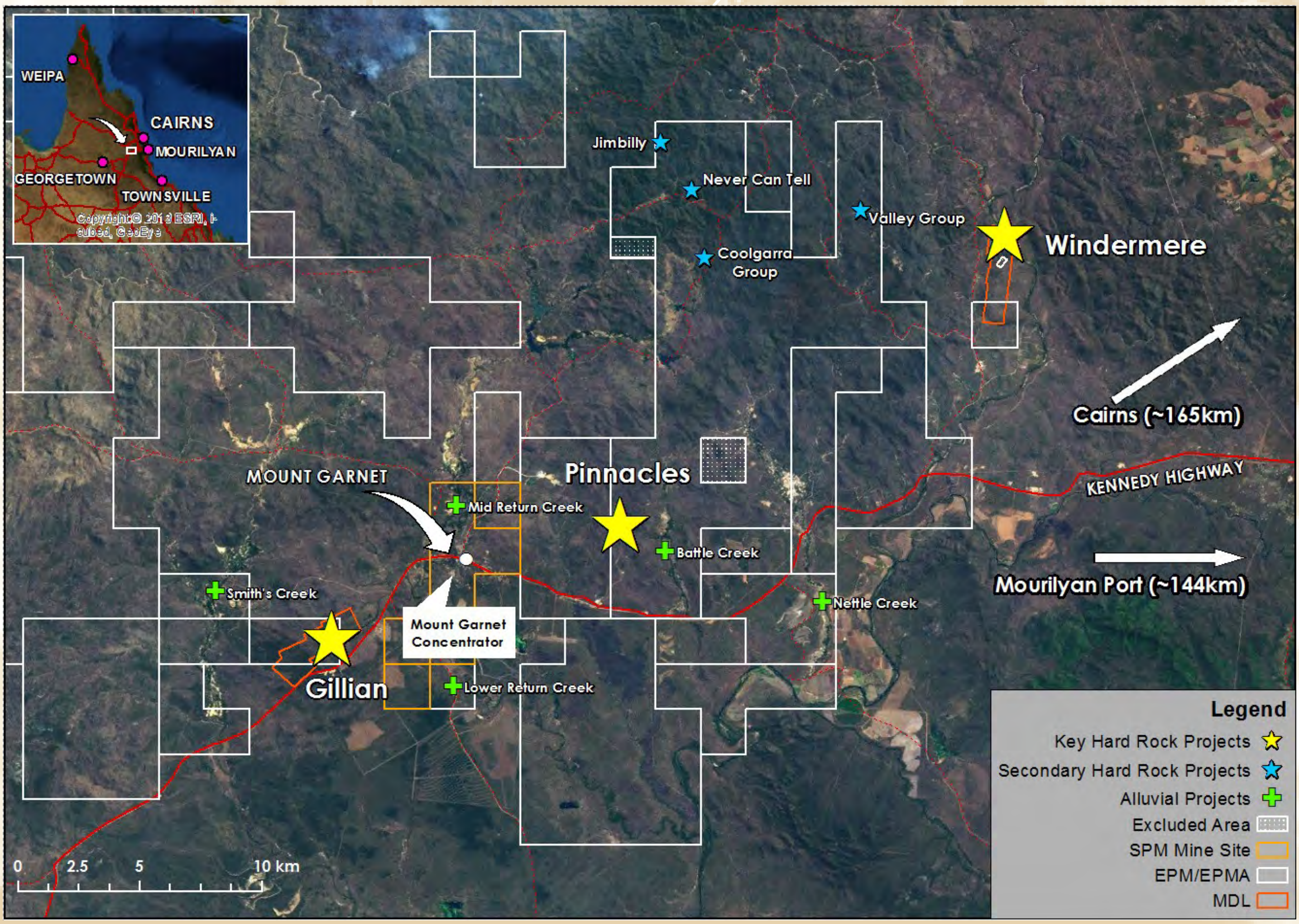
ANNUAL REPORT 2017

CONSOLIDATED TIN MINES LTD

ABN 57 126 634 606



CONSOLIDATED TIN MINES LTD

ABN 57 126 634 606

Annual Report

For the Year Ended
30 June 2017

CONSOLIDATED TIN MINES LIMITED

ABN 57 126 634 606

CORPORATE DIRECTORY

Board of Directors

Mr Ralph De Lacey	Joint Executive Chairman
Mr Kwok Ching Tsoi (Alex)	Joint Executive Chairman
Mr Ze Huang Cai (Martin)	Executive Director
Mr Si He Tong	Non-Executive Director
Ms Xiaoyan Tong (Seraphina)	Alternate Director for Mr Tong

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

Share Transfer Registrars 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 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

CHAIRMAN'S LETTER

Dear Shareholder,

It is my pleasure to present the Annual Report for Consolidated Tin Mines Limited for the year ended 30 June 2017.

The year to 30 June 2017 has seen a return to good fortunes for the Company with the injection of new funding that has allowed the successful emergence from a period of Voluntary Administration (VA) in December 2016 to being on the cusp of production at Mt Garnet by 30 June 2017.

During the period of VA, the Board resolved that it was in the best interests of the Group to restructure the Company and introduce additional equity to strengthen the Group's balance sheet. This was achieved with the emergence of funding from Cyan Stone Pty Ltd (Cyan).

Together with Cyan and Snow Peak Mining Pty Ltd, the Directors proposed a Joint Deed of Company Arrangement (DOCA) that was considered and approved by creditors at a second meeting of creditors held on 23 November 2016. The Company executed a DOCA together with SPM on 8 December 2016 and the DOCA was subsequently effectuated on 12 January 2017.

The Company commenced re start of the Mt Garnet and Surveyor Mines and the Mt Garnet Processing Plant once the DOCA was in place and recommenced mining and processing at Mt Garnet in July 2017. The Company has also commenced exploration activities on a number of near mine targets and existing resources with very encouraging results from Mt Garnet Deeps and, subsequent to year end, at Chloe, Jackson and Kaiser Bill prospects on the Einasleigh Project.

In the year ahead your Company will be focused on bringing the Surveyor mine back into production, developing Mt Garnet Deeps and continuing to build base metal resources through exploration.

The Company's shares remain suspended on the ASX pending completion of ASX compliance requirements, which includes (amongst other things) the lodgement of these financial statements. Further, the Company is in the process of finalising a Notice of Meeting (NOM) and Independent Experts Report (IER) which is to be dispatched to shareholders. The NOM and IER will contain all relevant and necessary details that shareholders will require to make an informed assessment of the proposed transactions to refinance the Company. The Company will keep shareholders informed of developments as CSD works towards the Company being re-instated to trading on ASX.

There has been one change to the Board in the year with the resignation of Non-Executive Director Mr Darryl Harris. I would like to thank Mr Harris for his service and commitment to the Board during his time with CSD.

I look forward to the appointment of additional board members in the near future.

I thank the existing Board for their courage, tenacity and strength to stand firm and work through extremely challenging times that have seen the Company return to being a base metals producer.

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

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

Yours sincerely

Ralph De Lacey

Mr Ralph De Lacey

Joint Executive Chairman of the Board

REVIEW OF OPERATIONS

The year has seen a dramatic change in the Company's fortunes, traversing a path from all operations being in care and maintenance, followed by a period where the Company was in Voluntary Administration (VA), to being on the cusp of recommencing production at Mt Garnet by the end of the financial year.

With operations on care and maintenance and continued delays in finalising funding arrangements to address working capital requirements the Directors had no option other than to place the Company into VA on 19th July 2016 to allow the Company time to complete funding arrangements. With the emergence of funding from Cyan Stone Pty Ltd (Cyan), the Group discontinued the previous funding negotiations in November 2016 and executed a Joint Deed of Company Arrangement together with Snow Peak Mining Pty Ltd ("SPM") on 8 December 2016 resulting in the return of control of the Company to the Directors.

Operations remained on care and maintenance during the VA period. Immediately after VA concluded on 8 December 2016, the Group commenced recruiting key personnel to fill senior management positions that were previously vacated and commenced the re-establishment of the Mt Garnet and Surveyor Mines as well as the recommissioning of the Mt Garnet processing plant.

The Mt Garnet mine and mill restart were 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 has been dewatered and access to the portal re-established with refurbishment of the decline ongoing. Mining at DRS is expected to commence during the March 2018 quarter.

As part of the funds raised (under the subscription agreement entered into between the Company and Cyan), an AU$11.6 million budget was established to undertake exploration drilling on key target areas that include Mt Garnet Deeps, the Chloe, Jackson and Kaiser Bill Prospects at Einasleigh, extensions to Surveyor and additional prospects within the Group held exploration targets, with the goal of developing additional base metal resources for the Mt Garnet processing plant. This drilling program commenced in January 2017. Part of this program was a robust review of the Einasleigh Project JORC Resource and update to 2012 JORC standard. This has resulted in updated resources announced for each of the Kaiser Bill and Chloe Jackson Projects based solely on all historic drilling.

As part of the preparatory work to recommence operations the Mt Garnet Hotel was acquired in April 2017 to provide accommodation for employees at Mt Garnet and a mine camp was re-established at Surveyor.

For the next year the Company is focused on maximising the Mt Garnet Processing Plant production, sourcing ore from the refurbished DRS mine and Mt Garnet Deeps, both of which are currently being developed, and remnant ore from the Mt Garnet mine. In addition the Company is continuing the exploration and development programs at Einasleigh, Surveyor and Mt Garnet to increase resources and provide feed to the Mt Garnet mill in future years.

The Company is also developing a longer-term plan to support a sustainable mining operation well into the future, which include:

- Feasibility studies for the establishment of:
    - a new polymetallic mining project at Einasleigh with 1.9Mtpa ore concentrator; and
    - a tin mining project at Mt Garnet with 500ktpa ore throughput.
- Development and mining of the Maitland Copper Project.

ANNUAL MINERAL RESOURCES AND ORE RESERVES STATEMENT

Mt Garnet Tin Project

Mineral Resources

Table 1: Mt Garnet Tin Project – Sn, Fe and F grade tonnage summary, as at 30 June 2017

TIN (Sn)	Cut-off Sn_EQ%	Measured tonnes	Grade Sn%	Indicated tonnes	Grade Sn%	Inferred tonnes	Grade Sn%	Total tonnes	Grade Sn%
Gillian	0.2	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	0.3	1,575,000	0.3	**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	0.2	1,200,000	34.20	1,160,000	32.50	180,000	25.20	**2,530,000**	**32.93**
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**	**23.47**

FLUORINE (F)	Cut-off Sn_EQ%	Measured tonnes	Grade Sn%	Indicated tonnes	Grade Sn%	Inferred tonnes	Grade Sn%	Total tonnes	Grade Sn%
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

Ore Reserves

There has been no Ore Reserve completed to date.

Base Metals Assets

Mineral Resources

Table 2: Copper Resources as at 30 June 2017

Deposit	JORC 2004/12	Category	Type	Tonnes	Zn%	Pb%	Cu%	Au g/t	Ag g/t	Competent Person
Balcooma North	2004	Indicated	Fresh	121,000	0.1	0.0	2.0	0.0	6	1
	2004	Inferred	Fresh	12,000	0.2	0.1	2.3	0.0	11	1
Maitland	2004	Indicated	Oxide + Fresh	1,450,000	0.0	0.0	1.5	0.0	0	2
	2004	Inferred	Fresh	40,000	0.0	0.0	1.1	0.0	0	2
Einasleigh	2004	Indicated	Fresh	500,000	0.0	0.0	4.0	0.2	18	3
	2004	Inferred	Fresh	600,000	0.0	0.0	1.9	0.1	8	3
Kaiser Bill	2012	Indicated	Trans + Fresh	13,300,000	0.0	0.0	0.9	0	7	5
	2012	Inferred	Trans + Fresh	2,200,000	0.0	0.0	0.9	0.1	11	5
Total				18,223,000	0.0	0.0	1.1	0.0	7.2	

Table 3: Polymetallic Resources as at 30 June 2017

Deposit	JORC 2004/12	Category	Type	Tonnes	Zn%	Pb%	Cu%	Au g/t	Ag g/t	Competent Person
Dry River South	2004	Measured	Fresh	92,000	9.6	3.9	1.1	0.7	76	2
	2004	Indicated	Fresh	78,300	7.2	2.4	1.1	0.7	68	2
	2004	Inferred	Fresh	560,000	6.4	2.3	0.9	0.6	59	2
New Surveyor East	2004	Indicated	Oxide	179,000	0.0	6.4	0.1	1.2	93	2
Chloe/Jackson	2012	Indicated	Fresh	1,700,000	5.0	2.2	0.2	0.0	61	6
	2012	Inferred	Fresh	1,300,000	5.6	1.9	0.2	0.0	44	6
Railway Flat	2004	Inferred	Fresh	900,000	3.4	0.9	0.2	0.0	16	3
Total				4,809,300	5.0	2.1	0.3	0.1	49.3	

ANNUAL MINERAL RESOURCES AND ORE RESERVES STATEMENT (cont.)

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 Kagara Limited ASX release 5 December 2011 (JORC Code 2004 Edition)*
5 Jason McNamara, see ASX release 17 October 2017
6 Jason McNamara, see ASX release 19 September 2017

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

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'.

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'.

The information in this Annual Mineral Resource and Ore Reserves Statement that relates to the base metals assets resources is based on, and fairly represents, information reviewed by Mr Jason McNamara who is a Fellow of The Australasian Institute of Mining and Metallurgy. Mr McNamara was a full-time employee of Consolidated Tin Mines at the time this information was reviewed and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity currently being undertaking to qualify as a Competent Person as defined in the 2012 edition of the "Australasian Code for Reporting Exploration Results, Mineral Resources and Ore Reserves".

Messrs Drabble, Andrew and McNamara have approved the Statement as a whole and consent to its inclusion in the Annual Report in the form and context in which it appears.

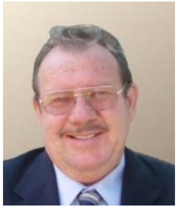
DIRECTORS' REPORT

The Directors present their report together with the consolidated financial statements of the Group comprising of Consolidated Tin Mines Limited (CSD or the Company) and its subsidiaries for the financial year ended 30 June 2017 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.

Ralph De Lacey, MAICD
Joint Executive Chairman



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.

Kwok Ching Tsoi (Alex), Bachelor of Computer Science and Maths Clarkson University, New York
Joint Executive Chairman

Mr Tsoi is currently Vice-President of Snow Peak Group. He oversees 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.

Ze Huang (Martin) Cai, Master of Applied Finance
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

Si He Tong, MBA
Non-Executive Director

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.

Xiaoyan (Seraphina) Tong, Bachelor of Employment & Human Resources from Brunel University, UK
Alternate Non-Executive Director for Mr Si He Tong

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.

Former Director

Darryl Harris, BSc, MAusIMM
Non-Executive Director (resigned 13 July 2016)

Company Secretary

Ze Huang (Martin) Cai

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

DIRECTORS' REPORT

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
Ralph De Lacey[2]	48,976,057	-
Si He Tong [1]	673,700,000	-
Ze Huang (Martin) Cai [2]	612,376,057	-
Kwok Ching (Alex) Tsoi [2]	612,376,057	-

[1] Interest held through director's association with Snow Peak Mining Pty Ltd and Snow Peak International Investments Ltd

[2] Interest held through director's association with Snow Peak Mining Pty Ltd and ARM (NQ) Pty Ltd

Directors' Meetings

The number of meetings of the Company's Directors held during the year ended 30 June 2017, 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	5	5
Darryl Harris [1]	0	0
Si He Tong	5	0
Ze Huang (Martin) Cai	5	5
Kwok Ching Tsoi (Alex)	5	5
Xiaoyan Tong (Seraphina)- Alternate	5	0

[1] Resigned as a director 13 July 2016

Principal Activities

The Company's operations were on care and maintenance at the start of the year and remained so during the period the Company was in Voluntary Administration ("VA") from 19th July 2016 to 8 December 2016. The principal activities of the Company following the VA period consisted of restart of the Mt Garnet and Dry River South mines and the Mt Garnet processing plant 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.

Review of Operations

Voluntary Administration and Deed of Company Arrangement

The Company commenced the year with the Mt Garnet and Surveyor mines and Mt Garnet mill on care and maintenance following a shut down on 20 May 2016. Following continued delays in finalising funding arrangements to address working capital requirements the Directors had no option other than to place the Company into Voluntary Administration (VA) on 19th July 2016 and appointed Blair Pleash and Kathleen Vouris of Hall Chadwick as Administrators. While the Administrators undertook a review and assessment of the Company's operations, the Company continued to run its mining operations in a care and maintenance capacity.

The Company executed a Deed of Company Arrangement (DOCA) on 8 December 2016 following a meeting of creditors on 23 November 2016. The DOCA was proposed by Cyan Stone Pty Ltd (Cyan), an Australian private company with interests in property development, building construction and viticulture. Cyan is majority owned by Hong Kong-based Jianyuan Investment Limited which in turn is held with 100% ownership by Chinese businessman, Mr Ching.

Upon execution of the DOCA, control of the Company was returned to the Directors, subject to the terms of the DOCA.

DIRECTORS' REPORT

The DOCA established a fund in the amount of $10,000,000, for payment of the Company's and SPM's creditors. Subject to the necessary resolutions being passed, the DOCA provided that the Company and SPM would affect a restructure by:

a. Converting all current related party pre-administration debt and all current related party debt incurred during the course of the Company's voluntary administration, to equity, resulting in the issue of 1,456,050,770 fully paid ordinary shares (Shares) to the related party Creditors or their nominees;
b. Issuing up to 2,700,000,000 Shares at an issue price of $0.012615 per Share to Cyan to raise up to $34,060,500 pursuant to the terms of a subscription agreement entered into with Cyan on 10 November 2016 (Subscription Agreement); and
c. Granting Cyan an option to subscribe for 198,176,774 Shares (on a pre-Consolidation basis) at an issue price of $0.012615 per Share which if exercised will raise an additional $2,500,000.

The issue of Shares to Cyan pursuant to the terms of the Subscription Agreement will require Shareholder approval and may result in Cyan obtaining a voting power in the Company of up to 60%.

Pursuant to the Subscription Agreement (as varied), Cyan agreed to a scheduled prepayment of the subscription funds, and commencing 16 January 2017 has already advanced $36,560,500 (as at the date of signing these financial statements) to the Group of the total subscription amount (inclusive of the DOCA funds and funds for care and maintenance paid by Cyan to the Administrators).

Under the terms of the DOCA and the Subscription Agreement, the subscription funds are to be used for the following purposes:

- To establish a $10m creditors trust to be operated by the Administrators;
- To repay care and maintenance loans totalling $3,937,649, provided by Cyan and Ming Huang Trading Limited (a company registered in Hong Kong) during the period of voluntary administration; and
- For working capital purposes.

Cyan has also loaned an additional $18,350,000, as at the date of signing these financial statements, to fund working capital requirements.

This additional funding has been provided under two separate facilities:

- $10m 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
- $20m commencing November 2017 for a 2 year period at an interest rate of 6% p.a. ($8.35m drawn down as at the date of this report).

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

Funds set aside for working capital purposes allowed the Company to instigate the restart of mining and processing operations and other planned exploration activities.

The DOCA was subject to a number of conditions subsequent, being the receipt of Foreign Investment Review Board (FIRB) approval and receipt of various Shareholder approvals (Conditions Subsequent). The Conditions Subsequent were required to be met by 23 January 2017.

FIRB approval was obtained on 21 December 2016 for:

1. the acquisition of various mining tenements and associated infrastructure from SPM pursuant to the Asset Sale Agreement; and
2. the issue of shares to Cyan which may result in Cyan holding a voting power of up to 60%. Due to shareholder approvals not being obtained by 21 December 2017, FIRB approval for the issue of shares to Cyan has expired. The Company is in the process of reapplying for this approval.
3. Due to Shareholder approvals not being obtained by 23 January 2017, Cyan agreed to waive the Conditions Subsequent. An effect of this waiver is that, in the event that Shareholders do not approve the issue of the Shares to Cyan, the total amount that has been advanced by Cyan will automatically be converted into an interest-bearing loan which will be secured by a general security agreement over the Company and will be subject to interest at 10% per annum due and payable immediately. As a result of this waiver, under Section 445C (c) of the Corporations Act 2001, on 12 January 2017 the DOCA was wholly effectuated by its terms and the Administrator is no longer involved with the Company.
4. In order to obtain Shareholder approvals an Extraordinary General Meeting (EGM) will be held with the full details of the proposed restructure being explained in a Notice of General Meeting and an Independent Experts Report. Both of these documents will be lodged with the ASX shortly after the date of signing of this Report.

DIRECTORS' REPORT

Restart of Operations

Following execution of the DOCA on 8 December 2016 and receipt of funding from Cyan, the Company set about restarting the Mt Garnet and Surveyor mines and the Mt Garnet mill with a plan to recommence production by mid-2017.

The Mt Garnet mine and mill restart was completed early July 2017 with mining commencing 5 July and processing of ore for production of concentrate commencing 24 July. The Dry River South mine (DRS) at Surveyor has been dewatered and access to the portal re-established with refurbishment of the decline ongoing. Mining at DRS is expected to commence during the March 2018 quarter.

As part of the preparatory work to recommence operations the Mt Garnet Hotel was acquired to provide accommodation for employees at Mt Garnet and a mine camp was re-established at Surveyor.

Sale of Baal Gammon Copper Project

On 31 January 2017, the Company, the Company's wholly owned subsidiary Colinacobre Pty Ltd (Colinacobre) and SPM entered into a settlement agreement with Baal Gammon Copper Pty Ltd (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 including the assumption of the Companies' obligations under the Clean-Up Notice.

Under the settlement agreement, the Company has paid BGC an amount of $1,800,000 ($1,400,000 as at 30 June 2017). The transfer of the financial assurances held with respect to the Baal Gammon Mine to BGC ($3.75 million) is in the process of being completed by the relevant government bodies. As a result of the settlement deed, and in return for the payments and transfer of financial assurance, the Company transferred all rehabilitation obligations associated with the Baal Gammon Mine ($5.75 million) to BGC. The Company has estimated the provision in accordance with the Australian Accounting Standards and this estimation has considered the subsequent settlement agreement with BGC. 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.

BGC lodged a proof of debt against the creditors trust operated by Blair Pleash and Kathleen Vouris (the Administrators) as trustees on 1 March 2017. On 6 March 2017, BGC were advised of the rejection of this proof of debt by the trustees. BGC initiated legal action against trustees as a result of this rejection and this action was subsequently dismissed, removing an impediment to payment of a distribution form the creditors trust.

A first and final dividend from the creditors trust, operated by the Administrators as trustees, was declared on 22 January 2018.

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 Mt Garnet mill. This program includes:

- Stage 1 & 2 drilling of the Mt Garnet Deeps prospect, which is now complete and confirmed the existence of a continuous mineralised shoot at depth parallel to the original Mt Garnet resource. Stage 3 drilling commenced during the December 2017 quarter.
- Subsequent to year end drilling programs are ongoing or completed at:
  - the Chloe/ Jackson prospect and Kaiser Bill Prospects at Einasleigh Project. Updated JORC Resources to 2012 JORC code on all historic drilling have been announced for each of these prospects.
  - Gillian Zinc prospect, located 9 km south of Mt Garnet.
  - Kingston and Clinker Prospects and the Balcooma deposit, all located at the Surveyor Project.
  - Nanyetta Prospect, located 3km along strike from the Mt Garnet mine.

The following tenements expired during the year ended 30June 2017 and were not renewed:

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

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 $9,916,947 (2016: $14,753,742).

The loss for the year reflects operations being in care and maintenance from the start of the year to the end of the period of VA followed by mine and mill restart costs required before the Mount Garnet and Surveyor mines can be brought back into production.

The loss is net of:
- a gain of $13,104,557, representing the net difference between creditors transferred to the creditors trust operated by the Administrators and $10,000,000 transferred to the creditors trust by the Company in November 2016 to settle the Company's obligations in respect of the creditors transferred;
- capitalised project costs written off of $1,258,478 relating to a discontinued project to treat stored water at Baal Gammon;
- capitalised exploration costs written off of $864,600 on tenements that have been relinquished; and
- a $200,000 gain from the sale of the Baal Gammon Copper Project.

Financial Position
At the end of the financial year the Group had net assets of $5,252,548 (2016: $15,169,495), including $779,143 (2016: $1,094,967) in cash and at call deposits and exploration and evaluation assets and mining tenements of $45,448,509 (2016: $48,034,283).

Options Over Unissued Shares
No options were issued or exercised during the current or previous financial year.

As at the date of this report there are no unissued ordinary shares of the Company under option (2016: nil).

Significant Changes in the State of Affairs
The securities were suspended on the official list of the ASX on 29 June 2016 with Administrators being appointed on 19 July 2016. A joint DOCA was executed on 8 December 2016 and, upon execution of the DOCA, control of the Company was returned to the Directors, subject to the terms of the DOCA.

Operations were placed on care and maintenance in May 2016. Restart of the Mt Garnet mine and mill and DRS mine commenced in December 2016 and production at Mt Garnet recommenced in July 2017.

Matters Subsequent to the End of the Financial Year

Operations
The Mt Garnet underground mine recommenced mining on 5th July 2017 with first ore delivered to the Run-of-Mine (ROM) on 6 July 2017. The Mt Garnet Mill commenced concentrate production on 24 July 2017.

Development of the Dry River South project, an underground mine located adjacent to the Surveyor open cut pit, is continuing.

Exploration is continuing with drilling programs undertaken at the Chloe/ Jackson and Kaiser Bill prospects at Einasleigh as well as at Balcooma, Nanyetta and Mt Garnet Deeps.

Subscription Agreement and Funding
Pursuant to the Subscription Agreement (as varied), Cyan agreed to a scheduled prepayment of the subscription funds, and Cyan has advanced $36,560,500 (as at the date of signing these financial statements) to the Group of the total subscription amount (inclusive of the DOCA funds and funds for care and maintenance paid by Cyan to the Administrators). Cyan has also loaned an additional $18,350,000 to the Company, as at the date of signing these financial statements, to fund working capital requirements.

This additional funding has been provided under two separate facilities:
- $10m 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
- $20m commencing November 2017 for a 2 year period at an interest rate of 6% p.a. ($8.35m drawn down as at the date of this report).

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

Refer to *Review of Operations* for details of terms of the DOCA and the Subscription Agreement.

DIRECTORS' REPORT

Baal Gammon Copper Pty Ltd Legal Action

On 19 May 2017, BGC initiated legal action in the Supreme Court of Queensland against the Administrators, the Company, SPM and Cyan seeking orders that the Deed of Company Arrangement be terminated and the Company and SPM be placed into liquidation. The Company successfully defended this action and the case was dismissed by the Queensland Supreme Court in September 2017 with BGC ordered to pay costs.

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.

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 four year plan to maximise the value of its projects and, with this in mind, is:

- Carrying out feasibility studies for the establishment of:
  - a new polymetallic mining project at Einasleigh with 1.9Mtpa ore concentrator; and
  - a tin mining project at Mt Garnet with 500ktpa ore throughput.
- Developing and operating current projects, including:
  - Completion of mining of existing Mt Garnet mineralisation;
  - Development of Mt Garnet Deeps;
  - Refurbishment and mining of Dry River South ("DRS") and DRS 1000 Panel with mine production planned to commence during the March 2018 quarter; and
  - Development and mining of the Maitland Copper Project.
- Optimising the Mt Garnet polymetallic circuit to maximise production at approximately 600,000 tonnes per annum (approximately 70 tonnes per hour).
- Building a stockpile of ore at Mt Garnet as a buffer to address any variability in mine production and hence ensure adequate mill feed to maximise mill output and allow blending of Mt Garnet and DRS ores that performed very successfully with previous operators.
- Suspending mill production for a brief period from mid November 2017 until March 2018 to generate a sufficient stockpile at Mt Garnet. The restart of the mill is then intended to run without interruption through to 2021 at approximately 600,000t pa.
- Continuing the exploration and development programs at Einasleigh, Surveyor and Mt Garnet.

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. The Company is in compliance with the requirements of the Clean-Up Notice. The Company entered into a settlement agreement with BGC (see *Sale of Baal Gammon Copper Project* in *Review of Operations* 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.

DIRECTORS' REPORT

Corporate Governance
The Group has adopted the 3rd edition of the ASX Corporate Governance 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.

Remuneration Report (Audited)
The Directors of Consolidated Tin Mines Limited present the Remuneration Report (Report) for the Company and its controlled entities (the Group) for the year ended 30 June 2017. 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.

At the date of this report the Group has entered into agreements with the 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.

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		
Si He Tong	Non-executive director	Full financial year
Xiaoyan (Seraphina) Tong	Alternate to Mr S Tong	Full financial year
Darryl Harris	Non-executive director	Resigned 13 July 2016
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 stated above, there were no changes of Key Management Personnel between the reporting date and the date the financial report was authorised for issue, other than the resignation of Mr Darryl Harris.

DIRECTORS' REPORT

Remuneration Report (Continued)

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 (v) $	Post Employment	Share Based Payments	
		Salary and fees $	Short term incentives $		Super-annuation Contributions $	Value of Options $	Total $
R De Lacey (vi)	**2017**	**322,203**	**-**	**34,344**	**44,533**	**-**	**401,080**
	2016	288,946	-	58,934	44,219	-	392,099
S H Tong (i)	**2017**	**-**	**-**	**-**	**-**	**-**	**-**
	2016	-	-	-	-	-	-
Z H Cai (vi)	**2017**	**312,210**	**-**	**31,514**	**29,814**	**-**	**373,538**
	2016	286,207	-	43,884	29,661	-	359,752
X Tong (Alternate)(i)	**2017**	**35,000**	**-**	**-**	**3,325**	**-**	**38,325**
	2016	35,000	-	-	2,858	-	37,858
K C Tsoi(vi)	**2017**	**165,775**	**-**	**16,707**	**15,830**	**-**	**198,312**
	2016	150,570	-	13,688	15,605	-	179,863
D Harris (ii)	**2017**	**1,041**	**-**	**-**	**109**	**-**	**1,150**
	2016	35,000	-	-	2,858	-	37,858
J Banning(iii)	**2017**	**-**	**-**	**-**	**-**	**-**	**-**
	2016	302,098	-	25,182	17,820	-	345,100
A Kerr (iv)	**2017**	**-**	**-**	**-**	**-**	**-**	**-**
	2016	7,449	-	-	-	-	7,449
Total Directors	**2017**	**836,229**	**-**	**82,565**	**93,611**	**-**	**1,012,405**
	2016	1,105,270	-	141,688	113,021	-	1,359,979

i. Xiaoyan Tong is the Alternate Director of S H Tong.
ii. D Harris resigned as Non-executive Director effective 13 July 2016.
iii. J Banning resigned as Director 26 February 2016.
iv. A Kerr resigned as Non-executive Director effective 11 September 2015.
v. 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 which does not form part of the Directors total employment cost.
vi. During the period the Company was in Voluntary Administration 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. The total accrued as at year end is $289,788.

DIRECTORS' REPORT

Remuneration Report (Continued)

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.

d) Service Agreements
The following service agreements exist with Key Management Personnel:

Ralph De Lacey – 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.

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

DIRECTORS' REPORT

Remuneration Report (Continued)

d) Service Agreements (continued)

Kwok Ching (Alex) Tsoi – Joint Executive Chairman

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.

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

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.

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

DIRECTORS' REPORT

Remuneration Report (Continued)

e) Equity Based Remuneration - Options

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

The following options granted to Directors or other Senior Executives as remuneration, were cancelled during the previous reporting period due to cessation of employment by the Director or Senior Executive or the options having expired unexercised:

Director	*Grant Date*	*Number of options*	*Exercise price*	*Expiry date*	*Vesting date*
Ralph De Lacey	18 November 2013	1,100,000	$0.40	31 December 2015	30 September 2015
John Banning	18 November 2013	1,100,000	$0.40	31 December 2015	30 September 2015

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

There were no options over ordinary shares in the Company on issue during the financial year.

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.

2017	Balance at start of the year	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	**48,976,057**	**-**	**-**	**48,976,057**
S H Tong	**673,700,000**	**-**	**-**	**673,700,000**
Z H Cai	**612,376,057**	**-**	**-**	**612,376,057**
K C Tsoi	**612,376,057**	**-**	**-**	**612,376,057**
X Tong	**-**	**-**	**-**	**-**

Pursuant to the terms of the DOCA and shareholder approval being obtained, the Company proposes to convert all current related party pre-administration debt and all current related party debt incurred during the course of the Company's voluntary administration to equity, resulting in the issue of 1,456,050,770 fully paid ordinary shares to the directors, director related party entities or their nominees.

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.

DIRECTORS' REPORT

Remuneration Report (Continued)

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 (2016: $90,560) 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. There is a balance of $79,346 owing to the director related entity as at 30 June 2017 (2016: $49,460).

During the year the Group incurred costs of $144,000 (2016: $46,169) from ARM (NQ) Pty Ltd, primarily for rent on the Mt 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. There is a balance of $173,137 owing as at 30 June 2017 (2016: $118,169).

Workforce One Pty Ltd is a company associated with Mr De Lacey, Mr Cai, Mr Tsoi and Mr Banning (Mr Banning resigned as a director of the Company, and hence ceased being a related party, on 26 February 2016). The Group incurred costs of $nil (2016: $375,771) for labour hire expenses. All services provided by Workforce One Pty Ltd were done so at an arm's length basis and on normal commercial terms. There is a balance of $812,776 owing at 30 June 2017 (2016: $812,776).

Wages and salaries were paid to Victoria Alice Raymer of $52,410 (2016: $46,301) and Terry Yuan Xin Cai of $nil (2016: $6,575), being family members of Ralph De Lacey and Ze Huang Cai respectively.

As at 30 June 2017, the Group had the following payables due to shareholders:
- payables to SPM and Snow Peak International Investments Limited of $5,295,102 (2016: $5,295,102);
- Loan owing to SPM of $16,816,438 (2016: $15,459,750 being convertible notes held by SPM that were redeemed 28 July 2016. Loan amount at 30 June 2017 is amount owing after redemption.); and
- loans owing to Snow Peak Global Company Limited of $10,750,000 including accrued interest (2016: 10,438,356).

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 and 2017 financial years is the share price on 24 June 2016, this being the last day in which securities were traded.

	30 June 2017	30 June 2016	30 June 2015	30 June 2014 (Restated)	30 June 2013 (Restated)
A$ per share	**$0.025 (suspended)**	$0.025 (suspended)	$0.06	$0.05	$0.05
A$ Market Capitalisation	**$22,249,263**	$22,249,263	$17,345,772	$12,530,719	$9,118,691
A$ Loss for year/period	**$(9,916,947)**	$(14,753,742)	$(1,609,844)	$(1,399,343)	$(1,545,830)

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 not provided any non-audit services in addition to their statutory duties.

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 20.

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

Dated at Cairns this 15th day of February 2018.

Ralph De Lacey

Ralph De Lacey

Joint Executive Chairman

KPMG

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 2017 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 February 2018

KPMG, an Australian partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

Liability limited by a scheme approved under Professional Standards Legislation.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the financial year ended 30 June 2017

	Note	Year Ended 30 June 2017 $	Year Ended 30 June 2016 $
Revenue		**675,144**	3,553,193
Cost of Sales	5(a)	**(244,780)**	(9,491,727)
Gross Profit/(Loss)		**430,364**	(5,938,534)
Mine and mill refurbishment	5(b)	**(5,607,054)**	-
Care and maintenance	5(c)	**(2,701,543)**	(770,335)
Depreciation and amortisation	5(d)	**(4,251,230)**	(684,157)
Occupancy		**(275,457)**	(1,023,019)
Administration		**(4,780,580)**	(2,384,287)
Corporate and other		**(893,460)**	(847,990)
Capitalised project costs written off	11	**(1,258,478)**	-
Impairment of exploration and evaluation assets	12	**(2,213,727)**	(589,262)
Gain on transfer of payables to Creditors Trust	5(g)	**13,104,557**	-
Other gains and losses	5(h)	**193,550**	-
Stamp duty on acquisition	20	**-**	(1,485,320)
Operating Loss		**(8,253,058)**	(13,722,904)
Net finance expense	5(f)	**(1,663,889)**	(1,030,838)
Loss before income tax		**(9,916,947)**	(14,753,742)
Income tax benefit	6	**-**	-
Loss for the year	23	**(9,916,947)**	(14,753,742)
Other comprehensive income		**-**	-
Total comprehensive income for the year attributable to owners of the Group		**(9,916,947)**	(14,753,742)

Earnings per share for loss attributable to the ordinary equity holders of the company	Note	Cents	Cents
Basic and diluted loss per share	32	**(1.11)**	**(3.67)**

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 2017

	Note	**As at 30 June 2017 $**	As at 30 June 2016 $
ASSETS			
Current assets			
Cash and cash equivalents	7	**779,143**	1,094,967
Trade and other receivables	8	**945,968**	87,282
Inventories	9	**184,755**	244,969
Prepayments	10	**674,927**	356,439
Total current assets		**2,584,793**	1,783,657
Non-current assets			
Property, plant and equipment	11	**24,469,434**	23,877,441
Exploration and evaluation assets	12	**45,448,509**	48,034,283
Mining tenements	13	**3,993,464**	-
Bonds and deposits	14	**11,690,443**	11,080,971
Total non-current assets		**85,601,850**	82,992,695
Total assets		**88,186,643**	84,776,352
LIABILITIES			
Current liabilities			
Trade and other payables	15	**13,944,998**	29,014,873
Employee leave liabilities	16	**667,960**	830,807
Loans and borrowings	17	**57,340,093**	25,898,106
Total current liabilities		**71,953,051**	55,743,786
Non-current liabilities			
Employee leave liabilities	16	**236,923**	426,776
Provisions	18	**10,744,121**	13,436,295
Total non-current liabilities		**10,981,044**	13,863,071
Total liabilities		**82,934,095**	69,606,857
Net assets		**5,252,548**	15,169,495
EQUITY			
Contributed equity	19	**35,749,050**	35,749,050
Accumulated losses	23	**(30,496,502)**	(21,642,012)
Reserves	23	**-**	1,062,457
Total equity		**5,252,548**	15,169,495

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 2017

	Contributed equity $	Accumulated losses $	Convertible notes reserve $	Equity compensation reserve $	Options reserve $	Total $
As at 1 July 2015	18,235,050	(7,062,952)	-	62,235	112,447	11,346,780
Total comprehensive income for the year:						
Loss for the year	-	(14,753,742)	-	-	-	(14,753,742)
Other comprehensive income	-	-	-	-	-	-
Subtotal	18,235,050	(21,816,694)	-	62,235	112,447	(3,406,962)
Transactions with owners in their capacity as owners:						
Share issues	17,514,000	-	-	-	-	17,514,000
Options expired		174,682	-	(62,235)	(112,447)	-
Issue of convertible notes	-	-	1,062,457	-	-	1,062,457
As at 30 June 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:	**-**	**-**	**-**	**-**	**-**	**-**
As at 30 June 2017	**35,749,050**	**(30,496,502)**	**-**	**-**	**-**	**5,252,548**

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 2017

	Note	Year Ended 30 June 2017 $	Year Ended 30 June 2016 $
Cash flows from operating activities			
Interest received		**26,380**	36,789
Interest paid		**(21,938)**	(266,136)
Proceeds received on behalf of SPM on the operation of Mt Garnet		**-**	36,767,147
Payments to suppliers on behalf of SPM on the operation of Mt Garnet		**-**	(33,631,998)
Receipts from customers		**706,491**	4,123,248
Payments to suppliers and employees		**(11,550,064)**	(7,061,881)
Payment to Creditors Trust	5(g)	**(10,000,000)**	-
Net cash used in operating activities	31	**(20,839,131)**	(32,831)
Cash flows from investing activities			
Payments for property, plant and equipment		**(2,985,295)**	(3,379)
Exploration and Feasibility expenditure		**(3,621,416)**	(1,126,417)
Disposal of Baal Gammon copper project	20	**(1,400,000)**	-
Net cash acquired on acquisition of net assets from SPM		**-**	1,032,210
(Payments)/refund for security deposits		**(1,243,638)**	2,500
Net cash used in investing activities		**(9,250,349)**	(95,086)
Cash flows from financing activities			
Proceeds from Cyan Stone Pty Ltd		**26,713,744**	-
Proceeds from Ming Huang Trading Limited		**2,723,913**	-
Proceeds from premium funding (net)		**335,999**	-
Net cash from financing activities		**29,773,656**	-
Net decrease in cash and cash equivalents		**(315,824)**	(127,917)
Cash and cash equivalents at the beginning of the year		**1,094,967**	1,222,884
Cash and cash equivalents at the end of the financial year	7	**779,143**	1,094,967

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 2017

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.

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 15 February 2018.

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).

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 33.

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.

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 2017, the Group had a cash balance of $779,143 (2016: $1,094,967), a working capital deficiency of $69,368,257 (2016: $53,960,129) and incurred net operating cash outflows for the year ended 30 June 2017 of $20,839,131(2016: cash outflow of $32,831).

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

- shareholder approval being obtained to issue Cyan Stone Pty Ltd (Cyan) 2,700,000,000 shares and an option to subscribe to 198,176,774 shares for $2,500,000 pursuant to the terms of a subscription agreement entered into with Cyan;
- the successful restructure of the Company as proposed under the terms of the Deed of Company Arrangement (DOCA), whereby related party creditors as detailed on page 26 will convert to ordinary shares, which remains subject to shareholder approval;

- 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; and
- receipt of $11,650,000 in debt funding from Cyan under the two facilities described below as per the Group's 4 year operations plan for the calendar years 2018 to 2021.

Cyan Stone Pty Ltd
Under the terms of the Subscription Agreement with Cyan, Cyan has advanced $36,560,500 (as at the date of signing these financial statements) to the Group comprising DOCA funds of $10,000,000, care and maintenance funds paid to the Administrator of $1,213,744 and $25,346,756 paid to the Group to fund operations. Cyan has also loaned an additional $18,350,000 subsequent to 30 June 2017, and up to the date of signing these financial statements, to fund working capital requirements.

This additional funding has been provided under two separate facilities:
- $10m 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
- $20m commencing November 2017 for a 2 year period at an interest rate of 6% p.a. ($8.35m drawn down as at the date of this report).

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

Should the Group not be successful in achieving shareholder approval for the issue of shares to Cyan, the total amount that has been advanced by Cyan under the subscription agreement will automatically be converted into an interest-bearing loan which will be due and payable immediately.

Related party creditors
The Deed of Company Arrangement proposed a restructure of the Company whereby related party creditors will convert their debt which totalled $34,335,564 (as at 8 December 2016, being the date of execution of the Deed of Company Arrangement) into ordinary shares in the Company. This restructure is subject to shareholder approval.

Related party creditors as at 30 June 2017 that will convert into ordinary shares include:
- Payables to SPM and Snow Peak International Investments Limited of $5,295,102;
- Loan owing to SPM of $16,816,438;
- Payables owing to Snow Peak Global Company Limited of $10,750,000 including accrued interest;
- Payables to ARM (NQ) Pty Ltd of $173,137;
- Payables to NQ Mining Enterprise Pty Ltd of $79,346;
- Payables to Workforce One Pty Ltd of $812,776; and
- Payables to Director of $404,401 for unpaid debts.

Should the Group not be successful in achieving shareholder approval for the issue of shares to related party creditors in settlement of debt, this debt will remain a liability of the Company and will be due and payable immediately.

Operations Plans
The Group has implemented a four year operations plan starting 1 November 2017 to recommence mining at the Mt Garnet, Surveyor and Maitland mines with processing of ore at the Mt 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.

Based on the assumptions above, the Group's operations model cash flow forecast to June 2021 provides a positive cash position and positive working capital ratio.

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

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.

These assumptions in respect of shareholder approval of the Subscription Agreement, the shareholder approval of the Deed of Company Arrangement and proposed restructure of the Company, commodity prices, foreign exchange rates, production quantities, timing and cost and provision of future funding by Cyan represent 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.

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

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.

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.

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.

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.

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.

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.

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.

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.

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.

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.

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.

Inventories
Work in progress (WIP) and finished goods
WIP and 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.

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

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.

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
Buildings	5% straight line
Office equipment and fittings	20% written down value
Motor vehicles	25% written down value
Site equipment	20% written down value

The Mt Garnet processing plant is depreciated on a straight-line basis over the estimated useful lives of various components of the plant. Useful life ranges from 2 to 8.5 years from the date of acquisition of the plant, this being April 2016.

The asset's residual values and useful lives are reviewed, and adjusted if appropriate, at each balance date.

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

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.

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 costs 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 costs 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 costs 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).

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.

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.

Convertible notes
Compound financial instruments issued by the Group comprise convertible notes denominated in AUD that can be converted to ordinary shares at the option of the holder, when the number of shares to be issued is fixed and does not vary with changes in fair value.

The liability component of compound financial instruments is initially recognised at the fair value of a similar liability that does not have an equity conversion option. The equity component is initially recognised at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortised cost using the effective interest method. The equity component of a compound financial instrument is not remeasured.

Interest related to the financial liability is recognised in profit or loss. On conversion at maturity, the financial liability is reclassified to equity and no gain or loss is recognised.

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.

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.

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.

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.

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.

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.

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.

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.

Adoption of New and Revised Standards - Changes in accounting policies on initial application of accounting standards

In the year ended 30 June 2017, 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 2016 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 assessing the potential impact on its financial statements resulting from the application of AASB 9.

<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 assessing the potential impact on its financial statements resulting from the application of AASB 15.

<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. Pursuant to a Deed of Company Arrangement (DOCA), the Group is proposing a restructure whereby related party creditors ($59,575,284 at 30 June 2017 comprising Cyan Stone loan of $26.71m, SPM payables and loan of $22.11m and SPGC loan of $10.75m) will convert their debt into ordinary shares in the Company. Amounts payable to directors and director related entities will also be converted into equity.

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.

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.

Refer to the consolidated statement of financial position for the carrying amount of ordinary share capital, equity compensation reserve and accumulated losses. 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.

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 lodged with the Department of Natural Resources and Mines for each respective tenement.

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

	2017 $	2016 $
Loss before income tax includes the following specific expenses:		
(a) Cost of Sales:		
Mining	**13,568**	1,742,377
Processing	**-**	2,579,703
Movement in inventories	**231,212**	1,235,708
Royalties	**-**	3,933,939
Total cost of sales	**244,780**	9,491,727
(b) Mine and mill refurbishment		
Mt Garnet	**4,188,710**	-
Surveyor	**1,418,344**	-
Total mine and mill refurbishment	**5,607,054**	-
(c) Care and maintenance:		
Mt Garnet	**1,776,974**	232,594
Baal Gammon	**603,150**	279,775
Surveyor	**321,419**	257,966
Total care and maintenance	**2,701,543**	770,335
(d) Depreciation:		
Buildings	**199,160**	44,721
Office equipment	**41,199**	18,937
Motor vehicles	**45,765**	14,755
Plant and equipment	**3,965,106**	605,744
Total depreciation	**4,251,230**	684,157
(e) Employee expenses:		
Included in:		
Cost of sales	**-**	8,955,612
Mine and mill refurbishment	**1,965,845**	-
Care and maintenance	**1,813,826**	-
Exploration	**428,372**	-
Administration	**2,078,282**	1,014,034
Corporate and other	**743,145**	-
Total employee expenses	**7,029,470**	9,969,646
(f) Net finance expense:		
Interest received from financial institutions	**(26,380)**	(36,789)
Interest expense	**1,690,269**	1,067,627
Total net finance expense	**1,663,889**	1,030,838
(g) Gain on transfer of payables to Creditors Trust		
Creditors transferred to the Creditors Trust	**(23,104,557)**	-
Payment to Creditors Trust (Note 17(i))	**10,000,000**	-
Gain on transfer of creditors	**(13,104,557)**	-
(h) Other gains and losses		
Loss on foreign exchange	**6,450**	-
Gain on sale of Baal Gammon Copper Project (note 20)	**(200,000)**	-
	(193,550)	-

Note 6 Income tax

	2017 $	2016 $
a) Income tax benefit		
Current income tax:		
Current income tax benefit	**(5,137,900)**	(2,312,333)
Current income tax benefit not recognised	**2,715,704**	3,906,266
Deferred income tax:		
Relating to deductible and taxable temporary differences	**2,422,196**	(1,593,933)
Income tax (benefit)/expense	**-**	-
b) Reconciliation of prima facie tax benefit		
Loss before income tax	**(9,916,947)**	(14,753,742)
Tax at the Australian rate of 30% (2016: 30%)	**(2,975,084)**	(4,426,123)
Tax effect:		
Non-deductible expenses	**259,380**	519,857
Deferred tax asset not recognised	**2,715,704**	3,906,266
Income tax benefit	**-**	-
c) Deferred tax		
Assets		
Tax losses available to offset against future taxable income	**12,920,535**	7,782,634
Accrued expenses	**221,880**	1,825,065
Employee leave liabilities	**271,465**	377,275
Superannuation payable	**55,032**	329,216
Rehabilitation provision	**3,223,236**	4,030,888
Non-deductible equity raising costs – recognised in equity	**4,055**	8,735
	16,696,203	14,353,813
Liabilities		
Capitalised exploration and evaluation expenditure	**(3,423,487)**	(4,475,603)
Prepaid expenses	**(202,479)**	(106,932)
	(3,625,966)	(4,582,535)
Subtotal deferred tax asset	**13,070,237**	9,771,278
Deferred tax asset not recognised [1]	**(13,070,237)**	(9,771,278)
Net deferred tax asset	**-**	-

1. 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.

2. The Group has total estimated tax losses at 30 June 2017 of $43,068,449 (2016: $25,942,114). 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 continuity of ownership and the same business test. The Group is undertaking an analysis of whether the tax losses will be available to the Group. At the date of this report the outcome of the analysis is yet to be determined.

Note 7 Current assets - Cash and cash equivalents

	2017 $	2016 $
Cash at bank and in hand	**779,143**	39,002
Deposits at call	**-**	1,055,965
Total	**779,143**	1,094,967

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

	2017 $	2016 $
Receivables:		
Trade debtors	**-**	2,573
GST receivable	**945,968**	34,308
Supplier deposits	**-**	50,401
Total	**945,968**	87,282

No receivables are impaired or past due.

Note 9 Current assets – Inventories

	2017 $	2016 $
Concentrate	**-**	231,212
Materials and stores	**184,755**	13,757
Total	**184,755**	244,969

Note 10 Current assets – Prepayments

	2017 $	2016 $
Insurance	**465,903**	356,439
Other suppliers	**209,024**	-
Total	**674,927**	356,439

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

	2017 $	2016 $
Carrying Values at 30 June:		
Land & Buildings		
At cost	**2,986,523**	5,067,566
Accumulated depreciation	**(318,112)**	(118,951)
	2,668,411	4,948,615
Office equipment and fittings		
At cost	**301,129**	225,924
Accumulated depreciation	**(152,807)**	(108,368)
	148,322	117,556
Motor vehicles		
At cost	**684,147**	272,946
Accumulated depreciation	**(176,919)**	(131,154)
	507,228	141,792
Plant and equipment		
At cost	**20,568,437**	19,355,730
Accumulated depreciation	**(4,648,119)**	(686,252)
	15,920,318	18,669,478
Mine development		
At cost	**5,225,155**	-
Accumulated depreciation	**-**	-
	5,225,155	-
Total	**24,469,434**	23,877,441
Reconciliation of movements:		
Land & buildings		
Carrying amount at start of the year	**4,948,615**	787,783
Additions	**211,000**	126,429
Transfers to office equipment and plant and equipment	**(1,033,566)**	-
Capitalised project costs written off (i)	**(1,258,478)**	-
Acquisition of SPM assets	**-**	3,720,277
Transfer from Exploration Expenditure (Note 12)	**-**	358,847
Depreciation	**(199,160)**	(44,721)
Carrying amount at end of the year	**2,668,411**	4,948,615
Office equipment and fittings		
Carrying amount at start of the year	**117,556**	87,008
Additions	**70,538**	3,423
Transfers from land & buildings	**1,427**	-
Acquisition of SPM assets	**-**	46,062
Depreciation	**(41,199)**	(18,937)
Carrying amount at end of the year	**148,322**	117,556
Mobile plant		
Carrying amount at start of the year	**141,792**	39,512
Additions	**411,201**	-
Acquisition of SPM assets	**-**	117,035
Depreciation	**(45,765)**	(14,755)
Carrying amount at end of the year	**507,228**	141,792
Plant and equipment(ii)		
Carrying amount at start of the year	**18,669,478**	62,134
Additions	**183,806**	-
Transfers from land & buildings	**1,032,139**	-
Acquisition of SPM assets	**-**	19,213,088
Depreciation	**(3,965,105)**	(605,744)
Carrying amount at end of the year	**15,920,319(ii)**	18,669,478
Mine development		
Carrying amount at start of the year	**-**	-
Additions	**2,108,749**	-
Increase in rehabilitation asset	**3,116,406**	-
Carrying amount at end of the year	**5,225,155**	-
Total	**24,469,434**	23,877,441

(i) these costs related to a feasibility study that was discontinued.
(ii) the $14.7m net carrying value of the Mt Garnet Polymetallic Plant is based on depreciated cost and supported by an external valuation which has applied second hand market value assumptions.

Note 12 Non-current assets – Exploration and evaluation assets

		2017 $	2016 $
Exploration and evaluation phase – at cost		**45,448,509**	48,034,283
(a) In the exploration and evaluation phase			
Cost brought forward		**48,034,283**	14,520,866
Exploration expenditure incurred during the year at cost		**3,621,417**	1,303,698
Exploration asset reclassified as mining tenements (Note 13)		**(3,993,464)**	-
Feasibility study incurred during the year at cost		**-**	42,219
Acquisition from SPM		**-**	33,115,609
Reallocation of prior year expenditure to PPE (i) (Note 11)		**-**	(358,847)
Impairment of exploration costs (ii)		**(2,213,727)**	(589,262)
Cost carried forward		**45,448,509**	48,034,283

(i) Reclassification of previously acquired Cantoni land to Property, Plant and Equipment

(ii) Exploration costs written off 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 these tenements reduces the Group's commitments for future exploration by $650,000, which would have been due not later than 12 months but have been now been excluded.

The impairment loss in the prior year includes capitalised exploration expenditure written off on the surrender of EPM14580.

Exploration and evaluation assets acquired have been recorded at recoverable value per independent valuation reports (refer Note 21 for valuation methodology). 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. No exploration assets have been pledged as security by the Group.

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 transfer of the tenements is expected to be finalised by June 2018.

Note 13 Non-current assets – Mining Tenements

		2017 $	2016 $
Mining tenements		**3,993,464**	-
		3,993,464	-
Reconciliation of movements:			
Carrying amount at start of the year		**-**	-
Exploration assets reclassified as Mining tenements		**3,993,464**	-
Carrying amount at end of the year		**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. No mining tenements have been pledged as security by the Group.

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 transfer of the tenements is expected to be finalised in the second half of calendar year 2018.

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

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. As the operations model includes the use of the Mt Garnet processing plant, a fair use value as well as the depreciation of the Mt Garnet plant was deducted from the cashflows so as to ensure the NPV calculated represents only the value of the mining tenements. Production volumes are based on the Company's operation plans, with the average in line with operating one circuit at the Mt Garnet Plant with a throughput of approximately 500kt 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 2017, the recoverable amount for the mining tenements was determined to be above book value resulting in no impairment.

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	**2017**	**2018**	**2019**	**2020**
Zinc USD	$3,217	$3,217	$3,217	$3,217
Copper USD	$6,734	$6,734	$6,734	$6,734
Lead USD	$2,505	$2,505	$2,505	$2,505
Silver USD	$16.40	$16.40	$16.40	$16.40
Gold USD	$1,275	$1,275	$1,275	$1,275
AUD:USD	0.76	0.76	0.76	0.76

Discount rate: 20%

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.

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

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.

Note 14 Non-current assets – Bonds and deposits

	2017 $	2016 $
Bonds and deposits	**876,674**	314,637
Rehabilitation financial assurances	**10,813,769**	10,766,334
Total	**11,690,443**	11,080,971

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

	2017 $	2016 $
Trade payables and accruals	7,372,922	22,443,575
Employment related payables	1,276,974	1,276,196
Payables to the Snow Peak Group	5,295,102	5,295,102
Total	13,944,998	29,014,873

Trade payables and accruals are non-interest bearing.

The Company went into Voluntary Administration in July 2016. In November 2016 creditors approved for the Company to enter into a Deed of Company Arrangement. Pursuant to the terms of the DOCA, and shareholder approval being obtained, the Company proposes to convert all current related party debt (SPM Group, directors and director related entities) which totalled $34,335,564 as at 8 December 2016 (being the date of and amount contemplated in the DOCA) into ordinary shares in the Company.

Unsecured and unrelated creditors received a payout from the $10m deed funds provided by Cyan Stone Pty Ltd in the form of a first and final dividend from the creditors trust, operated by Blair Pleash and Kathleen Vouris (the Administrators) as trustees, which was declared on 22 January 2018. The difference between the value of creditors transferred to the creditors trust and the $10m deed funds used to settle these liabilities has been recorded as a gain (refer note 5(g)). Trade payables and accruals at 30 June 2017 disclosed above will not be paid out of the DOCA funds.

The amounts owing to Snow Peak Group of $5,295,102 at 30 June 2017 form part of the related party creditors whose debt is proposed to be converted into shares under the Deed of Company Arrangement.

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 24. As at 30 June 2016 there was one secured liability, Royal Gold Inc for $205,354. This was assumed from SPM during the Asset Sale Agreement. There were no secured liabilities at 30 June 2017.

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

	2017 $	2016 $
a) *Current Liability*		
Annual leave liability	**667,960**	830,807
b) *Non – Current Liability*		
Long Service leave liability	**236,923**	426,776

Note 17 Current liabilities - Loans and borrowings

	2017 $	2016 $
Loan – Cyan Stone (i)	**26,713,744**	-
Amounts owing - Snow Peak Mining (ii)/ convertible note (iv)	**16,816,438**	25,898,106
Amounts owing - Snow Peak Global Company (ii)	**10,750,000**	-
Loan - Ming Huang Trading (iii)	**2,723,913**	-
Insurance premium funding	**335,998**	-
Total	**57,340,093**	25,898,106

(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 Cyan has advanced $26,713,744 as at 30 June 2017 comprising DOCA funds of $10,000,000, care and maintenance funds paid to the Administrator whilst they were in control of the Company of $1,213,744 and $15,500,000 paid to the Group to fund operations.

Under the terms of the DOCA and the Subscription Agreement, the subscription funds are to be used for the following purposes:

- To establish a $10m creditors trust to be operated by the Administrators;
- To repay care and maintenance loans totalling $3,937,649, provided by Cyan and Ming Huang Trading Limited (a company registered in Hong Kong) during the period of voluntary administration inclusive of bank charges deducted at source; and
- For working capital purposes.

Should the Group not be successful in achieving shareholder approval for the issue of shares to Cyan, the total amount that has been advanced by Cyan will automatically be converted into a loan which will be due and payable at call and with interest accruing at 10% per annum.

(ii) SPGC Loan

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 is received, which was 22 October 2015. Interest accrued at 10%, 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 and the amount owing is now due and payable at call.

The amounts owing to SPM and SPGC, together totalling $27,566,438 at 30 June 2017, form part of the related party creditors whose debt is proposed to be converted into shares under the Deed of Company Arrangement.

(iii) Loan – Ming Huang Trading

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.

Note 17 Current liabilities - Loans and borrowings (continued)

(iv) Convertible Notes

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. Due to the Company entering into voluntary administration, the administrators of SPM redeemed the convertible notes on 28 July 2016 and the convertible notes became a liability that was due and payable immediately from that date. The amount owing as at 30 June 2017 is recorded as the amount redeemed by the administrators of SPM.

Due to the redemption of the convertible notes by the administrators of SPM, the amount owing is now due and payable at call.

Note 18 Non-current liabilities - Provisions

	2017 $	2016 $
Rehabilitation provision	**10,744,121**	13,436,295

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 20). The Group has estimated the provision in accordance with Australian Accounting Standards and this estimation has considered the settlement agreement with BGC. 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.

Reconciliation of movements in rehabilitation provision:

	2017 $	2016 $
Balance at the beginning of the year	**13,436,295**	-
Change in cost estimates	**3,058,398**	-
Derecognition due to sale of Baal Gammon Copper Project (note 20)	**(5,750,572)**	-
Assumed in a business combination	**-**	13,436,295
Balance at the end of the year	**10,744,121**	13,436,295

Note 19 Contributed equity

Share capital

		2017		2016	
		No.	$	No.	$
Ordinary shares – fully paid		889,970,521	35,749,050	889,970,521	35,749,050

Share movements during the year

	Issue price (cents)	2017		2016	
		No.	$	No.	$
At the beginning of the year		889,970,521	35,749,050	279,770,521	18,235,050
Shares issued on 11 August 2015 as an incentive to Validus Corporate Advisory Pty Ltd	7.0	-	-	200,000	14,000
Shares issued on 18 April 2016 to Snow Peak Mining Pty Ltd on completion of the Asset Sale Agreement (Note 19)	2.5	-	-	580,000,000	14,500,000
Shares issued on 18 April 2016 to Snow Peak International Investments Pty Ltd as repayment of a project funding advance	10.0	-	-	30,000,000	3,000,000
At the end of the year		889,970,521	35,749,050	889,970,521	35,749,050

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.

Option plan

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

Note 20 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 30June 2017 $1,400,000 had been paid to BGC with the remaining $400,000 paid after 30June 2017.

	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 21 Asset Sale Agreement – Acquisition of Snow Peak Assets

On 12 January 2015 the Company's Shareholders approved the acquisition of the assets of Snow Peak Mining Pty Ltd (SPM), a Company associated with Mr Ralph De Lacey, Mr Alex Tsoi and Mr Martin Cai, and controlled by Mr Si He Tong.

The Asset Sale Agreement (Agreement) was for the acquisition of the assets, and associated liabilities, (together the Snow Peak Assets) of SPM by the Group.

Snow Peak Assets acquired pursuant to the Agreement include the Mt Garnet Concentrator and associated infrastructure, mining and exploration assets and mineral rights agreements, mining plant and equipment and the assumption of environmental bonds.

The Group acquired the assets of SPM as this allowed the Company to transition from a mineral explorer to a base metal producer.

The material terms of the Agreement are as follows:

Consideration for the acquisition included:

- Issue of 580,000,000 ordinary fully paid shares (Shares) to SPM, which are subject to a 2 year escrow period from date of issue; and
- Issue of a $16,500,000 convertible note to SPM, which is convertible into 165,000,000 ordinary fully paid shares. The convertible debt incurs interest at 7% per annum, payable quarterly in arrears, and mature 12 months from the date of issue.
- The Group assumed all liabilities of SPM that relate to the assets acquired.
- $2,000,000 to be paid to SPM in quarterly instalments of $500,000.
- Relinquishment of CSD's 10% free-carry interest in SPM.

Following completion of the conditions precedent under the Agreement, on 5 April 2016 a General Meeting of Shareholders approved the terms and conditions of the issue of securities pursuant to the Agreement.

The consideration payable pursuant to the Agreement was issued on 18 April 2016 with the ASA being completed on 19 April 2016 at which time the Company recognised the acquisition of the Snow Peak Assets.

On 19 April 2016, SPM provided verbal agreement that the Company will not be required to pay the $2,000,000 cash consideration. This agreement has subsequently been formalised in a deed dated 21 June 2017.

Consideration

The Group issued 580,000,000 Shares and a $16,500,000 convertible note as equity based consideration for the Snow Peak Assets. Independent advice was obtained regarding the fair value of the convertible notes, ordinary share and cash consideration. These items were valued in accordance with the Bloomberg method and are summarised below:

Details of Consideration		**Fair Value ($)**
Cash	$2,000,000 in equal quarterly instalments of $500,000 per quarter [1]	1,974,483
Shares	580,000,000 Shares at 2.5 cents per Share [2]	14,500,000
Convertible Note	Convertible notes with a face value of $16,500,000 convertible into 165,000,000 Shares	16,046,835
SPM shareholding	Existing 10% free-carry shareholding relinquished	0
Subtotal consideration		32,521,318
Reduced consideration [1]		(1,974,483)
Total consideration		**30,546,835**

1. Payment of the cash consideration owing to SPM was subsequently forgiven by SPM on 19 April 2016.
2. The fair value of the ordinary shares issued was based on the listed share price of the Company on the ASX at 19 April 2016.

Note 21 Asset Sale Agreement – Acquisition of Snow Peak Assets (continued)

Acquisition Related Costs

Any costs incurred in relation to the acquisition of the Snow Peak Assets have been included in the Statement of Profit or Loss and Other Comprehensive Income.

Acquisition related costs include $1,485,320 of stamp duty payable to the Office of State Revenue Queensland (OSR). The balance of $1,271,028 owing to OSR was transferred to the Creditors Trust operated by the Administrators.

Identifiable Assets Acquired and Liabilities Assumed

The fair values of the identifiable assets acquired and liabilities assumed as at the date of acquisition were:

	Fair Value $
Assets	
Cash and cash equivalents	1,032,210
Inventories & stockpiles	1,687,873
Trade and other receivables	837,561
Deposits and prepayments	635,697
Property, plant and equipment	23,096,462
Exploration and evaluation expenditure	33,115,609
Financial assurances	10,766,330
Other	111,170
Total assets acquired	71,282,912
Liabilities	
Trade and other payables	15,191,171
Employment related payables	1,037,175
Employee leave provisions	830,340
Loan (Note 16(ii))	10,241,096
Rehabilitation provision	13,436,295
Total liabilities assumed	40,736,077
Total identifiable net assets at fair value	30,546,835

Measurement of Fair Values

The valuation techniques used for measuring the fair value of material assets acquired were as follows:

Property, plant and equipment

The valuation model considers market prices for similar items (second hand working plant sold as a going concern) and depreciated replacement cost when appropriate.

Exploration expenditure

The valuation methodology employed depends on the stage of development of the tenements as follows:

i. Where mineral resources have not been defined – the Kilburn Method

The Kilburn method appraises four mineral property characteristics:

1) Off-property mineral occurrence or anomalies
2) On-property mineral occurrence or anomalies
3) Number and relative position of anomalies on the property being values
4) Geological models appropriate to the property being valued

Note 21 Asset Sale Agreement – Acquisition of Snow Peak Assets (continued)

Measurement of Fair Values (continued)

An independent expert assessed these characteristics for each individual tenement and assigned a multiplier to each factor based on the assessment. The multipliers were applied to a Basic Acquisition Cost of $275/km^2$, the average cost required to acquire and hold an exploration license per year in Queensland, to arrive at a technical value. The technical value is finally multiplied by a market factor to arrive at the market value.

In arriving at the valuation, the Group has adopted the technical assessments prepared by Auralia Mining Consultants Pty Ltd (Auralia) and published as part of the documents annexed to the Notice of Meeting published 1 December 2014. The Company has further applied a market factor of 70% to take into consideration the differing economic circumstances between the date the report was prepared by Auralia and settlement of the Asset Sale Agreement.

ii. Where mineral resources have been defined – the Comparable Transaction Method

This method values defined mineral resources by comparing to previous transactions of a similar size, type and nature.

Previous comparable transactions are normalised by the ratio of commodity prices at the time of the transaction and the commodity prices at the time of settlement of the Asset Sale Agreement.

A "yardstick value" per tonne of metal contained in mineral resource is derived and this is applied to the Mineral Resources required and being valued.

iii. Where active mining operations exist – the Income Approach

The Income Approach involves the forecast of annual cashflows projected over the expected life of the project. These cashflows are discounted at an appropriate rate over the project life to arrive at a Net Present Value ("NPV").

The Group's internal operations model was utilised to generate a cash flow forecast based on the commodity prices at the time of settlement of the Asset Sale Agreement.

As the cash flow forecasts also require use of the Mt Garnet Processing Plant, a contributory charge for the use of the plant and the depreciation of the plant was deducted over the period of the operations model to avoid double counting the value of the plant.

Inventories
The fair value is determined based on the estimated selling price in the ordinary course of business less the estimated costs of completion and sale, and a reasonable profit margin based on the effort required to complete and sell the inventories.

The fair value and gross contractual amounts receivable from trade receivables is $837,561. It is expected that the full contractual amounts can be collected.

The Group's operations are subject to specific environmental regulations. The Group has recognised a provisional amount for the Rehabilitation provision. The value of the provision has been based primarily on the value of environmental bonds lodged with the Department of Natural Resources and Mines ("DNRM") for each respective tenement.

As a result of the acquisition, $2,317,485 was contributed to revenue and $12,815,263 to loss before tax from continuing operations of the Group in the year the asset sale took place. If the combination had taken place at the beginning of the 2015/16 reporting period, the Group's revenue from continuing operations for that year would have been $32,870,425 and the loss before tax from continuing operations would have been $20,846,131.

Note 22 Options

The Company has an incentive option plan open to eligible employees and contractors. Options over unissued shares are issued at the discretion of the Board.

The options are granted free of charge and are exercisable at a fixed price in accordance with the terms of the grant.

a) Options granted, exercised and lapsed during the year

No options were granted during the reporting period.

During the previous reporting period the following options were cancelled having lapsed unexercised:

Number	Exercise Price	Vesting Date	Expiry Date
2,200,000	40 cents	30 September 2015	31 December 2015
22,489,450	20 cents	n/a	31 December 2015

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

b) Options on issue at the balance date

There are no options outstanding over unissued ordinary shares at 30 June 2017 (2016: nil).

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

	2017		2016	
	No.	**WAEP (cents)**	No.	WAEP (cents)
Options outstanding at the start of the year	-	-	24,689,450	21.8
Options granted during the year	-	-	-	-
Options exercised during the year	-	-	-	-
Options expired	-	-	(24,689,450)	21.8
Options outstanding at the end of the year	**-**	**-**	-	-

At 30 June 2017 there were no options on issue that were vested and fully exercisable (30 June 2016: Nil).

c) Subsequent to the balance date

No options have been exercised or expired since the end of the year.

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 Reserves and accumulated losses

	2017			
	Accumulated Losses $	Equity compensation reserve(i) $	Options reserve(ii) $	Convertible note reserve(iii) $
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)	-	-	-

	2016			
	Accumulated Losses $	Equity compensation reserve(i) $	Options reserve(ii) $	Convertible note reserve(iii) $
Balance at the start of the financial year	(7,062,952)	62,235	112,447	-
Loss for year	(14,753,742)	-	-	-
Options expired	174,682	(62,235)	(112,447)	-
Convertible notes issued	-	-	-	1,062,457
Balance carried forward at the end of the financial year	(21,642,012)	-	-	1,062,457

(i) Equity compensation reserve

The equity compensation reserve is used to recognise the fair value of options granted to employees and others for goods and services rendered but not exercised.

During the year an amount of $nil (2016: $62,235) was transferred from the equity compensation reserve to accumulated losses in respect of options expiring.

(ii) Options reserve

No options were issued during the current or previous year.

During the year an amount of $nil (2016: $112,447) was transferred from the option reserve to accumulated losses in respect of options expiring.

(iii) 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) and Note 21). The balance of this reserve was transferred to accumulated losses following redemption of the convertible notes on 28 July 2016.

Note 24 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, other than the write off or write down of deferred exploration assets at Note 12.

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):

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 it is proposed to restructure 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) into ordinary shares in the Company. Amounts payable to directors and director related entities will also be converted into equity.

2016	Carrying amount $	Contractual cash flows $	6 months or less $	1-2 years $	2-5 years $	More than 5 years $
Trade and other payables	29,014,873	29,014,873	29,014,873	-	-	-
Convertible notes	15,459,750	17,655,000	17,655,000	-		
Loan - SPGC	10,438,356	10,750,000	10,750,000	-	-	-
Total	**54,912,979**	**57,419,873**	**57,419,873**	**-**	**-**	**-**

Note 24 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 ($)	
	2017 $	2016 $
Variable rate instruments		
Cash and cash equivalents	779,143	1,094,967
Fixed rate instruments		
Convertible notes	-	15,459,750
Loan	335,999	10,438,356

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.

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

2016	Profit or loss		Equity	
	100bp increase $	100bp decrease $	100bp increase $	100bp decrease $
Variable rate instruments	10,950	(10,950)	10,950	(10,950)

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 25 Dividends

No dividends were paid or proposed during the financial year (2016: Nil). The Company has no franking credits available as at 30 June 2017 (2016: Nil).

Note 26 Remuneration of auditors

	2017 $	2016 $
Audit and review of financial statements:		
Auditors of the Group - KPMG	**235,225**	225,532
Other auditors	**-**	-
	235,225	225,532
Other services:		
Auditors of the Group – KPMG	**28,188**	-
Other auditors(i)	**-**	4,243
	264,413	229,775

(i) Other services were provided by BDO (NQ) Pty Ltd in relation to auditor succession advice and other services.

Note 27 Contingencies

a) Contingent liabilities

There were no material contingent liabilities of the Group as at 30 June 2015 or 30 June 2016 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 and CSD. 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 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, the environmental liability may revert back to the Group.

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 Company 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 Company 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 Company has an interest.

Bank guarantees

The Group has provided bank guarantees 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 2017 or 30 June 2016.

Note 28 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:

	2017 $	2016 $
Payable:		
- not later than 12 months	**2,143,500**	2,961,250
- between 12 months and 5 years	**3,793,000**	4,016,500
- greater than 5 years	**-**	-
	5,936,500	6,977,750

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

	2017 $	2016 $
Payable:		
- not later than 12 months	**2,264,062**	-
- between 12 months and 5 years	**72,000**	-
- greater than 5 years	**-**	-
	2,336,062	-

c) Contractual capital commitments

There are no contractual capital commitments as at 30 June 2017 or 30 June 2016.

Note 29 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	
	2017 $	2016 $
Short-term employee benefits – salary, fees	**836,229**	1,105,270
Short term employee benefits - bonuses	**-**	-
Other long-term employee benefits	**82,565**	141,688
Post-employment benefits	**93,611**	113,021
	1,012,405	1,359,979

During the period the Company was in Voluntary Administration 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. The total accrued as at year end is $289,788. Under the terms of the DOCA it is proposed that these accrued amounts will be converted into ordinary shares in the Company.

Note 29 Related party transactions (continued)

b) Other related party transactions

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

Transactions with related parties:

- During the year the Group incurred costs of $88,704 (2016: $90,560) from NQ Mining Enterprise Pty Ltd, a company associated with Mr Ralph De Lacey, for occupancy costs. All services provided by NQ Mining Enterprise Pty Ltd were done so at an arm's length basis and on normal commercial terms. There is a balance of $79,346 owing to the director related entity as at 30 June 2017 which is interest free and due and payable at call (2016: $49,460).
- During the year the Group incurred costs of $144,000 (2016: $46,169) from ARM (NQ) Pty Ltd, a company associated with Mr De Lacey, Mr Tsoi and Mr Cai, primarily for rent on the Mt 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. There is a balance of $173,137 owing as at 30 June 2017 (2016: $118,169) which is interest free and due and payable at call.
- Workforce One Pty Ltd is a company associated with Mr De Lacey, Mr Cai, Mr Tsoi and Mr Banning (resigned as a director of the Company, and hence ceased being a related party, on 26 February 2016). The Group incurred costs of $nil (2016: $375,771) for labour hire expenses. All services provided by Workforce One Pty Ltd were done so at an arm's length basis and on normal commercial terms. There is a balance of $812,776 owing at 30 June 2017 (2016: $812,776) which is interest free and due and payable at call.
- Wages and salaries were paid to Victoria Alice Raymer of $52,410 (2016: $46,301) and Terry Yuan Xin Cai of $nil (2016: $6,575), being family members of Ralph De Lacey and Ze Huang Cai respectively.
- The Group incurred costs of $nil (2016: $19,605) from Preston Law, a company associated with Mr Andrew Kerr (resigned as a director of the Company 11 September 2015), in the period while he was a related party of the Company. All services provided by Preston Law were done so at an arm's length basis and on normal commercial terms. No amounts were owing to the director related entity in respect of related party services as at 30 June 2017 (2016: $13,339).
- During the previous year, the Group completed an Asset Sale Agreement (ASA) with Snow Peak Mining Pty Ltd (SPM) and Snow Peak International Investments Limited, entities associated with Mr Si He Tong, a Non-Executive Director of Consolidated Tin Mines Limited. Mr Tsoi and Mr Cai are directors of SPM. Details of the Asset Sale Agreement are included at Note 21.
- As at 30 June 2017, the Group had the following payables due to shareholders:
  - $5,295,102 (2016: $5,295,102) owing to SPM and Snow Peak International Investments Limited;
  - Loan owing to SPM of $16,816,438 (2016: nil); and
  - loans owing to Snow Peak Global Company Limited of $10,750,000 including accrued interest (2016: 10,438,356).

  These loans are interest free and due and payable at call.

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

Note 30 Events occurring after the balance date

Operations

The Mt Garnet underground mine recommenced mining on 5th July 2017 with first ore delivered to the Run-of-Mine (ROM) on 6th July 2017. The Mt Garnet Mill commenced concentrate production on 24 July 2017.

Development work is continuing at the Dry River South project, an underground mine located adjacent to the Surveyor open cut pit.

Exploration is continuing with drilling programs commenced at the Chloe/Jackson and Kaiser Bill prospects at Einasleigh as well as at Balcooma and Mt Garnet Deeps.

Subscription Agreement and Funding

Pursuant to the Subscription Agreement (as varied), Cyan agreed to a scheduled prepayment of the subscription funds, and Cyan has advanced $36,560,500 (as at the date of signing these financial statements) to the Croup of the total subscription amount (inclusive of the DOCA funds and funds for care and maintenance paid by Cyan to the Administrators).

Under the terms of the DOCA and the Subscription Agreement, the subscription funds are to be used for the following purposes:

- To establish a $10m creditors trust to be operated by the Administrators;
- To repay care and maintenance loans totalling $3,937,649, provided by Cyan and Ming Huang Trading Limited (a company registered in Hong Kong) during the period of voluntary administration inclusive of bank charges deducted at source; and
- For working capital purposes.

Cyan has also loaned an additional $18,350,000 to the Company, as at the date of signing these financial statements, to fund working capital requirements.

This additional funding has been provided under two separate facilities:

- $10m 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
- $20m commencing November 2017 for a 2 year period at an interest rate of 6% p.a. ($8.35m drawn down as at the date of this report).

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

Funds that are set aside for working capital purposes have allowed the Company to instigate the restart of mining and processing operations and exploration.

In order to obtain Shareholder approvals an Extraordinary General Meeting (EGM) will be held with the full details of the proposed restructure being explained in a Notice of General Meeting (NoM) and an Independent Experts Report (IER). The Company is in the process of finalising a NoM and IER which is to be dispatched to shareholders. Approval by ASX of the Notice of Meeting is pending the lodgement of these Financial Statements for 30 June 2017.

In the event that the EGM does not approve the conditions of the Subscription Agreement, the amount ($36,560,500) advanced by Cyan Stone under the terms of the Subscription Agreement will be automatically converted into an interest-bearing loan secured by a general security agreement and subject to interest at 10% per annum.

Baal Gammon Copper Pty Ltd Legal Action

On 19 May 2017, BGC initiated legal action in the Supreme Court of Queensland against the Administrators, the Company, SPM and Cyan seeking orders that the Deed of Company Arrangement be terminated and the Company and SPM be placed into liquidation. The Company successfully defended this action and the case was dismissed by the Queensland Supreme Court in September 2017 with BGC ordered to pay costs.

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.

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 31 Cash Flow Information

	Year Ended 30 June 2017 $	Year Ended 30 June 2016 $
Loss after income tax	**(9,916,947)**	(14,753,742)
Non-cash items:		
Depreciation and amortisation	**4,251,230**	684,157
Gain on disposal of Baal Gammon Project	**(200,000)**	-
Gain on transfer of payables to creditors trust	**(13,104,557)**	-
Impairment of exploration assets	**2,213,726**	589,262
Impairment of property, plant and equipment	**1,258,478**	-
Change in operating assets and liabilities:		
Decrease/(increase) in receivables	**(858,686)**	818,153
Decrease/(increase) in prepaid expenses	**(318,489)**	(355,201)
Decrease/(increase) in inventories	**60,214**	1,554,078
Increase/(decrease) in other payables	**(3,871,400)**	12,140,012
Increase/(decrease)in employee liabilities	**(261,674)**	(709,550)
Increase/(decrease)in rehabilitation provision	**(91,026)**	-
Net cash outflow from operating activities	**(20,839,131)**	(32,831)

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

In the previous financial year the following non-cash transactions took place:

- 200,000 fully paid ordinary shares were issued to nominees of the Company's corporate and investor relations advisers, Validus Corporate Advisory Pty Ltd in August 2015.
- on completion of the Asset Sale Agreement (ASA) with Snow Peak Mining Pty Ltd (SPM), 580,000,000 fully paid ordinary shares and 165,000,000 convertible notes were issued to SPM as part consideration to acquire the assets of SPM (Note 19).
- As part of the ASA, 30,000,000 fully paid ordinary shares were issued to Snow Peak International Investments Pty Ltd as repayment of a project funding advance of $2,367,020. The repayment shares issued to SPII are subject to a 2 year escrow period from date of issue.

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

Note 32 Earnings per share

	Year Ended 30 June 2017 Cents	Year Ended 30 June 2016 Cents
a) Basic earnings per share		
Loss attributable to ordinary equity holders of the Company	**(1.11)**	(3.67)
b) Diluted earnings per share		
Loss attributable to ordinary equity holders of the Company	**(1.11)**	(3.67)
c) Loss used in calculation of basic and diluted loss per share	**$**	$
Loss after tax	**(9,916,947)**	(14,753,742)
d) Weighted average number of shares used as the denominator	**#**	#
Weighted average number of shares used as the denominator in calculating basic and diluted earnings per share	**889,970,521**	401,948,055

Note 33 Subsidiary company details and consolidation information

Name of Subsidiary	Country of Incorporation and operation	Ownership interest 2017	Ownership interest 2016
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, under which both subsidiaries acquired assets (Note 21).

Note 34 Parent entity disclosures

As at, and throughout, the financial year ended 30 June 2017 the parent entity of the Group was Consolidated Tin Mines Limited.

(a) Result of parent entity

	2017 $	2016 $
Loss for the period	**(9,916,947)**	(14,753,742)
Other comprehensive income	**-**	-
Total comprehensive income/(loss) for the year	**(9,916,947)**	(14,753,742)

(b) Financial position of parent entity at year end

	2017 $	2016 $
Current assets	**2,584,793**	1,783,657
Total assets	**88,186,643**	80,835,280
Current liabilities	**71,953,051**	55,743,786
Total liabilities	**82,934,095**	65,665,785
Total equity comprising of:		
Share capital	**35,749,050**	35,749,050
Accumulated losses	**(30,496,502)**	(21,642,012)
Convertible note reserve	**-**	1,062,457
Total equity	**5,252,548**	15,169,495

(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 27.

(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 2017 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 2017, 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 2017.

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

Dated at Cairns this 15th day of February 2018.

Ralph De Lacey

Joint Executive Chairman

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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 2017 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 2017
- 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
- 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.

KPMG, an Australian partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

Liability limited by a scheme approved under Professional Standards Legislation.

Material uncertainty related to going concern

We draw attention to Note 1, "Going concern basis for preparation of financial statements" in the financial report. The conditions disclosed in Note 1, 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:

- Evaluating the feasibility, quantum and timing of the Group's plans to obtain shareholder approval to issue shares pursuant to the Deed of Company Arrangement and the Subscription Agreement with Cyan Stone Pty Ltd as well as obtaining additional funding to enable the Group to continue as a going concern;
- Assessing the Group's cash flow forecasts to address going concern, in particular in light of the recent history of the Group's loss making operations and recommencement of mining operations; 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 Mt Garnet Polymetallic Plant
- Carrying value of Mining Tenements

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	
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 assets (E&E) is a key audit matter due to: • the significance of the activity to the Group's business and the size of the balance (being 52% of total assets); and • the greater level of audit effort 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 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); • 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:	Our audit procedures included: • Evaluating the Group's accounting policy to recognise exploration and evaluation assets using the criteria in the accounting standard; • 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; • For each area of interest, we assessed the Group's current rights to tenure by corroborating the control of and exposure to risks and rewards of ownership, by 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, 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/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

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• 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 impact of current and forecast prices on valuation multiples. The Group engaged an external expert to assist with these assessments. In addition to the above, the Group recorded an impairment charge of $2,213,727 against E&E, resulting from the expiry of tenement licenses and E&E expenditure incurred not considered recoverable. This further increased our audit effort in this key audit area.	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 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 and the requirements of the accounting standard; • We engaged our valuation specialists to assess the appropriateness of the valuation approach used by the external expert engaged by the Group in accordance with the industry specific standards; • We challenged the valuation multiples used by the external expert engaged by the Group considering current and forecast zinc, lead, copper and tin prices applicable to the Australian market and compared to recent contracts entered into by the Group; • We assessed the competence and independence of the external expert engaged by the Group who assisted with the assessments of the valuation of E&E assets; and • We recalculated the impairment charge relating to the expiry of specific tenement licenses and E&E expenditure incurred not considered recoverable.

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Carrying value of Mt Garnet Polymetallic Plant	
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 Mt Garnet Polymetallic Plant (the Plant) with a carrying value of $14.7m. 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 19% of total assets); • the greater level of audit effort required to evaluate the key judgements and assumptions made by the Group with respect to assessing the recoverable value of the Plant. In assessing the recoverable amount we focused on the key judgements and assumptions which include: • the value the Plant could be sold for as a secondhand replacement asset sold as a going concern. • the useful life of the Plant and associated depreciation. The Group engaged an external expert to assist with these assessments.	Our audit procedures included: • We compared the results of the valuation performed by the external expert engaged by the Group regarding the Plant to the carrying value and accounting standard requirements; • We assessed the competence and independence of the external expert engaged by the Group who assisted with the valuation of the Plant; • We engaged our valuation specialists to assess the appropriateness of the valuation approach used by the external expert engaged by the Group in accordance with industry specific standards; • We compared the external expert assessment of useful life to the rate of depreciation charge applied to the Plant; and • We performed sensitivity analysis on key assumptions used in the report prepared by the external expert engaged by the Group such as the secondhand replacement asset value.

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Carrying value of Mining Tenements	
Refer to Note 13 'Mining Tenements' *to the Financial Report*	
The key audit matter	***How the matter was addressed in our audit***
The carrying value of Mining Tenements is a key audit matter due to the greater level of audit effort required to evaluate the key judgements and assumptions made by the Group with respect to assessing the recoverable value of the Mining Tenements. The key judgements involved in the recoverable value assessment are forward looking assumptions, as used in the Group's value in use models. The key assumptions are forecast zinc, lead and copper prices, discount rates and forecast production quantities and costs. The Group used third party expert resource reports to assist in developing forecast production quantities. Our assessment is made more challenging given that production has only recently recommenced and due to zinc, lead and copper price volatility.	Our audit procedures included: • We held discussions with the Group and read the minutes of directors meetings and ASX announcements to understand if the Group had not decided to produce from certain Mining Tenements. We used this knowledge when assessing forecast production assumptions and the recoverability of the Mining Tenements; • We compared the Group's zinc, lead and copper price assumptions against published forecasts and investigated inconsistencies; • We performed sensitivity analysis on key assumptions in the value in use models such as zinc, lead and copper prices, discount rates and forecast production quantities and costs to focus our further procedures; • We compared forecast production to the Group's third party expert resource reports and investigated inconsistencies; • We assessed the competence and independence of the Group's third party experts who prepare the third party resource reports used by the Group to assist in their carrying value assessment of Mining Tenements; and • We used our valuation specialists to compare the Group's discount rates to equivalent industry participants and to develop an appropriate discount rate range to use in sensitivity testing of the value in use model.

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 this 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.

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Report on the Remuneration Report

Opinion

In our opinion, the Remuneration Report of Consolidated Tin Mines Limited for the year ended 30 June 2017, 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 13 to 18 of the Directors' report for the year ended 30 June 2017.

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

KPMG

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Daniel Camilleri

Partner

Sydney

15 February 2018

ADDITIONAL INFORMATION

Pursuant to the Listing Requirements of the Australian Securities Exchange, the shareholder information set out below was applicable at 14 February 2018.

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

Distribution	Number of shareholders
1 – 1,000	36
1,001 – 5,000	64
5,001 – 10,000	133
10,001- 100,000	556
More than 100,000	241
Totals	**1,030**

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 %
SNOW PEAK MINING PL	580,000,000	65.17%
SNOW PEAK INTNL INV LTD	93,700,000	10.53%

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 %
SNOW PEAK MINING PL	580,000,000	65.17%
SNOW PEAK INTNL INV LTD	93,700,000	10.53%
ARM (NQ) PTY LTD	32,376,057	3.64%
DE LACEY RALPH + RYAN M	16,250,000	1.83%
CITICORP NOM PL	7,018,960	0.79%
COUSINS LEE ANDREW + A E	5,126,799	0.58%
SUCCESS SEA DVLMT CO LTD	5,000,000	0.56%
PROVIDENT INV STRATEGY PL	4,440,000	0.50%
JI BAOXIAN	4,000,000	0.45%
BANYARD RJ + HOLTEN PS	3,981,831	0.45%
SILVA PL	3,350,000	0.38%
JP MORGAN NOM AUST LTD	3,186,217	0.36%
SCOTT RONALD JAMES	2,930,000	0.33%
SHARMA RUDRA	2,646,154	0.30%
CAPRARO PL	2,580,000	0.29%
MADDEN PAUL JAMES	2,291,777	0.26%
DEMPSEY PAUL JOHN	2,200,000	0.25%
UKICH EDO + CHRISTINE L	2,107,035	0.24%
TEUMA LUKE JOHN	2,047,775	0.23%
THOM MALCOLM	2,000,000	0.22%
Top 20 total	**777,232,605**	**87.36%**

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.

e. Restricted Securities
There are 580,000,000 ordinary shares on issue which are subject to a voluntary escrow. The escrow period ends on 5 April 2018.

SCHEDULE OF MINERAL TENEMENTS

Schedule of Tenements as at 31 December 2017

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	Mt Garnet	100%	100%	Granted
	EPM 15611	Lynd River	100%	100%	Granted
	EPM 17073	Mt Garnet Extended	100%	100%	Granted
	EPM 17547	Tate River Extended	100%	100%	Granted
	EPM 17548	Petford East	100%	0%	Expired
	EPM 17550	Herberton Extended	100%	0%	Expired
	EPM 17551	Smiths Creek	100%	0%	Expired
	EPM 17623	Mt Garnet West	100%	100%	Granted
	EPM 17753	Mt 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	Mt Garnet East	100%	100%	Granted
	EPM 18118	Bolwarra	100%	100%	Granted
	EPM 18321	Mt 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%	100%	Granted
	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	1000%	100%	Granted
	EPM 25711	Brownville	0%	100%	Granted
	EPM 25939	Torwood	0%	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
	MLA 20544	Return Creek	0%	0%	Application
	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

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 25200	Telegraph Creek	100%	100%	Granted	SM PL
	EPM 25202	Mt 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	Mt 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 20016	Mount Garnet No 6	100%	100%	Granted	CSD
	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

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

ANNUAL REPORT 2017

CONSOLIDATED
TIN MINES LTD

ABN 57 126 634 606