Granted
	EPMA 26087	Einasleigh Extended	0%	0%	Application
	EPMA 26540	Silver Valley	0%	0%	Application
	MLA 20583	Mid Battle Creek	0%	0%	Application
	MLA 20584	Nettle Creek Extended	0%	0%	Application
	MLA 20585	Upper Battle Creek	0%	0%	Application
	MLA 20693	Pinnacles	0%	0%	Application
	MLA 20694	Windermere	0%	0%	Application
	ML 20743	Gillian	100%	100%	Granted
	MLA 100022	Maitland	0%	0%	Application

Registered Holder	Tenement No.	Tenement Name	Interest at start	Interest at end	Status
CTM Alluvial Pty Ltd	ML 4069	Nettle Creek	100%	100%	Granted
	ML 4073	Nettle Creek	100%	100%	Granted
	ML 4074	Nettle Creek	100%	100%	Granted

Registered Holder	Tenement No.	Tenement Name	Interest at start	Interest at end	Status
CTM Alluvial Pty Ltd	MLA 20721	Kangaroo Creek	0%	0%	Application
	MLA 20722	Martins Terrace	0%	0%	Application
	MLA 20723	Martins Hill	0%	0%	Application
	MLA 100023	Boomerang	0%	0%	Application
	EPMA 26453	Lynd Regional	0%	0%	Application
	EPMA 26910	Tate Lynd	0%	0%	Application

Registered Holder	Tenement No.	Tenement Name	Interest at start	Interest at end	Status	Pending Transfer Holder *
Snow Peak Mining Pty Ltd	EPM 9323	Balcooma	100%	100%	Granted	SM PL
	EPM 12510	Horse Mountain	100%	100%	Granted	CSD
	EPM 12513	Ironstone Knob	100%	100%	Granted	CSD
	EPM 13072	Einasleigh	100%	100%	Granted	SM PL
	EPM 13229	Balcooma East	100%	100%	Granted	SM PL
	EPM 13272	Mount Garnet West	100%	100%	Granted	CSD
	EPM 14107	Balcooma Extended 2	100%	100%	Granted	SM PL
	EPM 14626	Mount Garnet Ext	100%	100%	Granted	CSD
	EPM 16024	Expedition Creek	100%	100%	Granted	CSD
	EPM 16072	Mount Garnet	100%	100%	Granted	CSD
	EPM 18093	Newcastle	100%	100%	Granted	SM PL
	EPM 18165	Caldera	100%	100%	Granted	SM PL
	EPM 18257	Coolabah	100%	100%	Granted	SM PL
	EPM 18284	Nine Mile	100%	100%	Granted	SM PL
	EPM 18558	Blacksoil	100%	100%	Granted	SM PL
	EPM 25199	Fish Hole Creek	100%	100%	Granted	SM PL
	EPM 25199	Fish Hole Creek	100%	100%	Granted	SM PL
	EPM 25200	Telegraph Creek	100%	100%	Granted	SM PL
	EPM 25202	Mount Juliet	100%	100%	Granted	SM PL
	EPM 25211	Tooth Dam	100%	100%	Granted	SM PL
	EPM 25259	Surveyor Two	100%	100%	Granted	SM PL
	EPM 25276	Catepillar	100%	100%	Granted	SM PL
	EPM 25277	Mount Garnet South	100%	100%	Granted	CSD
	EPM 25424	Railway	100%	100%	Granted	SM PL
	EPMA 25451	Stockman	0%	0%	Application	SM PL
	EPM 25498	Balcooma West	100%	100%	Granted	SM PL
	EPMA 25522	Telegraph Extended	0%	0%	Application	SM PL
	ML 1393	Balcooma	100%	100%	Granted	CSD
	ML 4042	Mount Garnet No 2	100%	100%	Granted	CSD
	ML 4043	Mount Garnet No 3	100%	100%	Granted	CSD
	ML 4044	Mount Garnet No 4	100%	100%	Granted	CSD
	ML 4130	Mount Garnet No 5	100%	100%	Granted	CSD
	MLA 20005	Mount Garnet Ext Nth	0%	0%	Application	CSD
	ML 20007	Mount Garnet	100%	0%	Expired	CSD
	ML 20016	Mount Garnet No 6	100%	100%	Granted	CSD

Registered Holder	Tenement No.	Tenement Name	Interest at start	Interest at end	Status	Pending Transfer Holder *
Snow Peak Mining Pty Ltd	MLA 20105	Mount Garnet Sth Wst	0%	0%	Application	CSD
	ML 30156	Balcooma 95	100%	100%	Granted	CSD
	MLA 30211	Kaiser Bill	0%	0%	Application	SM PL
	MLA 30212	Einasleigh	0%	0%	Application	SM PL
	MLA 30214	Transport MLA	0%	0%	Application	SM PL
	MLA 30217	Chloe	0%	0%	Application	SM PL
	MLA 100001	Mount Garnet South	0%	0%	Application	CSD
	MLA 100177	Stockman	0%	0%	Application	CSD
	MLA 100178	Jackaroo	0%	0%	Application	CSD
	MLA 100179	Ringer	0%	0%	Application	CSD
	MLA 100180	Bel	0%	0%	Application	CSD

*Pending transfer holder = CSD – Consolidated Tin Mines Limited, SM PL – Surveyor Mining Pty Ltd

ANNUAL REPORT 2018

CONSOLIDATED
TIN MINES LTD
ABN 57 126 634 606