

Montezuma Mining Company Limited

ABN 46 119 711 929

Annual Report

for the year ended 30 June 2016

Corporate Information

ABN 46 119 711 929

Directors

Seamus Cornelius (Non-Executive Chairman)
Justin Brown (Executive Director)
John Ribbons (Non-Executive Director)

Company Secretary

John Ribbons

Registered Office

Ground Floor, 20 Kings Park Road
WEST PERTH WA 6005

Principal Place of Business

31 Ventnor Avenue
WEST PERTH WA 6005
Telephone: +61 8 6315 1400
Facsimile: +61 8 9486 7093

Solicitors

Kings Park Corporate Lawyers
Level 2, 45 Richardson Street
WEST PERTH WA 6005

Bankers

National Australia Bank Limited
1232 Hay Street
WEST PERTH WA 6005

ANZ Banking Corporation
Level 1, 1275 Hay Street
WEST PERTH WA 6005

Share Register

Security Transfer Registrars Pty Ltd
770 Canning Highway
APPLECROSS WA 6153
Telephone: +61 8 9315 2333
Facsimile: +61 8 9315 2233

Auditors

Rothsay Chartered Accountants
Level 1, Lincoln Building
4 Ventnor Avenue
WEST PERTH WA 6005

Internet Address

www.montezuma.com.au

Stock Exchange Listing

Montezuma Mining Company Limited shares (Code: MZM) are listed on the Australian Securities Exchange.

Contents

Letter from the Chairman	3
Review of Operations	4
Directors' Report	18
Audit Independence Letter	24
Corporate Governance Statement	25
Consolidated Statement of Comprehensive Income	26
Consolidated Statement of Financial Position	27
Consolidated Statement of Changes in Equity	28
Consolidated Statement of Cash Flows	29
Notes to the Consolidated Financial Statements	30
Directors' Declaration	48
Independent Audit Report	49
ASX Additional Information	51

Letter from the Chairman

Dear Fellow Shareholders,


It is an honour and a pleasure to be in the position to thank you again for your support over the past year. Every member of the board of Montezuma is well aware of the trust shareholders place in us and we constantly strive to run Montezuma in the best interests of shareholders.

The overall market environment has been more supportive for junior companies over the past year and in particular for companies with exposure to gold. Montezuma has the highly prospective Yamarna gold project East of Kalgoorlie and as you will be aware we have been actively exploring at Yamarna and having success. There is of course more work to be done before we can claim real success at Yamarna but the early progress has been very encouraging. We continue to evaluate both our existing portfolio of projects and potential new projects with a focus on delivering value over the medium term to shareholders. Montezuma is not now and never has been the kind of company that jumps on every market trend and very quickly blows out its share capital to 1bn or more shares. There are of course many junior exploration companies listed on the ASX that follow the latest trend and blow out their capital structure so that any investor interested in that approach has many choices.

Under the leadership of the Company's Executive Director, Justin Brown, we will continue to take a pragmatic approach to delivering value for shareholders through the creation of opportunities for shareholders to make good decisions about their investment in Montezuma. Being pragmatic means closely managing the share capital to minimise dilution and preserve maximum upside exposure for shareholders, making sure we maintain a strong cash/liquid investment position and making sensible decisions about projects and exploration. Of course, real exploration success in the form of a high value discovery is the ultimate objective and we believe our existing portfolio of projects has the potential to deliver the success we all seek.

Finally, I am sure that you would join me in thanking the management and staff of Montezuma along with our consultants for their efforts over the past year.

Yours sincerely



Seamus Cornelius

Chairman

Review of Operations

1. Exploration

The Company's primary objective continues to be achieving returns for shareholders through selected strategic acquisitions and proactive exploration programmes which add value to the Company.

In line with the Company's growth strategy to utilise Montezuma's strong cash position to build a diversified resource asset base through acquisition, a number of potential investment and acquisition opportunities were reviewed during the past year. Work also included the roll out of exploration programmes at the company's 100% owned Yamarna Project as well as preparatory work to obtain the necessary access clearances at the 100% owned Holleton Project. Both the Yamarna and Holleton Projects are primarily being targeted for gold mineralisation.



Figure 1. Project Location Map

The Company continues to actively target tenement acquisition opportunities within Western Australia and selected low risk overseas jurisdictions where compelling geology and early mover advantage presents potential favourable opportunities.

1.1. Yamarna (MZM 100%)

The Yamarna Project comprises two granted exploration licences and one licence under application, with the principal target zone located along strike from the recent 6.2 million ounce gold discovery at Gruyere by Gold Road Resources Ltd ("GOR")¹.

In early 2015, an agreement signed with the Yilka native title claimants allowed the primary Yamarna Project Exploration Licence E/2889 to be granted and the first exploration to commence since the late 1990's, when exploration by WMC comprised soil sampling as part of a broader regional survey.

¹ <http://www.goldroad.com.au/media/57e1ebd7caafd575889042.pdf>

Review of Operations continued

The tenement was sampled on a 1,600m x 200m grid, with infill to 400m x 200m around areas of gold anomalism.

Infill soil sampling by Montezuma during the first quarter of the current financial period returned encouraging results, with a number of large regional scale surface gold anomalies defined over interpreted structurally favourable positions.



Reconnaissance drilling of these anomalies using aircore drillholes

completed to blade refusal identified varying thicknesses of Permian and recent cover sequences over Archean basement rocks. Significantly, a number of holes intersected significant gold mineralisation in basement sequences, with a best result of 1m @ 2.7 g/t (BOH) providing strong encouragement for follow up drilling².

Detailed analysis of the work to this point from both a geological and geochemical perspective highlighted three main target areas at Jatz, Captains and Cruskit, with the Jatz target marked as the priority area for follow up work. Jatz is in the central eastern part of a large, approximately 5km X 2km corridor of Archean greenstone rocks which represent a classic host for Archean mesothermal gold mineralisation and has been the focus of the bulk of the subsequent work.

Early reconnaissance RC drilling across the central portion of the Jatz anomaly confirmed basement gold grades up to 19 g/t in shear hosted sulphidic quartz veining, further supporting the strategy to focus on Jatz as the priority target.

Work programmes that followed up this early target generation phase focused on anomaly definition at Jatz and regional, broad spaced aircore geochemical drilling over the corridor of Archean greenstone basement identified in the initial work programmes. This work confirmed a broad, high tenor basement gold anomaly at Jatz, approximately 1.5km in strike length, as well as three new targets at Le Snak, Ryvita and Ritz which resulted from the regional programme. These regional targets require further follow up work in the coming field season³.

² http://www.montezuma.com.au/images/uploads/150930_MZM_Quarterly_Operations_Report_September_2015.pdf

³ http://www.montezuma.com.au/images/uploads/160630_MZM_Quarterly_Operations_Report_June_2016_FINAL.pdf

Review of Operations continued

At Jatz the board made the decision to undertake a deep RC programme across along the anomalous corridor comprising 30 angled drillholes for approximately 3,400m on nominally 200m spaced fences. Assay results confirmed a high grade central core of basement gold mineralisation striking over approximately 1km along the Jatz corridor, open to the north. Infill drilling is currently being planned to further test this zone⁴.

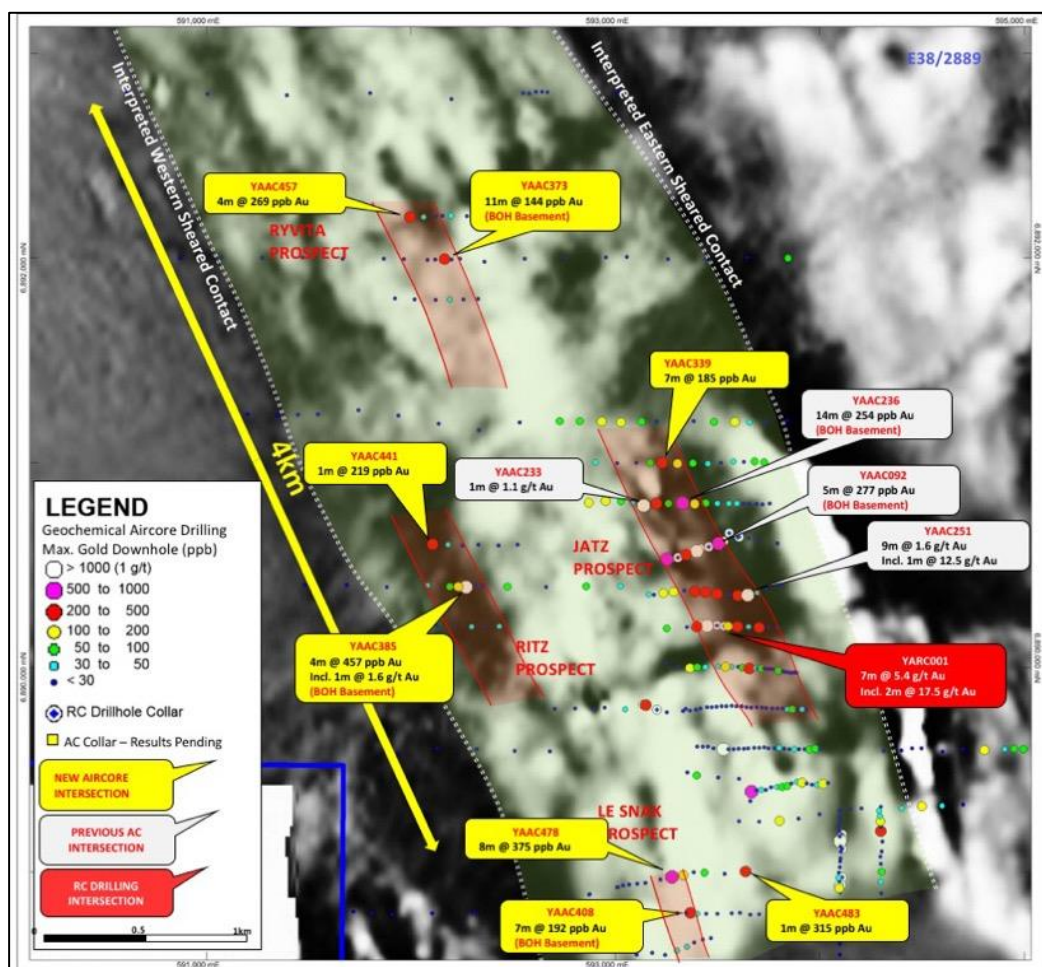


Figure 2. Regional target generation at the Yamarna Project.

⁴ http://www.montezuma.com.au/images/uploads/160926_High_Grade_Gold_Trend_Confirmed_at_Jatz_FINAL.pdf

Review of Operations continued

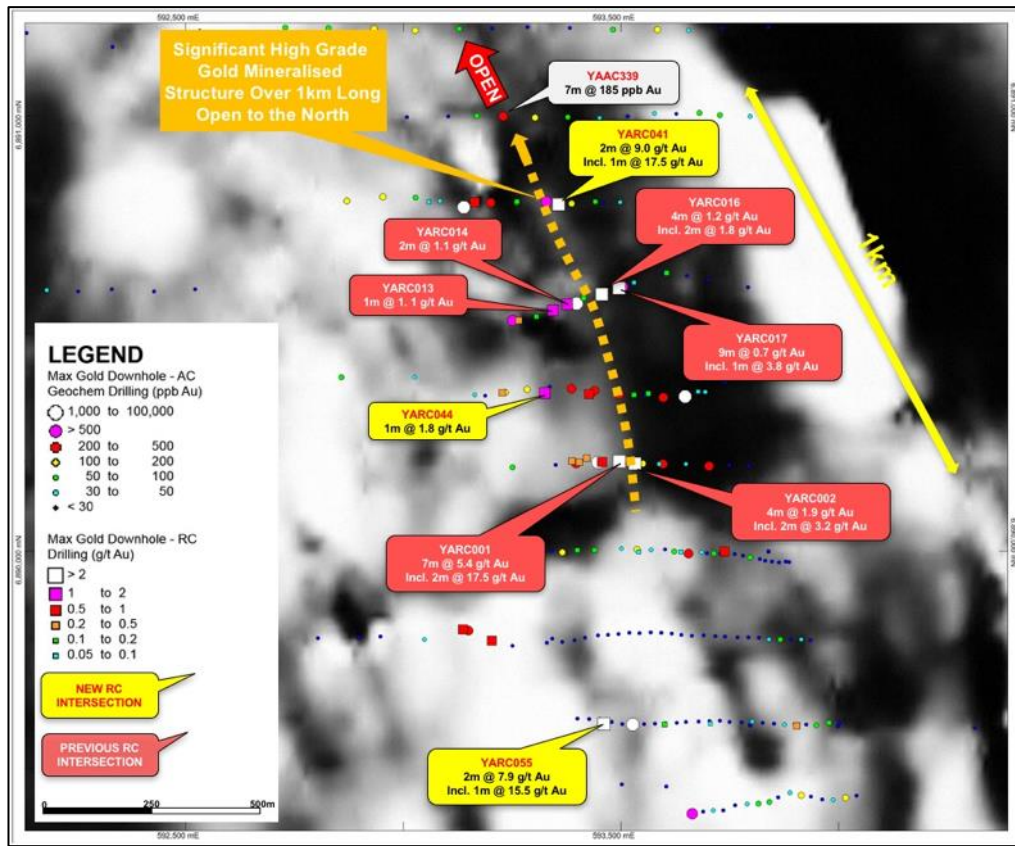


Figure 3. High grade central gold zone identified with RC drilling at the Jatz prospect.

1.2. Holleton Project (MZM 100%)

During the reporting period, Montezuma announced that it has added the 100% owned Holleton Gold Project to its growing gold portfolio⁵. The Holleton exploration licence application E77/2334 covers approximately 115 km² of the Holleton Greenstone Belt, location approximately 400km east of Perth.

Previous exploration by Independence Group NL included a broad regional surface geochemical programme that defined numerous gold anomalies across an area of poorly exposed greenstones comprised mostly of meta-basalts with minor schist, pegmatite and granite. Follow-up drilling across these anomalies was typically first-pass in nature with many intersections left open.

The best of the historic results is at the Brahma Prospect (“Brahma”) where a >2.5km long, >50ppb gold in soil anomaly (see Figure 4) was defined and subsequently followed up with shallow aircore drilling which confirmed a strong basement anomaly. Three diamond drillholes in a confined area of the anomaly represent the only holes drilled to deeper than 50m. The best intersections at Brahma

⁵ http://www.montezuma.com.au/images/uploads/160720_Priority_Gold_Targets_Identified_at_Holleton_Project_.pdf

Review of Operations continued

include **73m @ 0.3 g/t Au** (including **4m @ 1.6 g/t Au** and **1m @ 7.6 g/t Au**) however all three diamond holes returned broad mineralised intervals (Figure 5).

Numerous other intersections greater than 100ppb Au remain open along the length of the soil anomaly and Montezuma plans to re-commence exploration at Holleaton upon the granting of E77/2334 and receipt of necessary approvals.

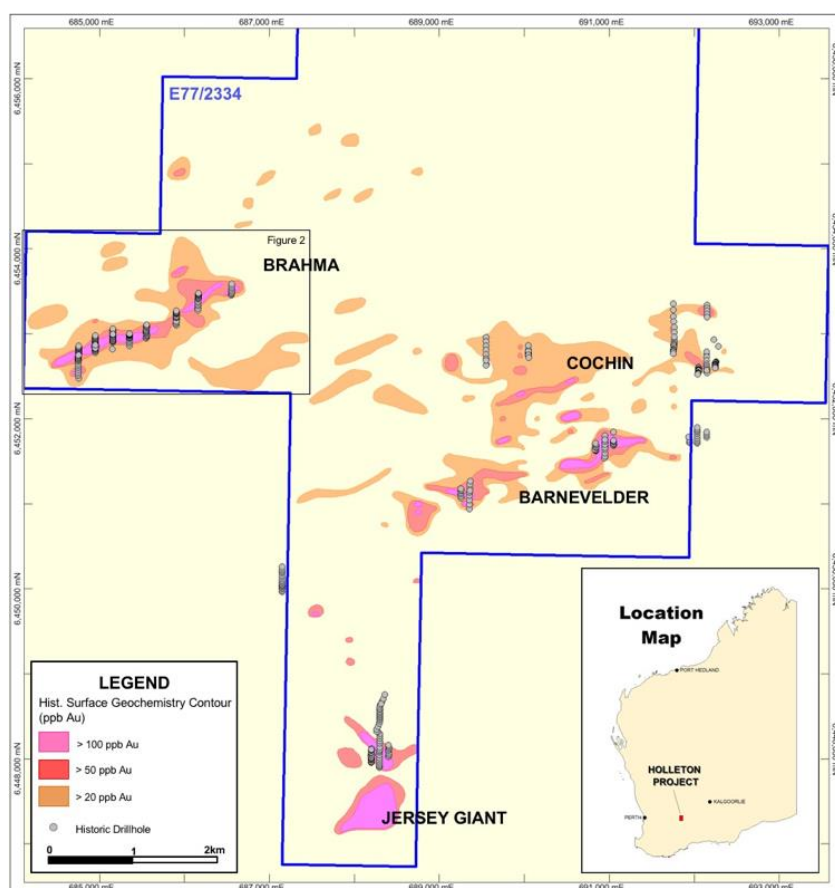


Figure 4. Soil anomalies generated by Independence Group NL exploration between 2008 and 2010⁶.

⁶ http://geodocs.dmp.wa.gov.au/common/searchAPI.do?cabinetId=2301&Report_Ref=A78817,
http://geodocs.dmp.wa.gov.au/common/searchAPI.do?cabinetId=2301&Report_Ref=A81028,
http://geodocs.dmp.wa.gov.au/common/searchAPI.do?cabinetId=2301&Report_Ref=A86123

Review of Operations continued

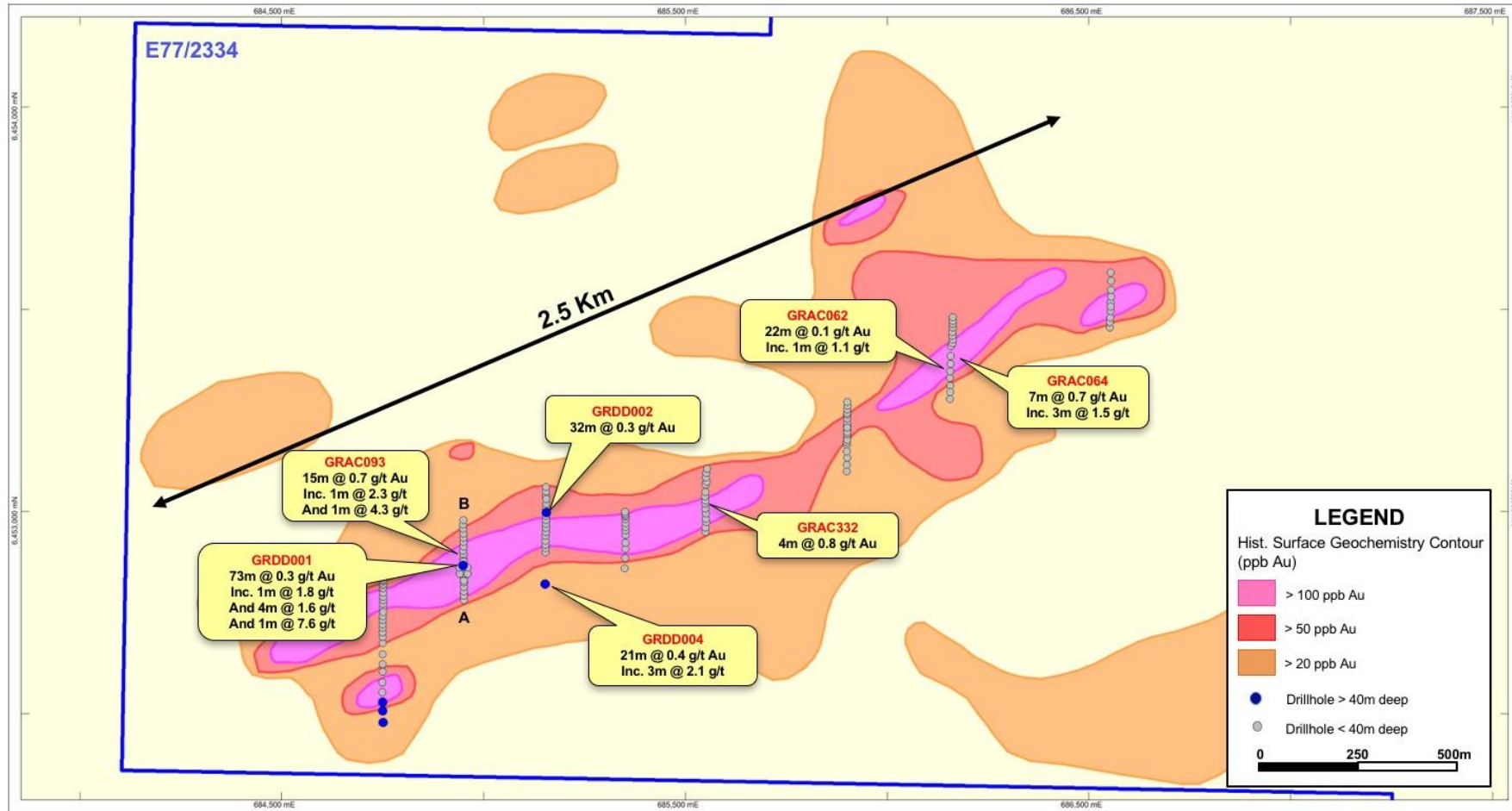


Figure 5. Detailed view of the Independence Group NL generated Brahma soil geochemical anomaly and selected drill results from systematic geochemical aircore drilling and reconnaissance RC and DD drilling¹.

Review of Operations continued

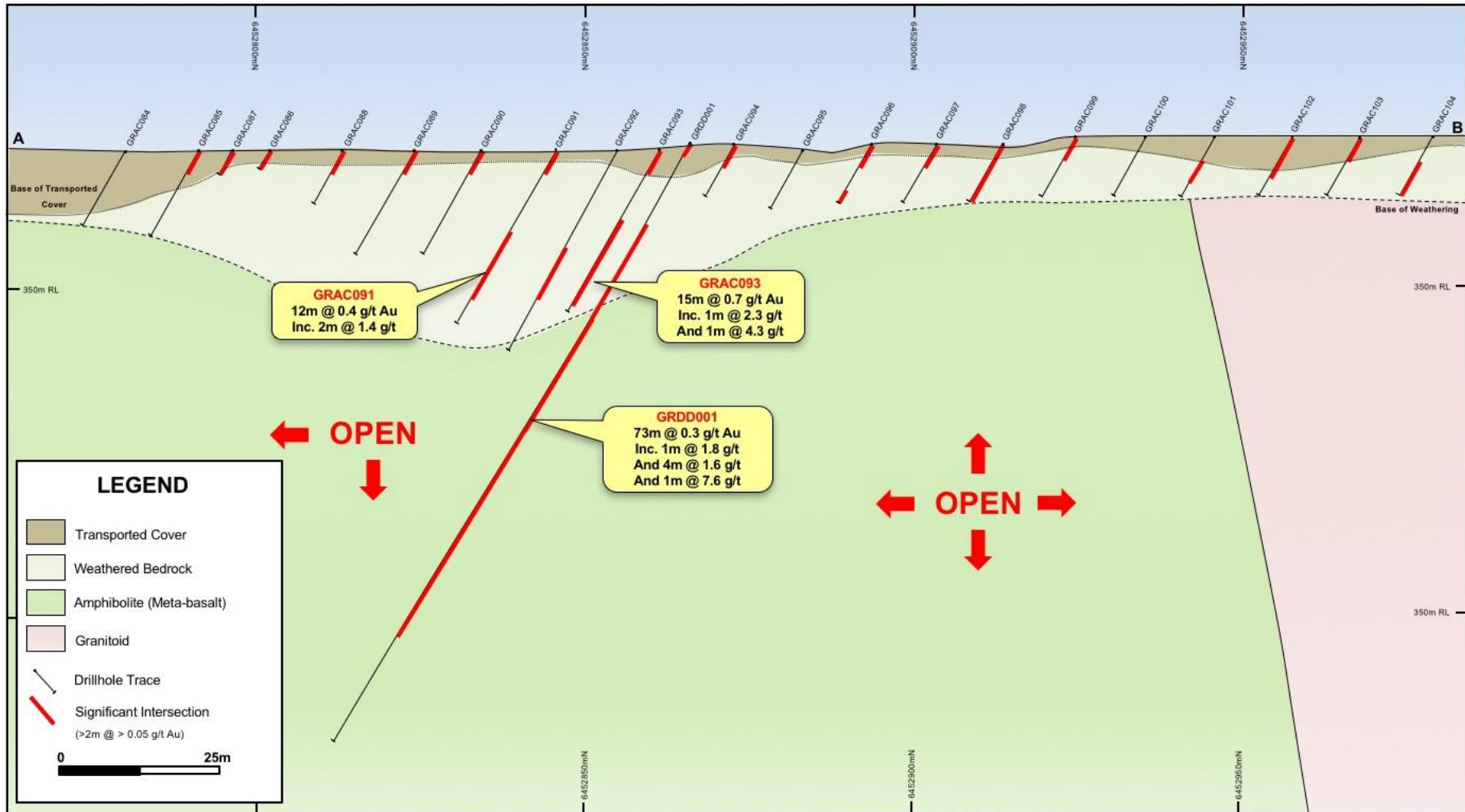


Figure 6. Cross section through the Brahma soil/aircore anomaly showing broad widths of gold mineralisation with associated calc-silicate alteration which may be indicative of a potentially large gold system.

Review of Operations continued

1.3. Butcherbird (MZM 100%)

The Butcherbird Project straddles the Great Northern Highway approximately 120km south of Newman. The land is open with sparse vegetative cover, giving good access to all areas of the license. The Company acquired the project by pegging vacant ground in 2009 and has since significantly advanced both the manganese and copper potential within the Project area.

Manganese hosting bedrock at Butcherbird occurs as a regionally extensive, gently folded, low grade basal laminated shale unit which grades between 4% Mn and 6% Mn. Although this formation is very extensive, the low grades and fine grained nature of the manganese in fresh bedrock suggests that this feature is unlikely to be commercially useful using conventional processing techniques.



In the near surface weathering profile, however, the manganese mineralisation is supergene enriched partitioning into high grade bands within a clay waste matrix. This partitioning during weathering has resulted in very extensive zones of manganese delineated over at least ten separate prospects that appear amenable to mining and beneficiation through conventional processing methods.

The work to date has identified a number of key target areas, from which JORC Resource Estimates have been completed for eight of these areas.

The Butcherbird Project remains a cornerstone asset within the Montezuma portfolio. Due to the manganese market remaining at very low levels, Montezuma has progressed slowly at Butcherbird.

The focus this year has been on a detailed review of the manganese grade distributions within the regional scale deposit. It is thought that if zones can be identified where the supergene upgrading processes have resulted in a greater concentration of manganese within certain areas of the deposit then these areas may provide material for higher yield startup pits, thereby improving overall project economics. This work is ongoing.

Review of Operations continued

1.4. Green Dam (MZM 100%)

The Green Dam project is located 120km ENE of Kalgoorlie in the Eastern Goldfields, situated on the eastern edge of the Norseman – Wiluna Greenstone Belt. The main rock types comprise a sequence of mafic and ultramafic rocks, felsic volcanics, sediments and banded iron formation, wrapping around the eastern margin of the Goat Dam monzogranite.

The project was previously held by Panoramic Resources Limited prior to the Company acquiring the tenements. Prior to the tenement acquisition the area had been subject to sporadic drilling and geophysical programs over the last 40 years with recent work completed by Magma Minerals highlighting the projects continued prospectively for Ni-Cu-PGE sulphide mineralisation⁷. The tenement contains both narrow high grade intercepts up to 2m @ 2.2 % Ni and 0.37%

Cu and broad low grade intercepts up to 45m @ 0.6% Ni and 0.23% Cu. Mineralisation was defined over 900m of strike within two sub-parallel steep dipping zones, but intercepts have been made over 1,200m of strike, although not completely followed up. Magma were originally assessing Green Dam's potential as a large tonnage-low grade, mafic-ultramafic intrusive, Ni-Cu-PGE hosting target but also not ruling out the potential to contain low tonnage-high grade zones. There are two main lodes of interest, the western lode and the contact lode. The western lode is a massive sulphide lens which lies approximately 50m above the eastern contact and has a strike length of 350m. The eastern contact has a number of discrete massive sulphide zones along its length and in places disseminated and stringer sulphides.

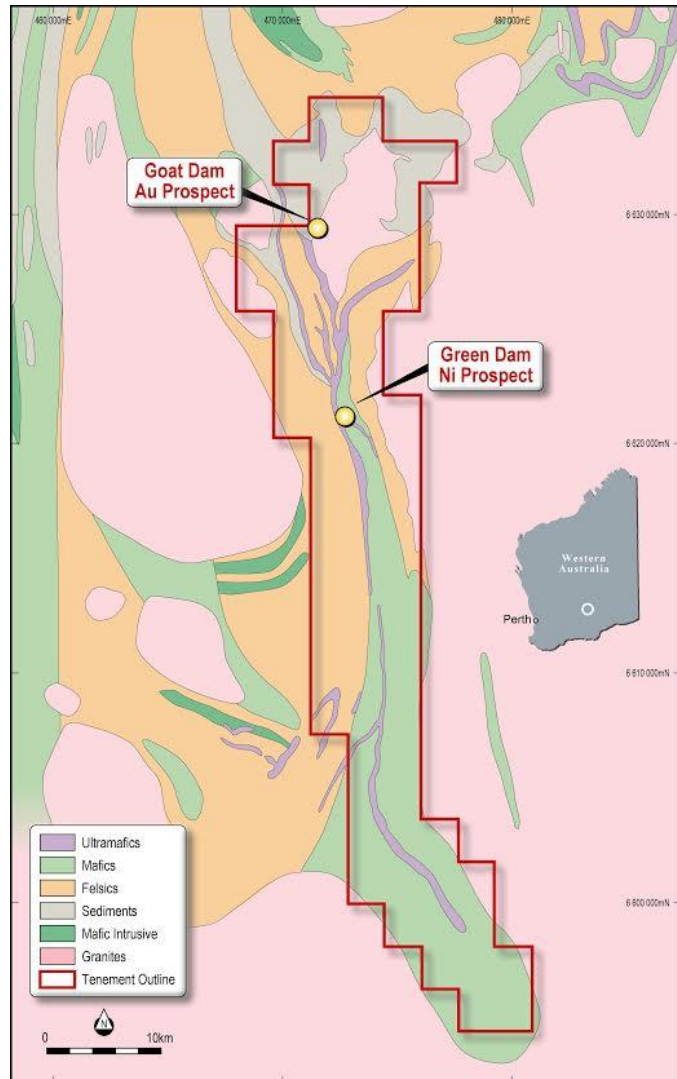


Figure 7. Green Dam Tenement Location Plan

⁷ <http://www.asx.com.au/asxpdf/20071031/pdf/315k3lpf6t9xch.pdf>

Review of Operations continued

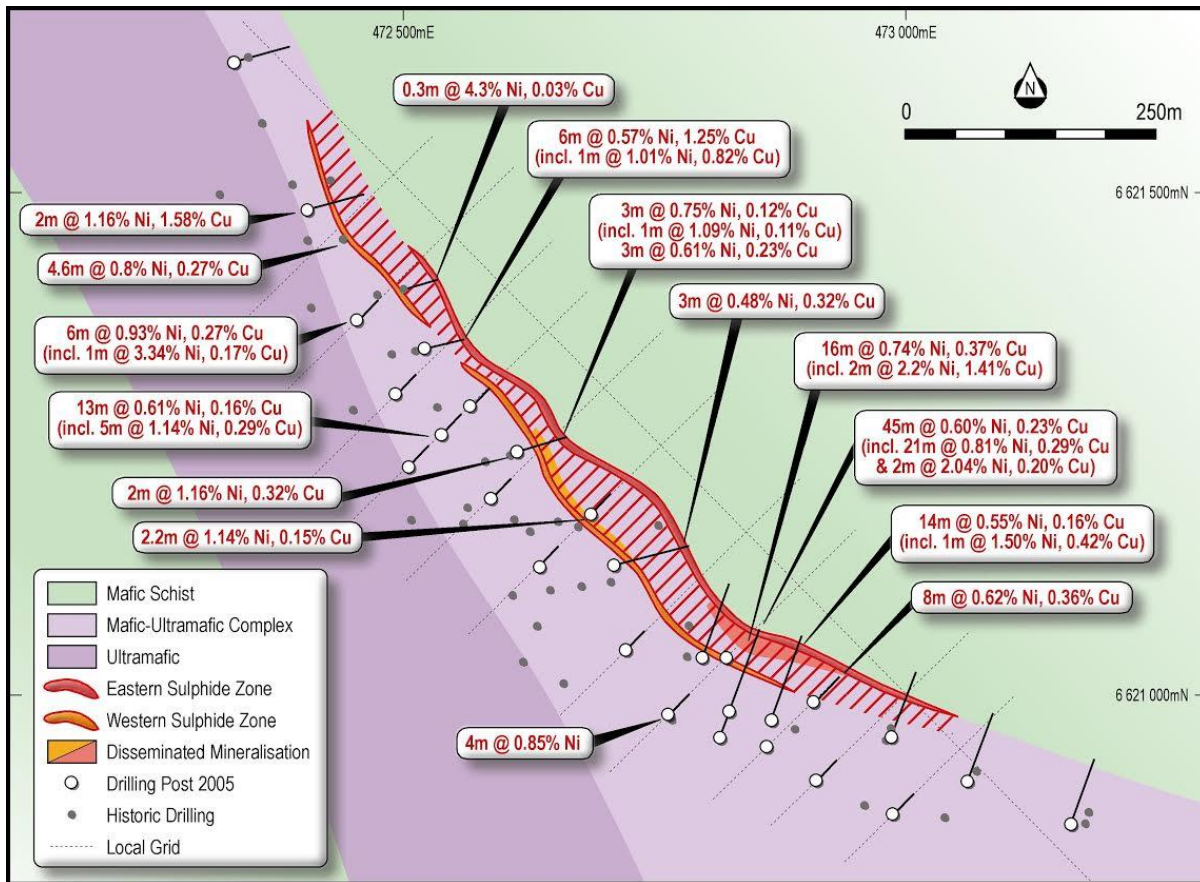


Figure 8. Green Dam historic drilling results

The Company is continuing a data compilation and desktop review of the data acquired with the tenement along with establishing the locations of samples and cores so that selective re-logging and sampling can be conducted to confirm prospectivity in a cost effective manner before committing to fieldwork.

2. Bonneval Gold Project France (under application)

Mining Revival in France

For approximately two years, the French government has been moving proactively to attract mining investors to France to take advantage of the significant mineral exploration potential that still exists in many areas of the country. Several exploration tenements have already been granted to French subsidiaries of foreign companies and a number of other exploration applications are currently being assessed. The geological potential of the Hercynian basement of France is high, and there are a number of additional factors which can be considered attractive for potential mid-term investment including for example excellent infrastructure, access to a skilled workforce, and a stable political and economic environment.

Review of Operations continued

The Bonneval Project Area

The area of primary initial interest is a gold rich historical mining area located in the southwest of France in the Limousin region. It is estimated that approximately 1.3 million ounces of gold was produced in the area from the Roman times up to the closure of the most recent mines (Société des Mines du Bourneix) in the very early 2000's.

In recent times, from 1988 to 2002, gold was produced from several open pit and underground operations. Recorded grades were between 7 g/t Au to 9 g/t Au for open pits, and between 12 g/t Au to 16 g/t Au in underground mines. The ore was mainly in shear zone hosted quartz veining, containing free gold as well as gold as inclusions within sulphides (arsenopyrite, pyrite and some galena). Underground mining was carried out to depths of up to 300m. The operations were closed due to the decline of the gold price in the early 2000's.

Cordier Mines SAS

In order to operate in France, Montezuma established a local subsidiary company, Cordier Mines SAS ("Cordier"), which was incorporated under the French legislation in late 2014. The company is a 100% owned subsidiary of Montezuma Mining Company Ltd. Cordier is registered in Orléans (France).

Bonneval Exploration Permit Application

An application for the "Bonneval" exploration permit for gold and related metals was lodged by Cordier at the Mines Department in Paris in mid-February 2015.

There are a number of legacy permits within the application area which are currently excised from the licence application which Montezuma will attempt to gain title over through negotiations with the existing holders and French government.

Review of Operations continued

3. Corporate

3.1. Buxton Resources Limited

The Company continues to hold an equity position in Buxton Resources Ltd (ASX: BUX) comprising 1.5M fully paid ordinary shares and 4M unlisted 12.5c options. For further details, please refer to the Buxton Resources Limited website at: www.buxtonresources.com.au.

3.2. RNI NL

The Company continues to hold an equity position in RNI NL (ASX: RNI) comprising 8.8M fully paid ordinary shares. For further details, please refer to the Resource and Investment NL website at: www.rninl.com.au.

3.3. Exterra Resources Limited

The Company continues to hold an equity position in Exterra Resources Ltd (ASX: EXC) comprising 14M fully paid ordinary shares. For further details, please refer to the Exterra Resources Ltd website at: www.exterraresources.com.au.

3.4. Duketon Mining Limited

The Company continues to hold an equity position in Duketon Mining Ltd (ASX: DKM) comprising 1.45M fully paid ordinary shares. For further details, please refer to the Duketon Mining Ltd website at: www.duketonmining.com.au.

3.5. Danakali Limited

The Company continues to hold an equity position in Danakali Ltd (ASX: DNK) comprising 7.5M fully paid ordinary shares. For further details, please refer to the Danakali Limited website at: www.danakali.com.

3.6. Lefroy Exploration Ltd

On 14 October 2016, the Company was issued an equity interest in Lefroy Exploration Ltd (ASX: LEX) comprising 4.2M fully paid ordinary shares. For further details, please refer to the Lefroy Exploration Limited website at: www.lefroyex.com.

Review of Operations continued

4. Appendices

4.1. Summary of JORC Resources

Classification	Inferred Resource	
Cut-off	10% Mn	
Deposit	Tonnes (Mt)	Mn (%)
Bindi Bindi Hill	8.75	11.09
Budgie Hills	1.03	10.82
Cadgies Flats	0.25	11.08
Coodamudgi	12.9	11.48
Illgararie Ridge	17.0	10.71
Mundawindi	14.2	12.23
Richies Find	16.1	11.56
SUBTOTAL	70.2	11.4
<i>Yanneri Ridge</i>	<i>48.8</i>	<i>11.8</i>
GLOBAL TOTAL – 30 June 2016	119.0	11.6
GLOBAL TOTAL – 30 June 2015	119.0	11.6

Table 1. Inferred Mineral Resource Estimates at the Butcherbird Manganese Project are reported at a 10% Mn cut.

Mineral Resources

Appendix 5.1 is a table showing the Company's Mineral Resources as at 30 June 2016. There has been no change to the Company's Mineral Resources since 30 June 2015. No ore reserves have been estimated.

Review of material changes

There have been no changes to the Company's resources during the year. The Company confirms that it is not aware of any new information or data that materially affects the information included in the original announcements and that all material assumptions and technical parameters underpinning the estimates continue to apply and have not materially changed.

Governance controls

All Mineral Resource estimates are prepared by qualified professionals following JORC Code compliant procedures and follow standard industry methodology for drilling, sampling, assaying, geological interpretation, 3-dimensional modelling and grade interpolation techniques.

The Mineral Resource estimates have been calculated by a suitably qualified consultant and overseen by suitably qualified Montezuma Mining Limited employee and/or consultant.

Review of Operations continued

4.2. Competent Persons Statement

The Information in this report that relates to exploration results is based on information compiled by Justin Brown, who is a member of the Australian Institute of Mining & Metallurgy. Mr Brown is a geologist and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Justin Brown consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Information in this report that relates to estimation, of the Butcherbird Resource is extracted from the Company's ASX announcement dated 7 December 2011 (2011 Announcement) which is available to view on the Company's website. The Company confirms that all the material assumptions underpinning the information relating to estimation referred to in the 2011 Announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the information is presented has not been materially modified from the original 2011 Announcement.

The information in this report related to the Mineral Resources is based on information compiled by Shane Fieldgate under the supervision of Ivor Jones. Mr Fieldgate is a Member of the Australian Institute of Geoscientists (AIG) and the Australasian Institute of Mining and Metallurgy (AusIMM) and is a full-time employee of Snowden Mining Industry Consultants. Mr Jones is a Fellow of the Australasian Institute of Mining and metallurgy (AusIMM), a Chartered Professional (Geology) and is a full-time employee of Snowden Mining Industry Consultants. Mr Jones has sufficient experience that is relevant to the style of mineralisation, type of deposit under consideration and to the activity that he is undertaking to qualify as a Competent person as defined in the 2012 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Ivor Jones and Shane Fieldgate consent to the inclusion in the report of the matters based on their information in the form and context in which it appears.

Directors' Report

Your directors submit their report on the consolidated entity (referred to hereafter as the Group) consisting of Montezuma Mining Company Limited and the entities it controlled at the end of, or during, the year ended 30 June 2016.

DIRECTORS

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

Names, qualifications, experience and special responsibilities

Seamus Cornelius, (Non-Executive Chairman, Chairman of remuneration committee, audit committee member)

Mr Cornelius brings twenty-three years of corporate experience in both legal and commercial negotiations. Mr Cornelius has been based in Shanghai and Beijing since 1993 where he has been living and working as a corporate lawyer.

From 2000 to 2012, Mr Cornelius was an international partner with one of Australia's leading law firms and specialised in dealing with cross border investments, particularly in the energy and resource sectors. Mr Cornelius has for many years advised large international companies on their investments in China and in recent years advised Chinese state owned entities on their investments in natural resource projects outside China, including Australia. Mr Cornelius is also chairman of Buxton Resources Limited, Danakali Limited and Duketon Mining Limited. Mr Cornelius has not held any former directorships in the last 3 years.

Justin Brown, B.Sc. (Hon), (Executive Director, audit committee member)

Mr Brown is a geologist with over fifteen years' experience in minerals exploration and mining in Australia and globally. He has an extensive technical background with broad spectrum experience in project generation, mineral exploration and mining, coupled with strategic and corporate experience and a proven track record in business development and public company management.

Mr Brown is a non-executive director of Exterra Resources Limited. Mr Brown has not held any former directorships in the last 3 years.

Mr Brown was the founding Managing Director of the Company.

John Ribbons, B.Bus., CPA, ACIS (Non-Executive Director, Chairman of audit committee, remuneration committee member)

Mr Ribbons is an accountant who has worked within the resources industry for over twenty years in the capacity of group financial controller, chief financial officer or company secretary.

Mr Ribbons has extensive knowledge and experience with ASX listed production and exploration companies. He has considerable site based experience with operating mines and has also been involved with the listing of several exploration companies on ASX. Mr Ribbons has experience in capital raising, ASX and TSX compliance and regulatory requirements. Mr Ribbons has not held any former directorships in the last 3 years.

COMPANY SECRETARY

John Ribbons

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

As at the date of this report, the interests of the directors in the shares and options of Montezuma Mining Company Limited were:

	Ordinary Shares	Options over Ordinary Shares
Seamus Cornelius	3,064,225	3,250,000
Justin Brown	4,112,500	6,250,000
John Ribbons	500,000	3,250,000

PRINCIPAL ACTIVITIES

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

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

DIVIDENDS

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

Directors' Report continued

REVIEW OF OPERATIONS

Finance Review

The Group began the financial year with a cash reserve of \$6,674,413. Funds were used to acquire and actively advance the Group's projects located in Australia.

During the year total tenement acquisition and exploration expenditure incurred by the Group amounted to \$1,928,852 (2015: \$1,437,530). In line with the Group's accounting policies, all exploration expenditure was written off at year end. The Group recognised a net fair value gain on financial assets of \$1,567,714 (2015: \$858,141 fair value loss), and received income of \$75,000 in the 2015 financial year from the sale of tenement interests. The Group also received Research and Development incentive grants totalling \$27,871 (2015: \$172,707) during the year. Net administration expenditure incurred amounted to \$701,072 (2015: \$629,537). This has resulted in an operating loss after income tax for the year ended 30 June 2016 of \$1,034,339 (2015: \$2,677,501).

At 30 June 2016 surplus funds available totalled \$3,692,673.

Operating Results for the Year

Summarised operating results are as follows:

	2016	
	Revenues	Results
	\$	\$
Consolidated entity revenues and loss from ordinary activities before income tax expense	<u>1,782,539</u>	<u>(1,034,339)</u>

Shareholder Returns

	2016	2015
Basic and diluted loss per share (cents)	(1.5)	(3.8)

Risk Management

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

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

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

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

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

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

SIGNIFICANT EVENTS AFTER THE BALANCE DATE

No matters or circumstances, besides those disclosed at note 21, have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

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

ENVIRONMENTAL REGULATION AND PERFORMANCE

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

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

Directors' Report continued

REMUNERATION REPORT

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

Principles used to determine the nature and amount of remuneration

Remuneration Policy

The remuneration policy of Montezuma Mining Company Limited has been designed to align key management personnel objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific long-term incentives based on key performance areas affecting the Group's financial results. The board of Montezuma Mining Company Limited believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best key management personnel to run and manage the Group.

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

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

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

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

The executive directors and executives (if any) receive a superannuation guarantee contribution required by the government, which was 9.5% for the 2016 financial year, and do not receive any other retirement benefits. Some individuals may choose to sacrifice part of their salary to increase payments towards superannuation.

All remuneration paid to directors and executives is valued at the cost to the Group and expensed. Options are valued using the Black-Scholes methodology.

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

Performance based remuneration

The Group currently has no performance based remuneration component built into key management personnel remuneration packages.

Group performance, shareholder wealth and key management personnel remuneration

The remuneration policy has been tailored to increase the direct positive relationship between shareholders' investment objectives and key management personnel performance. Currently, this is facilitated through the issue of options to the majority of key management personnel to encourage the alignment of personal and shareholder interests. The Group believes this policy will be effective in increasing shareholder wealth. At commencement of production, performance based bonuses based on key performance indicators are expected to be introduced.

Use of remuneration consultants

The Group did not employ the services of any remuneration consultants during the financial year ended 30 June 2016.

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

The Company received approximately 98.9% of "yes" votes on its remuneration report for the 2015 financial year. The Company did not receive any specific feedback at the Annual General Meeting or throughout the year on its remuneration practices.

Details of remuneration

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

The key management personnel of the Group include only the directors as per page 18.

Directors' Report continued

Key management personnel of the Group

	Short-Term		Post-Employment		Share-based Payments	Total
	Salary & Fees	Non-Monetary	Superannuation	Retirement benefits	Options	
	\$	\$	\$	\$	\$	\$
Directors						
Seamus Cornelius						
2016	48,000	3,389	-	-	51,750	103,139
2015	50,000	3,795	-	-	33,600	87,395
Justin Brown						
2016	180,000	5,696	17,100	-	103,500	306,296
2015	140,975	6,722	13,393	-	56,000	217,090
John Ribbons						
2016	33,600	3,389	-	-	51,750	88,739
2015	33,600	3,795	-	-	33,600	70,995
Other key management personnel						
Michael Moore (resigned 27 May 2015)						
2015	204,229	-	15,755	-	(24,064)	195,920
Total key management personnel compensation						
2016	261,600	12,474	17,100	-	207,000	498,174
2015	428,804	14,312	29,148	-	99,136	571,400

Service agreements

The details of service agreements of the key management personnel of the Group are as follows:

Justin Brown, Executive Director:

- Term of agreement – until terminated in accordance with the agreement. The Company may terminate at any time, with or without cause, whilst the executive must provide one months' written notice of termination (unless breach or agreement by the Company).
- Annual salary of \$225,000 (plus 9.5% statutory superannuation), paid on a pro-rata basis, based on a four-day week, plus the provision of income protection insurance. Mr Brown's salary is reviewed on an annual basis.
- Payment of termination benefit on termination by the Company, other than for gross misconduct, equal to six months' total salary.

Share-based compensation

Options

Options are issued to key management personnel as part of their remuneration. The options are not issued based on performance criteria, but are issued to the majority of key management personnel of Montezuma Mining Company Limited to increase goal congruence between key management personnel and shareholders. The following options were granted to or vesting with key management personnel during the year:

	Grant Date	Granted Number	Vesting Date	Expiry Date	Exercise Price (cents)	Value per option at grant date (cents)	Exercised Number	% of Remuneration
Directors								
Seamus Cornelius	20/11/2015	500,000	20/11/2015	20/11/2020	35.0	10.3	N/A	50.2
Seamus Cornelius	30/11/2012	750,000	(1)	30/11/2017	38.0	7.7	N/A	(1)
Justin Brown	20/11/2015	1,000,000	20/11/2015	20/11/2020	35.0	10.3	N/A	33.8
Justin Brown	30/11/2012	1,500,000	(1)	30/11/2017	38.0	7.7	N/A	(1)
John Ribbons	20/11/2015	500,000	20/11/2015	20/11/2020	35.0	10.3	N/A	58.3
John Ribbons	30/11/2012	750,000	(1)	30/11/2017	38.0	7.7	N/A	(1)

(1) These options have a market vesting condition, such that they will vest once the market capitalisation of the Company appreciates 100% from 30 November 2012. The expense was recognised in full at grant date.

There were no ordinary shares in the Company provided as a result of the exercise of remuneration options during the year.

Directors' Report continued

Equity instruments held by key management personnel

Share holdings

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

2016

	Balance at start of the year	Received during the year on the exercise of options	Other changes during the year	Balance at end of the year
<i>Directors of Montezuma Mining Company Limited</i>				
Ordinary shares				
Seamus Cornelius	3,064,225	-	-	3,064,225
Justin Brown	4,112,500	-	-	4,112,500
John Ribbons	500,000	-	-	500,000

Option holdings

The numbers of options over ordinary shares in the Company held during the financial year by each director of Montezuma Mining Company Limited and other key management personnel of the Company, including their personally related parties, are set out below:

2016

	Balance at start of the year	Granted as compensation	Exercised	Other changes	Balance at end of the year	Vested and exercisable	Unvested
<i>Directors of Montezuma Mining Company Limited</i>							
Seamus Cornelius	3,250,000	500,000	-	(500,000)	3,250,000	2,500,000	750,000
Justin Brown	6,250,000	1,000,000	-	(1,000,000)	6,250,000	4,750,000	1,500,000
John Ribbons	3,750,000	500,000	-	(1,000,000)	3,250,000	2,500,000	750,000

All vested options are exercisable at the end of the year.

Loans to key management personnel

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

End of audited Remuneration Report

DIRECTORS' MEETINGS

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

	Directors Meetings		Audit Committee Meetings		Remuneration Committee Meetings	
	A	B	A	B	A	B
Seamus Cornelius	12	15	1	2	1	1
Justin Brown	15	15	2	2	*	*
John Ribbons	15	15	2	2	1	1

Notes

A - Number of meetings attended.

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

* - Not a member of the Remuneration Committee

Directors' Report continued

SHARES UNDER OPTION

Unissued ordinary shares of Montezuma Mining Company Limited under option at the date of this report are as follows:

Date options granted	Expiry date	Exercise price (cents)	Number of options
22 August 2016	22 August 2020	30	2,000,000
20 June 2016	17 June 2019	30	250,000
30 November 2015	20 November 2018	35	200,000
20 November 2015	20 November 2020	35	2,200,000
22 October 2015	22 October 2018	32	250,000
15 September 2015	15 September 2017	27.5	500,000
6 March 2015	31 January 2018	34	150,000
18 November 2014	18 November 2019	21.5	2,750,000
1 July 2014	1 July 2017	20	1,000,000
15 January 2013	30 June 2017	20	1,000,000
19 November 2013	19 November 2018	20	2,000,000
30 November 2012	30 November 2016	32.5	3,000,000
30 November 2012	30 November 2017	38	3,000,000
Total number of options outstanding at the date of this report			18,300,000

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

INSURANCE OF DIRECTORS AND OFFICERS

During the financial year, Montezuma Mining Company Limited paid a premium of \$9,836 to insure the directors of the company.

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

NON-AUDIT SERVICES

There were no non-audit services provided by the entity's auditor, Rothsay Chartered Accountants, or associated entities, during the year.

PROCEEDINGS ON BEHALF OF THE COMPANY

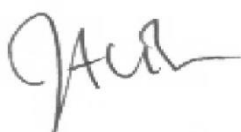
No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party, for the purpose of taking responsibility on behalf of the company for all or any part of those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

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

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 24.

Signed in accordance with a resolution of the directors.



Justin Brown

Executive Director

Perth, 23 September 2016



Level 1, Lincoln House, 4 Ventnor Avenue, West Perth WA 6005
P.O. Box 8716, Perth Business Centre WA 6849
Phone 9486 7094 www.rothsayresources.com.au

The Directors
Montezuma Mining Company Ltd
PO Box 8535
Perth Business Centre WA 6849

Dear Sirs

In accordance with Section 307C of the Corporations Act 2001 (the "Act") I hereby declare that to the best of my knowledge and belief there have been:

- i) no contraventions of the auditor independence requirements of the Act in relation to the audit of the 30 June 2016 financial statements; and
- ii) no contraventions of any applicable code of professional conduct in relation to the audit.

Graham R Swan FCA (Lead auditor)

Rothsay

Dated 23 September 2016



Chartered Accountants

Corporate Governance Statement

Montezuma Mining Company Limited and the Board are committed to achieving and demonstrating the highest standards of corporate governance. Montezuma Mining Company Limited has reviewed its corporate governance practices against the Corporate Governance Principles and Recommendations (3rd edition) published by the ASX Corporate Governance Council.

The 2016 Corporate Governance Statement was approved by the Board on 28 October 2016 and is current as at 28 October 2016. A description of the Group's current corporate governance practices is set out in the Group's Corporate Governance Statement which can be viewed at www.montezuma.com.au.

Consolidated Statement of Comprehensive Income

YEAR ENDED 30 JUNE 2016

	Notes	Consolidated	
		2016 \$	2015 \$
REVENUE	4	132,277	261,059
Other income	5	1,650,262	249,190
EXPENDITURE			
Administration expenses		(328,169)	(419,576)
Depreciation expense		(32,965)	(46,314)
Exploration expenditure		(1,928,852)	(1,437,530)
Other expenses	6	-	(858,141)
Salaries and employee benefits expense		(117,271)	(178,193)
Secretarial and share registry expenses		(116,261)	(110,575)
Share based payment expense	24(c)	(293,360)	(137,421)
LOSS BEFORE INCOME TAX		(1,034,339)	(2,677,501)
INCOME TAX EXPENSE	7	-	-
LOSS FOR THE YEAR ATTRIBUTABLE TO MEMBERS OF MONTEZUMA MINING COMPANY LIMITED		(1,034,339)	(2,677,501)
OTHER COMPREHENSIVE INCOME			
<i>Items that may be reclassified to profit or loss</i>			
Exchange differences on translation of foreign operations		(15,372)	(7,146)
Other comprehensive income for the year, net of tax		(15,372)	(7,146)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR ATTRIBUTABLE TO MEMBERS OF MONTEZUMA MINING COMPANY LIMITED		(1,049,711)	(2,684,647)
LOSS PER SHARE FOR LOSS ATTRIBUTABLE TO THE ORDINARY EQUITY HOLDERS OF THE COMPANY			
Basic and diluted loss per share (cents per share)	23	(1.5)	(3.8)

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

Consolidated Statement of Financial Position

AT 30 JUNE 2016

	Notes	Consolidated	
		2016	2015
		\$	\$
CURRENT ASSETS			
Cash and cash equivalents	8	3,692,673	6,674,413
Trade and other receivables	9	154,891	145,234
Financial assets at fair value through profit or loss	10	4,499,127	2,191,339
TOTAL CURRENT ASSETS		8,346,691	9,010,986
NON-CURRENT ASSETS			
Plant and equipment	11	16,791	49,756
TOTAL NON-CURRENT ASSETS		16,791	49,756
TOTAL ASSETS		8,363,482	9,060,742
CURRENT LIABILITIES			
Trade and other payables	12	287,907	228,816
TOTAL CURRENT LIABILITIES		287,907	228,816
TOTAL LIABILITIES		287,907	228,816
NET ASSETS		8,075,575	8,831,926
EQUITY			
Issued capital	13	12,353,350	12,353,350
Reserves	14	3,242,644	2,964,656
Accumulated losses		(7,520,419)	(6,486,080)
TOTAL EQUITY		8,075,575	8,831,926

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

Consolidated Statement of Changes in Equity

YEAR ENDED 30 JUNE 2016

	Notes	Contributed Equity \$	Share-Based Payments Reserve \$	Foreign Currency Translation Reserve \$	Accumulated Losses \$	Total \$
Consolidated						
BALANCE AT 1 JULY 2014		12,353,350	2,834,381	-	(3,808,579)	11,379,152
Loss for the year		-	-	-	(2,677,501)	(2,677,501)
OTHER COMPREHENSIVE INCOME						
Exchange differences on translation of foreign operations		-	-	(7,146)	-	(7,146)
TOTAL COMPREHENSIVE LOSS		-	-	(7,146)	(2,677,501)	(2,684,647)
TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS						
Employee and consultant share-based payments	24(c)	-	137,421	-	-	137,421
BALANCE AT 30 JUNE 2015		12,353,350	2,971,802	(7,146)	(6,486,080)	8,831,926
Loss for the year		-	-	-	(1,034,339)	(1,034,339)
OTHER COMPREHENSIVE INCOME						
Exchange differences on translation of foreign operations		-	-	(15,372)	-	(15,372)
TOTAL COMPREHENSIVE LOSS		-	-	(15,372)	(1,034,339)	(1,049,711)
TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS						
Employee and consultant share-based payments	24(c)	-	293,360	-	-	293,360
BALANCE AT 30 JUNE 2016		12,353,350	3,265,162	(22,518)	(7,520,419)	8,075,575

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

Consolidated Statement of Cash Flows

YEAR ENDED 30 JUNE 2016

	Notes	Consolidated	
		2016	2015
		\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers and employees		(572,012)	(760,564)
Interest received		134,530	266,433
Proceeds on sale of mining interests		-	75,000
Expenditure on mining interests		(1,834,605)	(1,446,995)
Proceeds from disposal of financial assets at fair value through profit or loss		347,494	1,160,799
Payments for financial assets at fair value through profit or loss		(1,087,568)	(1,591,979)
Research and development incentive grant received		27,871	272,163
NET CASH OUTFLOW FROM OPERATING ACTIVITIES	22	(2,984,290)	(2,025,143)
NET DECREASE IN CASH AND CASH EQUIVALENTS		(2,984,290)	(2,025,143)
Cash and cash equivalents at the beginning of the financial year		6,674,413	8,705,219
Effects of exchange rate changes on cash and cash equivalents		2,550	(5,663)
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	8	3,692,673	6,674,413

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

Notes to the Consolidated Financial Statements

30 JUNE 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the consolidated entity consisting of Montezuma Mining Company Limited and its subsidiaries. The financial statements are presented in the Australian currency. Montezuma Mining Company Limited is a company limited by shares, domiciled and incorporated in Australia. The financial statements were authorised for issue by the directors on 23 September 2016. The directors have the power to amend and reissue the financial statements.

(a) Basis of preparation

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

(i) Compliance with IFRS

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

(ii) New and amended standards adopted by the Group

The Group has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the AASB that are relevant to its operations and effective for the current annual reporting period. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Group during the financial year.

(iii) Early adoption of standards

The Group has not elected to apply any pronouncements before their operative date in the annual reporting period beginning 1 July 2015.

(iv) Historical cost convention

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets at fair value through profit or loss, which have been measured at fair value.

(b) Principles of consolidation

(i) Subsidiaries

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

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

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

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

(ii) Changes in ownership interests

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

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

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

Notes to the Consolidated Financial Statements continued

30 JUNE 2016

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

(c) Segment reporting

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

(d) Foreign currency translation

(i) Functional and presentation currency

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

(ii) Transactions and balances

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

(iii) Group companies

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

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

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

(e) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. The Group recognises revenue when the amount of revenue can be reliably measured and it is probable that future economic benefits will flow to the entity.

Interest income

Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial assets.

(f) Government grants

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

(g) Income tax

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

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

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

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

Notes to the Consolidated Financial Statements continued

30 JUNE 2016

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

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

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

(h) Leases

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

Leases where a significant portion of the risks and rewards of ownership are not transferred to the Company as lessee are classified as operating leases (note 18). Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

(i) Impairment of assets

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

(j) Cash and cash equivalents

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

(k) Trade and other receivables

Receivables are recognised and carried at original invoice amount less a provision for any uncollectible debts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written-off as incurred.

(l) Investments and other financial assets

Classification

The Company classifies its investments in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and, in the case of assets classified as held-to-maturity, re-evaluates this designation at each reporting date.

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

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are classified as held for trading unless they are designated as hedges. Assets in this category are classified as current assets.

(ii) Loans and receivables

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

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets quoted in an active market with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity. If the Group were to sell other than an insignificant amount of held-to-maturity financial assets, the whole category would be tainted and reclassified as available-for-sale. Held-to-maturity financial assets are included in non-current assets, except for those with maturities less than 12 months from the reporting date, which are classified as current assets.

Notes to the Consolidated Financial Statements continued

30 JUNE 2016

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

(iv) Available-for-sale financial assets

Available-for-sale financial assets, comprising principally marketable equity securities, are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the reporting date. Investments are designated available-for-sale if they do not have fixed maturities and fixed or determinable payments and management intends to hold them for the medium to long term.

Financial assets - reclassification

The Group may choose to reclassify a non-derivative trading financial asset out of the held-for-trading category if the financial asset is no longer held for the purpose of selling it in the near term. Financial assets other than loans and receivables are permitted to be reclassified out of the held-for-trading category only in rare circumstances arising from a single event that is unusual and highly unlikely to recur in the near term. In addition, the Group may choose to reclassify financial assets that would meet the definition of loans and receivables out of the held-for-trading or available-for-sale categories if the Group has the intention and ability to hold these financial assets for the foreseeable future or until maturity at the date of reclassification.

Reclassifications are made at fair value as of the reclassification date. Fair value becomes the new cost or amortised cost as applicable, and no reversals of fair value gains or losses recorded before reclassification date are subsequently made. Effective interest rates for financial assets reclassified to loans and receivables and held-to-maturity categories are determined at the reclassification date. Further increases in estimates of cash flows adjust effective interest rates prospectively.

Recognition and derecognition

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

When securities classified as available-for-sale are sold, the accumulated fair value adjustments recognised in equity are included in the statement of comprehensive income as gains and losses from investment securities.

Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transactions costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method.

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the statement of comprehensive income within other income or other expenses in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the statement of comprehensive income as part of revenue from continuing operations when the Group's right to receive payments is established.

Changes in the fair value of monetary securities denominated in a foreign currency and classified as available-for-sale are analysed between translation differences resulting from changes in amortised cost of the security and other changes in the carrying amount of the security. The translation differences related to changes in the amortised cost are recognised in profit or loss, and other changes in carrying amount are recognised in equity. Changes in the fair value of other monetary and non-monetary securities classified as available-for-sale are recognised in equity.

Details on how the fair value of financial investments is determined are disclosed in note 2.

Impairment

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator that the assets are impaired.

(i) Assets carried at amortised cost

For loans and receivables, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

Notes to the Consolidated Financial Statements continued

30 JUNE 2016

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

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in profit or loss.

(ii) Assets classified as available-for-sale

If there is objective evidence of impairment for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in profit or loss.

Impairment losses on equity instruments that were recognised in profit or loss are not reversed through profit or loss in a subsequent period.

If the fair value of a debt instrument classified as available-for-sale increases in a subsequent period and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through profit or loss.

(m) Plant and equipment

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

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

Depreciation of plant and equipment is calculated using the reducing balance method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives or, in the case of leasehold improvements and certain leased plant and equipment, the shorter lease term. The rates vary between 20% and 40% per annum.

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

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

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the statement of comprehensive income. When revalued assets are sold, it is Company policy to transfer the amounts included in other reserves in respect of those assets to retained earnings.

(n) Exploration and evaluation costs

Exploration and evaluation costs are written off in the year they are incurred.

(o) Trade and other payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of the financial year which are unpaid. The amounts are unsecured, non-interest bearing and are paid on normal commercial terms.

(p) Employee benefits

(i) Wages and salaries and annual leave

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

(ii) Share-based payments

The Company provides benefits to employees (including directors) of the Company in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares ('equity-settled transactions'), refer to note 24

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

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

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

Notes to the Consolidated Financial Statements continued

30 JUNE 2016

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

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

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

(q) Issued capital

Ordinary shares are classified as equity.

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

(r) Earnings per share

(i) Basic earnings per share

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

(ii) Diluted earnings per share

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

(s) Goods and Services 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 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.

(t) New accounting standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2016 reporting periods and have not been early adopted by the Group. The Group's assessment of the impact of these new standards and interpretations is set out below. New standards and interpretations not mentioned are considered unlikely to impact on the financial reporting of the Group.

AASB 9 Financial Instruments (applicable for annual reporting periods commencing on or after 1 January 2018).

AASB 9 (December 2014) is a new Principal standard which replaces AASB 139. This new Principal version supersedes AASB 9 issued in December 2009 (as amended) and AASB 9 (issued in December 2010) and includes a model for classification and measurement, a single, forward-looking 'expected loss' impairment model and a substantially-reformed approach to hedge accounting.

AASB 9 is effective for annual reporting periods beginning on or after 1 January 2018. However, the Standard is available for early adoption. The own credit changes can be early applied in isolation without otherwise changing the accounting for financial instruments.

The final version of AASB 9 introduces a new expected-loss impairment model that will require more timely recognition of expected credit losses. Specifically, the new Standard requires entities to account for expected credit losses from when financial instruments are first recognised and to recognise full lifetime expected losses on a timelier basis.

Amendments to AASB 9 (December 2009 & 2010 editions) (AASB 2013-9) issued in December 2013 included the new hedge accounting requirements, including changes to hedge effectiveness testing, treatment of hedging costs, risk components that can be hedged and disclosures.

AASB 9 includes requirements for a simpler approach for classification and measurement of financial assets compared with the requirements of AASB 139.

The main changes are described below.

- a) Financial assets that are debt instruments will be classified based on (1) the objective of the entity's business model for managing the financial assets; (2) the characteristics of the contractual cash flows.
- b) Allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument.

Notes to the Consolidated Financial Statements continued

30 JUNE 2016

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

- c) Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases.
- d) Where the fair value option is used for financial liabilities the change in fair value is to be accounted for as follows:
 - The change attributable to changes in credit risk are presented in other comprehensive income (OCI)
 - The remaining change is presented in profit or loss

AASB 9 also removes the volatility in profit or loss that was caused by changes in the credit risk of liabilities elected to be measured at fair value. This change in accounting means that gains caused by the deterioration of an entity's own credit risk on such liabilities are no longer recognised in profit or loss.

Consequential amendments were also made to other standards as a result of AASB 9, introduced by AASB 2009-11 and superseded by AASB 2010-7, AASB 2010-10 and AASB 2014-1 – Part E.

AASB 2014-7 incorporates the consequential amendments arising from the issuance of AASB 9 in December 2014.

AASB 2014-8 limits the application of the existing versions of AASB 9 (AASB 9 (December 2009) and AASB 9 (December 2010)) from 1 February 2015 and applies to annual reporting periods beginning on or after 1 January 2015.

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

AASB 15 Revenue from Contracts with Customers (applicable for annual reporting periods commencing on or after 1 January 2017).

In May 2014, the IASB issued IFRS 15 *Revenue from Contracts with Customers*, which replaces IAS 11 *Construction Contracts*, IAS 18 *Revenue* and related interpretations (IFRIC 13 *Customer Loyalty Programmes*, IFRIC 15 *Agreements for the Construction of Real Estate*, IFRIC 18 *Transfers of Assets from Customers* and SIC-31 *Revenue-Barter Transactions Involving Advertising Services*). The core principle of IFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with that core principle by applying the following steps:

- a) Step 1: Identify the contract(s) with a customer
- b) Step 2: Identify the performance obligations in the contract
- c) Step 3: Determine the transaction price
- d) Step 4: Allocate the transaction price to the performance obligations in the contract
- e) Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Early application of this standard is permitted. AASB 2014-5 incorporates the consequential amendments to a number of Australian Accounting Standards (including Interpretations) arising from the issuance of AASB 15.

There will be no impact on the Group's financial position or performance.

AASB 16 Leases (applicable for annual reporting periods commencing on or after 1 January 2019).

The key features of AASB 16 are as follows:

Lessee accounting

- Lessees are required to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value.
- A lessee measures right-of-use assets similarly to other non-financial assets and lease liabilities similarly to other financial liabilities.
- Assets and liabilities arising from a lease are initially measured on a present value basis. The measurement includes non-cancellable lease payments (including inflation-linked payments), and also includes payments to be made in optional periods if the lessee is reasonable certain to exercise an option to extend the lease, or not to exercise an option to terminate the lease.
- IFRS 16 contains disclosure requirements for lessees.

Lessor accounting

- AASB 16 substantially carries forward the lessor accounting requirements in AASB 117. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.
- AASB 16 also requires enhanced disclosures to be provided by lessors that will improve information disclosed about a lessor's risk exposure, particularly to residual value risk.

The new standard will be effective for annual periods beginning on or after 1 January 2019. Early adoption is permitted, provided the new revenue standard, AASB 15 *Revenue from Contracts with Customers*, has been applied, or is applied at the same date as AASB 16.

Notes to the Consolidated Financial Statements continued

30 JUNE 2016

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

The effect of this amendment on the Group's financial statements has yet to be determined.

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

(u) Critical accounting judgements, estimates and assumptions

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

Share based payment transactions

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by an internal valuation using a Black-Scholes option pricing model, using the assumptions detailed in note 24.

Environmental Issues

Balances disclosed in the financial statements and notes thereto are not adjusted for any pending or enacted environmental legislation, and the directors understanding thereof. At the current stage of the Group's development and its current environmental impact the directors believe such treatment is reasonable and appropriate.

Taxation

Balances disclosed in the financial statements and the notes thereto related to taxation are based on the best estimates of the directors. These estimates take into account both the financial performance and position of the Group as they pertain to current income taxation legislation, and the directors understanding thereof. No adjustment has been made for pending or future taxation legislation. The current income tax position represents that directors' best estimate, pending an assessment by the Australian Taxation Office.

2. FINANCIAL RISK MANAGEMENT

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

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

(a) Market risk

(i) Foreign exchange risk

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

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

The functional currency of the French subsidiary company is the Euro. All parent entity balances are in Australian dollars and all Group balances are in either Australian dollars or Euro, so the Group does not have any exposure to foreign currency risk at the reporting date (2015: Nil exposure).

(ii) Price risk

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

The Group's equity investments are publicly traded on the ASX, with the investments being made for strategic purposes identified by the Board of Directors. The price risk is monitored by the Board and evaluated in accordance with these strategic outcomes.

Sensitivity analysis

At 30 June 2016, if the value of the equity instruments held had increased/decreased by 15% with all other variables held constant, post-tax loss for the Group would have been \$674,869 lower/higher, with no changes to other equity balances, as a result of gains/losses on equity securities classified as financial assets at fair value through profit or loss (2015: \$328,701 lower/higher).

Notes to the Consolidated Financial Statements continued

30 JUNE 2016

2. FINANCIAL RISK MANAGEMENT (cont'd)

(iii) Interest rate risk

The Group is exposed to movements in market interest rates on cash and cash equivalents. The Group policy is to monitor the interest rate yield curve out to six months to ensure a balance is maintained between the liquidity of cash assets and the interest rate return. The entire balance of cash and cash equivalents for the Group \$3,692,673 (2015: \$6,674,413) is subject to interest rate risk. The proportional mix of floating interest rates and fixed rates to a maximum of six months fluctuate during the year depending on current working capital requirements. The weighted average interest rate received on cash and cash equivalents by the Group was 2.5% (2015: 3.2%).

Sensitivity analysis

At 30 June 2016, if interest rates had changed by +/- 100 basis points from the weighted average rate for the year with all other variables held constant, post-tax loss for the Group would have been \$53,449 lower/higher (2015: \$81,039 lower/higher) as a result of lower/higher interest income from cash and cash equivalents.

(b) Credit risk

The Group does not have any significant concentrations of credit risk. The maximum exposure to credit risk at balance date is the carrying amount (net of provision for impairment) of those assets as disclosed in the statement of financial position and notes to the financial statements.

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

(c) Liquidity risk

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

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

(d) Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes. All financial assets and financial liabilities of the Group at the balance date are recorded at amounts approximating their carrying amount.

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. The quoted market price used for financial assets held by the Group is the current bid price.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values due to their short-term nature.

3. 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 is managed primarily on the basis of geographic location of assets given that the type of work done in each location is of a similar nature. Operating segments are therefore determined on this basis, with two segments being identified: Australia; and France.

The activities undertaken in each segment are those associated with the determination and assessment of the existence of commercial economic reserves, from the Group's mineral assets in the respective geographic location.

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

	Australia		France		Total	
	2016	2015	2016	2015	2016	2015
	\$	\$	\$	\$	\$	\$
Segment revenue	-	-	-	-	-	-
Reconciliation of segment revenue to total revenue before tax:						
Interest revenue					132,277	261,059
Total revenue					132,277	261,059

Notes to the Consolidated Financial Statements continued

30 JUNE 2016

3. SEGMENT INFORMATION (cont'd)

	Australia		France		Total	
	2016	2015	2016	2015	2016	2015
	\$	\$	\$	\$	\$	\$
Segment results	(1,847,403)	(1,019,888)	(81,449)	(342,640)	(1,928,852)	(1,362,528)
Reconciliation of segment result to net loss before tax:						
Other corporate and administration					894,513	(1,314,973)
Net loss before tax					(1,034,339)	(2,677,501)
Segment operating assets	-	-	-	-	-	-
Reconciliation of segment operating assets to total assets:						
Other corporate and administration assets					8,363,482	9,060,742
Total assets					8,363,482	9,060,742

4. REVENUE

	Consolidated	
	2016	2015
	\$	\$
From continuing operations		
Other revenue		
Interest	132,277	261,059

5. OTHER INCOME

Net gain on sale of mining interests	-	75,000
Research and development incentive grant	27,871	172,707
Net foreign exchange gains	4,677	1,483
Fair value gains on financial assets at fair value through profit or loss	1,567,714	-
Consultancy fees	50,000	-
	1,650,262	249,190

6. EXPENSES

Loss before income tax includes the following specific expenses:

Minimum lease payments relating to operating leases	327,364	226,865
Defined contribution superannuation expense	33,060	42,961
Fair value losses on financial assets at fair value through profit or loss	-	858,141

7. INCOME TAX

(a) Income tax benefit

Current tax	-	-
Deferred tax	-	-
	-	-

Notes to the Consolidated Financial Statements continued

30 JUNE 2016

Consolidated

	2016 \$	2015 \$
7. INCOME TAX (cont'd)		
(b) Numerical reconciliation of income tax (benefit)/expense to prima facie tax payable		
Loss from continuing operations before income tax expense	(1,034,339)	(2,677,501)
Prima facie tax (benefit)/expense at the Australian tax rate of 28.5% (2015: 30%)	(294,787)	(803,250)
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income:		
Share-based payments	83,608	41,226
Research and development incentive grant	(7,943)	(51,812)
Other	(1,333)	(353)
	(220,455)	(814,189)
Movements in unrecognised temporary differences	(515,985)	250,105
Tax effect of current year tax losses for which no deferred tax asset has been recognised	736,440	564,084
Income tax (benefit)/expense	-	-
(c) Unrecognised temporary differences		
Deferred Tax Assets at 28.5% (2015: 30%)		
<i>On Income Tax Account</i>		
Financial assets at fair value through profit or loss	-	291,315
Accruals and provisions	52,793	26,258
Carry forward tax losses	1,312,399	990,643
	1,365,192	1,308,216
Deferred Tax Liabilities at 28.5% (2015: 30%)		
Financial assets at fair value through profit or loss	325,457	-
Accrued income	3,688	4,559
	329,145	4,559
Net deferred tax assets were not brought to account as it was not considered probable within the immediate future that tax profits would be available against which deductible temporary differences and tax losses could be utilised.		
8. CURRENT ASSETS - CASH AND CASH EQUIVALENTS		
Cash at bank and in hand	351,073	582,216
Short-term deposits	3,341,600	6,092,197
Cash and cash equivalents as shown in the statement of financial position and the statement of cash flows	3,692,673	6,674,413
Cash at bank and in hand earns interest at floating rates based on daily bank deposit rates.		
Short-term deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.		
9. CURRENT ASSETS - TRADE AND OTHER RECEIVABLES		
Sundry receivables	122,888	110,876
Prepayments	32,003	34,358
	154,891	145,234

Notes to the Consolidated Financial Statements continued

30 JUNE 2016

Consolidated

2016
\$

2015
\$

10. CURRENT ASSETS - FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Australian listed equity securities

4,499,127

2,191,339

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

Changes in fair values of financial assets at fair value through profit or loss are recorded in other income or other expenses in the statement of comprehensive income (notes 5 and 6 respectively).

11. NON-CURRENT ASSETS - PLANT AND EQUIPMENT

Plant and equipment

Cost

145,156

145,156

Accumulated depreciation

(128,365)

(95,400)

Net book amount

16,791

49,756

Movements:

Opening net book amount

49,756

96,470

Disposals

-

(400)

Depreciation charge

(32,965)

(46,314)

Closing net book amount

16,791

49,756

12. CURRENT LIABILITIES - TRADE AND OTHER PAYABLES

Trade payables

86,392

108,326

Other payables and accruals

201,515

120,490

287,907

228,816

13. ISSUED CAPITAL

		2016		2015	
	Notes	Number of shares	\$	Number of shares	\$
(a) Share capital					
Ordinary shares fully paid	13(b), 13(e)	70,464,350	12,353,350	70,464,350	12,353,350
Total issued capital		70,464,350	12,353,350	70,464,350	12,353,350
(b) Movements in ordinary share capital					
Beginning of the financial year		70,464,350	12,353,350	70,464,350	12,353,350
End of the financial year		70,464,350	12,353,350	70,464,350	12,353,350

Notes to the Consolidated Financial Statements continued

30 JUNE 2016

13. ISSUED CAPITAL (cont'd)

(c) Movements in options on issue

	Number of options	
	2016	2015
Beginning of the financial year	18,745,000	14,845,000
Issued during the year:		
– Exercisable at 20 cents, on or before 1 July 2017	-	1,000,000
– Exercisable at 21.5 cents, on or before 18 November 2019	-	2,750,000
– Exercisable at 27.5 cents, on or before 15 September 2017	500,000	-
– Exercisable at 30 cents, on or before 17 June 2019	250,000	-
– Exercisable at 32 cents, on or before 22 October 2018	250,000	-
– Exercisable at 34 cents, on or before 31 January 2018	-	150,000
– Exercisable at 35 cents, on or before 20 November 2018	200,000	-
– Exercisable at 35 cents, on or before 20 November 2020	2,200,000	-
Options expired (27.5 cents, 14 January 2016)	(1,000,000)	-
Options expired (41 cents, 21 October 2015)	(325,000)	-
Options expired (65 cents, 30 November 2015)	(1,000,000)	-
Options expired (80 cents, 30 November 2015)	(1,500,000)	-
End of the financial year	18,320,000	18,745,000

(d) Movements in performance rights on issue

	Number of performance rights	
	2016	2015
Beginning of the financial year	-	500,000
Cancelled during the year:		
– Expiry 15 March 2017	-	(500,000)
End of the financial year	-	-

(e) Ordinary shares

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

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

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

(f) Capital risk management

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

Due to the nature of the Group's activities, being mineral exploration, the Group does not have ready access to credit facilities, with the primary source of funding being equity raisings. Therefore, the focus of the Group's capital risk management is the current working capital position against the requirements of the Group to meet exploration programmes and corporate overheads. The Group's strategy is to ensure appropriate liquidity is maintained to meet anticipated operating requirements, with a view to initiating appropriate capital raisings as required. The working capital position of the Group at 30 June 2016 and 30 June 2015 are as follows:

	Consolidated	
	2016	2015
	\$	\$
Cash and cash equivalents	3,692,673	6,674,413
Trade and other receivables	154,891	145,234
Financial assets at fair value through profit or loss	4,499,127	2,191,339
Trade and other payables	(287,907)	(228,816)
Working capital position	8,058,784	8,782,170

Notes to the Consolidated Financial Statements continued

30 JUNE 2016

Consolidated

2016
\$

2015
\$

14. RESERVES AND RETAINED EARNINGS

(a) Reserves

Foreign currency translation reserve
Share-based payments reserve

(22,518)	(7,146)
3,265,162	2,971,802
3,242,644	2,964,656

(c) Nature and purpose of reserves

(i) Foreign currency translation reserve

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

(ii) Share-based payments reserve

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

15. DIVIDENDS

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

16. REMUNERATION OF AUDITORS

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

Audit services

Rothsay Chartered Accountants - audit and review of financial reports
Total remuneration for audit services

34,500	34,500
34,500	34,500

17. CONTINGENCIES

There are no material contingent liabilities or contingent assets of the Company at balance date.

18. COMMITMENTS

(a) Exploration commitments

The Company has certain commitments to meet minimum expenditure requirements on the mineral exploration assets it has an interest in. Outstanding exploration commitments are as follows:

within one year	521,000	606,500
later than one year but not later than five years	1,347,000	2,426,000
	1,868,000	3,032,500

(b) Lease commitments: Group as lessee

Operating leases (non-cancellable):

Minimum lease payments

within one year
later than one year but not later than five years

233,597	246,933
-	233,597

Aggregate lease expenditure contracted for at reporting date but not recognised as liabilities

233,597	480,530
---------	---------

The property lease is a non-cancellable lease with a five-year term, with rent payable monthly in advance. The rental agreement provides for a fixed rent increase of 3.5% on each anniversary date. The lease allows for subletting of all lease areas subject to permission from the lessor.

Notes to the Consolidated Financial Statements continued

30 JUNE 2016

Consolidated

2016
\$

2015
\$

19. RELATED PARTY TRANSACTIONS

(a) Parent entity

The ultimate parent entity within the Group is Montezuma Mining Company Limited.

(b) Subsidiaries

Interests in subsidiaries are set out in note 20.

(c) Key management personnel compensation

Short-term benefits	274,074	443,116
Post-employment benefits	17,100	29,148
Other long-term benefits	-	-
Termination benefits	-	-
Share-based payments	207,000	99,136
	498,174	571,400

Detailed remuneration disclosures are provided in the remuneration report on pages 20 to 22.

(d) Loans to related parties

There were no loans to related parties, including key management personnel, during the year.

20. SUBSIDIARY

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

Name	Country of Incorporation	Class of Shares	Equity Holding ⁽¹⁾	
			2016 %	2015 %
Cordier Mines SAS	France	Ordinary	100	100

(1) The proportion of ownership interest is equal to the proportion of voting power held.

21. EVENTS OCCURRING AFTER THE STATEMENT OF FINANCIAL POSITION DATE

During August 2016 the Company completed a placement of 13,000,000 ordinary shares to raise gross proceeds of \$2,210,000. As part consideration for capital raising services associated with this placement, 2,000,000 options (exercise price \$0.30, expiring 22 August 2020) were issued.

No other matters or circumstance has arisen since 30 June 2016, which has significantly affected, or may significantly affect the operations of the Company, the result of those operations, or the state of affairs of the Company in subsequent financial years.

Notes to the Consolidated Financial Statements continued

30 JUNE 2016

Consolidated

2016
\$2015
\$

22. CASH FLOW INFORMATION

Reconciliation of loss after income tax to net cash outflow from operating activities

Loss for the year	(1,034,339)	(2,677,501)
-------------------	-------------	-------------

Non-Cash Items

Depreciation of non-current assets	32,965	46,314
Loss on disposal of plant and equipment	-	400
Employee and consultants share-based payments	293,360	137,421
Net exchange differences	(19,277)	(1,483)

Change in operating assets and liabilities

(Increase)/decrease in trade and other receivables	(8,302)	18,831
(Increase)/decrease in financial assets at fair value through profit or loss	(2,307,788)	426,961
Increase in trade and other payables	59,091	23,914
Net cash outflow from operating activities	(2,984,290)	(2,025,143)

23. EARNINGS PER SHARE

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

Loss attributable to the owners of the Company used in calculating basic and diluted loss per share	(1,034,339)	(2,677,501)
---	-------------	-------------

Number of shares 2016	Number of shares 2015
--------------------------	--------------------------

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

Weighted average number of ordinary shares used as the denominator in calculating basic and diluted loss per share	70,464,350	70,464,350
--	------------	------------

(c) Information on the classification of options

As the Group has made a loss for the year ended 30 June 2016, all options on issue are considered anti-dilutive and have not been included in the calculation of diluted earnings per share. These options could potentially dilute basic earnings per share in the future.

24. SHARE-BASED PAYMENTS

(a) Employees and Contractors Options

The Company provides benefits to employees (including directors) and contractors of the Company in the form of share-based payment transactions, whereby employees render services in exchange for options to acquire ordinary shares. The exercise price of the options granted range from 20 cents to 38 cents per option. The options granted have expiry dates ranging from 30 July 2016 to 20 November 2020.

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

Fair value of options granted

The weighted average fair value of the options granted during the year was 8.7 cents (2015: 4.2 cents). The price was calculated by using the Black-Scholes European Option Pricing Model applying the following inputs:

	2016	2015
Weighted average exercise price (cents)	33.3	21.6
Weighted average life of the option (years)	4.15	4.41
Weighted average underlying share price (cents)	25.6	13.8
Expected share price volatility	50%	50%
Risk free interest rate	2.17%	2.75%

Historical volatility has been used as the basis for determining expected share price volatility as it assumed that this is indicative of future trends, which may not eventuate.

Notes to the Consolidated Financial Statements continued

30 JUNE 2016

24. SHARE-BASED PAYMENTS (cont'd)

Set out below is a summary of the share-based payment options granted:

	2016		2015	
	Number of options	Weighted average exercise price cents	Number of options	Weighted average exercise price cents
Outstanding at the beginning of the year	18,745,000	33.7	14,845,000	36.9
Granted	3,400,000	33.3	3,900,000	20.3
Forfeited	-	-	-	-
Exercised	-	-	-	-
Expired	(3,825,000)	57.7	-	-
Outstanding at year-end	18,320,000	28.4	18,745,000	33.7
Exercisable at year-end	15,320,000	26.5	15,745,000	32.9

The weighted average remaining contractual life of share options outstanding at the end of the financial year was 1.8 years (2015: 2.0 years), and the exercise prices range from 20 cents to 38 cents.

(b) Employees and contractors performance rights

The Group has provided benefits to employees (including directors) and contractors of the Group in the form of share-based payment transactions, whereby performance rights over ordinary shares are issued as an incentive to improve employee and shareholder goal congruence. There are no performance rights on issue at 30 June 2016.

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

Set out below are summaries of the performance rights granted:

	2016	2015
Outstanding at the beginning of the year	-	500,000
Granted	-	-
Forfeited/cancelled	-	(500,000)
Exercised	-	-
Expired	-	-
Outstanding at year-end	-	-

There were no performance rights granted during the 2016 or 2015 financial years.

(c) Expenses arising from share-based payment transactions

	Consolidated	
	2016	2015
	\$	\$
Total expenses arising from share-based payment transactions recognised during the period were as follows:		
Options granted to employees and contractors	293,360	161,485
Cancellation of performance rights granted to employees and contractors	-	(24,064)
	293,360	137,421

Notes to the Consolidated Financial Statements continued

30 JUNE 2016

Parent Entity

	2016	2015
	\$	\$
25. PARENT ENTITY INFORMATION		
The following information relates to the parent entity, Montezuma Mining Company Limited, at 30 June 2016. The information presented here has been prepared using accounting policies consistent with those presented in Note 1.		
Current assets	8,302,623	8,892,392
Non-current assets	16,791	49,756
Total assets	8,319,414	8,942,148
Current liabilities	272,919	228,816
Total liabilities	272,919	228,816
Issued capital	12,353,350	12,353,350
Share-based payments reserve	3,265,162	2,971,802
Accumulated losses	(7,572,017)	(6,611,820)
Total equity	8,046,495	8,713,332
(Loss)/profit for the year	(960,197)	(2,803,241)
Total comprehensive (loss)/income for the year	(960,197)	(2,803,241)

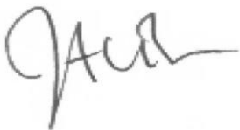
Directors' Declaration

In the directors' opinion:

- (a) the financial statements and notes set out on pages 26 to 47 are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - (ii) giving a true and fair view of the Company's financial position as at 30 June 2016 and of its performance for the financial year ended on that date;
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and
- (c) a statement that the attached financial statements are in compliance with International Financial Reporting Standards has been included in the notes to the financial statements.

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

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



Justin Brown
Executive Director

Perth, 23 September 2016



Level 1, Lincoln House, 4 Ventnor Avenue, West Perth WA 6005

P.O. Box 8716, Perth Business Centre WA 6849

Phone 9486 7094 www.rothsayresources.com.au

INDEPENDENT AUDIT REPORT TO THE MEMBERS OF MONTEZUMA MINING COMPANY LIMITED

Report on the financial report

We have audited the accompanying financial report of Montezuma Mining Company Limited “(the Company)” which comprises the statement of financial position as at 30 June 2016, the statement of comprehensive income, statement of changes in equity, statement of cash flows for the year ended on that date, and notes comprising a summary of significant accounting policies and other explanatory notes and the directors’ declaration of the consolidated entity comprising the Company and the entities it controlled at the year’s end or from time to time during the year.

Directors’ Responsibility for the Financial Report

The Directors of the Company are responsible for the preparation and true and fair presentation of the financial report in accordance with the Australian Accounting Standards and the *Corporations Act 2001*. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report. The Directors are also responsible for the remuneration disclosures contained in the directors’ report.

Auditor’s Responsibility

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

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

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

Independence

We are independent of the Company, and have met the independence requirements of Australian professional ethical requirements and the *Corporations Act 2001*.



Chartered Accountants



Audit opinion

In our opinion the financial report of Montezuma Mining Company Limited is in accordance with the *Corporations Act 2001*, including:

- a) (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2016 and of their performance for the year ended on that date; and
(ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and
- b) the consolidated financial report also complies with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Report on the remuneration report

We have audited the remuneration report included in the directors' report for the year ended 30 June 2016. The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Audit opinion

In our opinion the remuneration report of Montezuma Mining Company Limited for the year ended 30 June 2016 complies with section 300A of the *Corporations Act 2001*.

Rothsay

Graham Swan
Partner

Dated 23 September 2016



Chartered Accountants

ASX Additional Information

Additional information required by Australian Stock Exchange Ltd and not shown elsewhere in this report is as follows. The information is current as at 24 October 2016.

(a) Distribution of equity securities

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

			Ordinary shares	
			Number of holders	Number of shares
1	-	1,000	54	15,137
1,001	-	5,000	142	441,739
5,001	-	10,000	112	960,656
10,001	-	100,000	262	9,958,462
100,001		and over	92	72,088,356
			662	83,464,350
The number of equity security holders holding less than a marketable parcel of securities are:			138	204,888

(b) Twenty largest shareholders

Twenty largest quoted equity security holders

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

			Listed ordinary shares	
			Number of shares	Percentage of ordinary shares
1	J P Morgan Nominees Australia Ltd		9,958,347	11.93
2	Ranguta Ltd		6,294,725	7.54
3	Alpha Boxer Ltd		5,388,291	6.46
4	Duketon Mining Ltd		5,382,500	6.45
5	Paul Hartley Watts		4,276,471	5.12
6	Aradia Ventures Pty Ltd <J & Brown Fam A/C>		4,037,500	4.84
7	Duketon Consolidated Pty Ltd		3,241,471	3.88
8	Austrade Holdings Pty Ltd		2,550,000	3.06
9	Dane Past Co Pty Ltd		2,415,150	2.89
10	Avania Nominees Pty Ltd		1,500,000	1.80
11	Kongming Investments Ltd		1,297,018	1.55
12	Julie Avotins		1,226,411	1.47
13	Mandies Meats Pty Ltd		1,151,796	1.38
14	Perth Select Seafoods Pty Ltd		1,000,000	1.20
15	Sino West Assets Ltd		885,398	1.06
16	Actdine Pty Ltd <Cunningham S/F A/C>		770,000	0.92
17	Seamus Cornelius		748,070	0.90
18	HSBC Custody Nominees Australia Ltd		739,105	0.89
19	ABN Amro Clearing Sydney <Cust A/C>		700,639	0.84
20	Dongarra Ltd		661,000	0.79
			54,223,892	64.97

(c) Substantial shareholders

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

	Number of Shares
Duketon Mining Ltd	5,382,500
Marcel Mandanici	4,699,935
Justin Brown	4,112,500

(d) Voting rights

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

ASX Additional Information continued

(e) Schedule of interests in mining tenements

Location	Tenement	Percentage held / earning
Lake Lefroy	E15/1447	100
Eelya Hill	E20/0659	10
Yallon Well	E20/0880	100
Yallon Well	E20/0903	100
Sunday Well	E20/0904	100
Green Dam	E28/2313	100
Green Dam	E28/2327	100
Judada Rock	E28/2630	100
Pinnacles	E28/2577	100
Leinster	E36/0843	100
Leonora	E37/1176	100
Malle Hen Point	E38/2889	100
Mt Venn	E38/2961	100
Malle Hen Point North	E38/2999	100
Point Sunday	E38/3092	100
Telegraph Well	E51/1622	100
Mt Maitland	E51/1781	100
Mt Padbury	E52/1529	100 ⁽¹⁾
Butcher Bird Copper	E52/2350	100
Millidie Creek	E52/2831	100
Mt Padbury	E52/3082	100
Peak Hill	E52/3353	100
Peak Hill	E52/3354	100
Peak Hill	E52/3355	100
Butcher Bird North	E52/3438	100
Butcher Bird	E52/3470	100
Naluthanna Hill	E58/0494	100
Twin Peaks	E59/2184	100
Lake Johnstone	E63/1750	100
Lake Johnstone	E63/1789	100
Lake Johnstone	E63/1820	100
Rainbow Well	E69/3419	100
Holleton	E77/2334	100

(1) 100% interest held in all minerals other than iron ore and manganese.

(f) Unquoted Securities

At 24 October 2016, the Company had the following unlisted securities on issue:

Class	Number of Securities	Number of Holders	Holders of 20% or more of the class	
			Holder Name	Number of Securities
Unlisted \$0.20 Options, Expiry 30 June 2017	1,000,000	1	Michael Moore	1,000,000
Unlisted \$0.20 Options, Expiry 1 July 2017	1,000,000	2	Duketon Consolidated Pty Ltd	750,000
			Pato Negro	250,000
Unlisted \$0.20 Options, Expiry 19 November 2018	2,000,000	3	Aradia Ventures Pty Ltd	1,000,000
			Kongming Investments Ltd	500,000
			Antoinette Janet Ribbons	500,000
Unlisted \$0.215 Options, Expiry 18 November 2019	2,750,000	3	Aradia Ventures Pty Ltd	1,250,000
			Kongming Investments Ltd	750,000
			Antoinette Janet Ribbons	750,000
Unlisted \$0.275 Options, Expiry 15 September 2017	500,000	2	Main Ridge Nominees Pty Ltd <Wynnstay A/C>	250,000
			Inger Bennett	250,000
Unlisted \$0.30 Options, Expiry 17 June 2019	250,000	1	Christian Wirth	250,000

ASX Additional Information continued

Class	Number of Securities	Number of Holders	Holders of 20% or more of the class	
			Holder Name	Number of Securities
Unlisted \$0.30 Options, Expiry 22 August 2020	2,000,000	3	Zenix Nominees Pty Ltd	1,000,000
			Francis Harper	500,000
			JSR Nominees Pty Ltd	500,000
			<Richardson Family A/C>	
Unlisted \$0.32 Options, Expiry 22 October 2018	250,000	2	Bradley Drabsch	200,000
			Hannes Huster	50,000
Unlisted \$0.325 Options, Expiry 30 November 2016	3,000,000	3	Aradia Ventures Pty Ltd	1,500,000
			Kongming Investments Ltd	750,000
			Antoinette Janet Ribbons	750,000
Unlisted \$0.34 Options, Expiry 31 January 2018	150,000	1	Bradley Drabsch	150,000
Unlisted \$0.35 Options, Expiry 20 November 2018	200,000	1	Michael Ashley Giles	200,000
Unlisted \$0.35 Options, Expiry 20 November 2020	2,200,000	4	Aradia Ventures Pty Ltd	1,000,000
			Seamus Cornelius	500,000
			Antoinette Janet Ribbons	500,000
			Aradia Ventures Pty Ltd	1,500,000
Unlisted \$0.38 Options, Expiry 30 November 2017	3,000,000	3	Kongming Investments Ltd	750,000
			Antoinette Janet Ribbons	750,000