Cape Lambert Resources Ltd

ANNUAL REPORT 2016

Advancing undervalued mineral assets

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CORPORATE DIRECTORY

Directors
Mr Tony Sage - Executive Chairman
Mr Tim Turner - Non-Executive Director
Mr Jason Brewer - Non-Executive Director

Company Secretary
Ms Melissa Chapman

Stock Exchange Listing
Australian Securities Exchange
ASX code: CFE

Website
www.capelam.com.au

Country of Incorporation
Australia

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CHAIRMAN'S LETTER

Dear Shareholders,

On behalf of the Board of Directors, I present the Annual Report of Cape Lambert Resources Limited (**Cape Lambert** or the **Company**) for the financial year ended 30 June 2016.

Despite another turbulent year for commodity prices, global equities and junior resource stocks, your Company remains committed to its core strategy of acquiring and investing in assets that are distressed or undervalued and adding value to these assets, retaining long-term exposure through royalty agreements or equity interests. As a result of this volatility, the Board was unable to provide dividend payments to shareholders during FY2016 however remains committed to the objective of driving value and returning surplus cash to shareholders in future.

During the year, Cape Lambert continued to employ cost reduction measures across the Company. In line with this, Cape Lambert announced divestments during the FY2016 period including:

- The signing of an agreement with a subsidiary of Newcrest Mining for the sale of its three tenements in Cote D'Ivoire for US$332,500 plus a royalty.
- The sale of the Company's 20% stake in Central African Resources Limited (CAR), which has iron ore tenements in Gabon, for US$400,000.

Cape Lambert remains focussed on investing in assets to build value for its shareholders; these investments included:

- The signing of a Farm-in Joint Venture Agreement with Argosy Minerals on part of its Wee MacGregor Project located in north-west Queensland in November 2015.
- Increasing its shareholding in uranium company Cauldron Energy Limited (ASX: CXU) to 18.21% in early July 2016 following the off market acquisition of 9,498,318 shares.

The Company is also pleased to advise shareholders that European Lithium Limited, of which it currently owns a 13.57% stake in has successfully listed on the Australian Securities Exchange by way of reverse takeover with Paynes Find Gold Limited. European Lithium Limited's Wolfsberg lithium project, located 270 kilometers south west of Vienna, Austria, is a quality asset that can advantage from the very positive outlook for lithium. The transaction unlocked approximately $6 million of value, at the listing price, for our shareholders.

On the corporate front, Cape Lambert announced its first capital raising since 2005 with $3.79 million (after placement costs) raised from the issue of 94 million shares to Gulf Energy International Limited via a fully underwritten placement at a 300% premium to the market.

The Company's royalty agreement with Timis Mining remains in place. While the royalty of US$2 per tonne is payable on production of 24Mt from the Timis Marampa Iron Ore Mine, the mine remains on care and maintenance due to the currently low iron ore price. Cape Lambert is still awaiting payment from Timis Mining of US$2.6 for the March 2015 quarter royalty. Meanwhile, the bridging finance of US$8 million (plus interest) to Timis Mining, which was repayable to Cape Lambert in October 2015 is yet to be received by the Company. I wish to advise shareholders that Cape Lambert continues its negotiations with Timis to expedite a resolution regarding the facility.

In a sign of my own firm commitment and optimism in the future of Cape Lambert I significantly increased my shareholding in Cape Lambert from 6.96% to 11.61% in August 2015.

On behalf of the Board, I would like to thank shareholders of Cape Lambert for your continued support throughout the financial year.

Yours faithfully

Tony Sage
Executive Chairman

Marampa Project

The Marampa Iron Ore Project (**Marampa**) is a brownfields hematite iron ore project at the development and permitting stage, and is located 90 km northeast of Freetown in Sierra Leone, West Africa (**Figure 1**).

Marampa comprises one mining licence (ML05/2014) comprising 97.40km^2 and two granted exploration licences (EL46A/2011 – 145.86km^2 and EL46B/2011 – 66.00 km^2). The licences are held by Marampa Iron Ore (SL) Limited, indirectly a wholly owned subsidiary of the Company. Marampa has access to a stockpiling and ship loading facility located at Pepel Port via a 73 km railway operated by African Railway and Port Services (SL) Limited (ARPS).

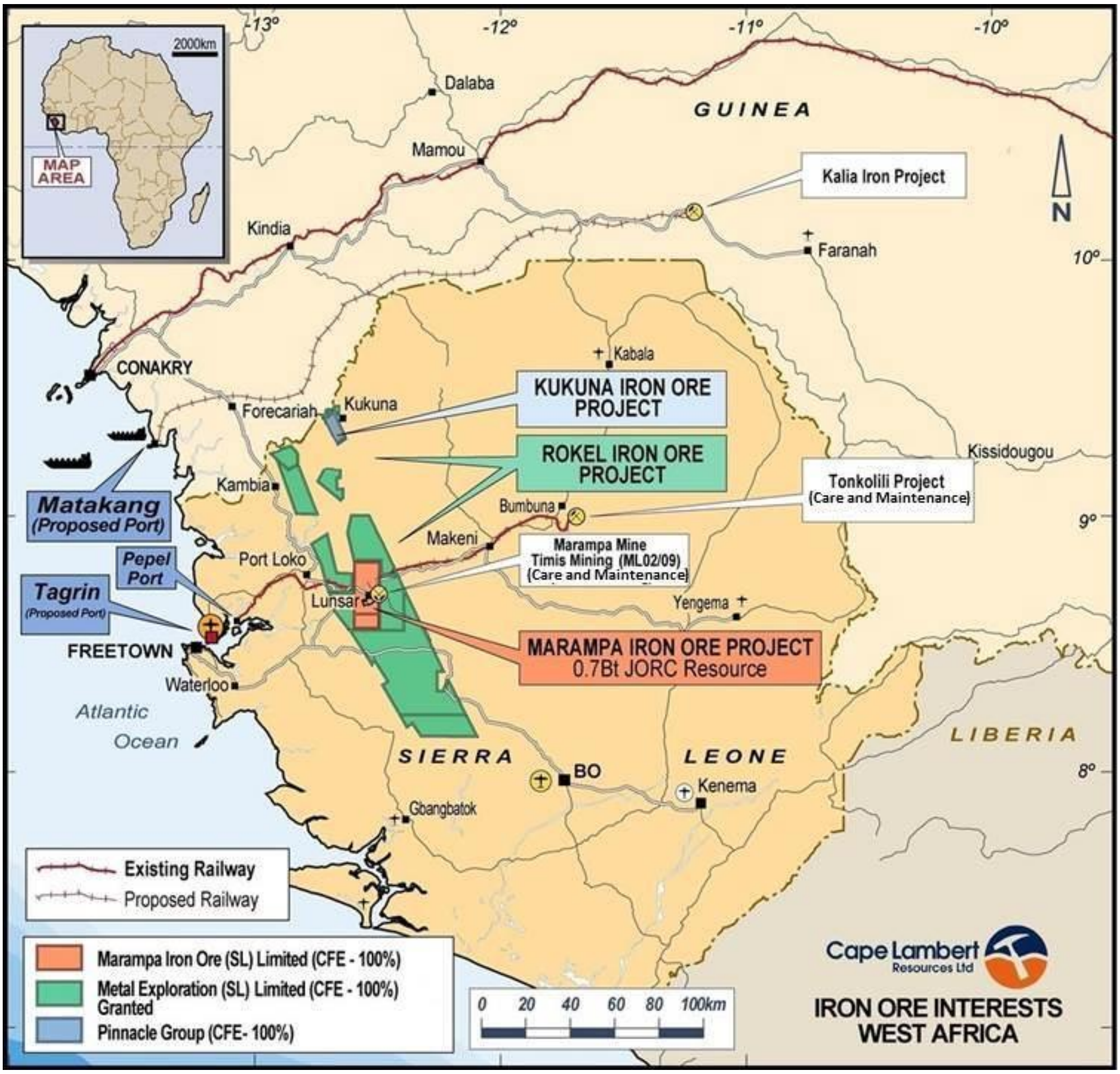

Figure 1: Regional Map showing the Company's Assets in Sierra Leone and Guinea

On 15 October 2014, the Company received a notice from the Ministry of Mineral Resources (**MoMR**) that its Large Scale Mining Licence application lodged late in 2013 was approved (refer **Figure 1**). In anticipation of the negotiation of the associated mine lease agreement, which sets out the terms and conditions under which the Company would operate, the Company drafted a mine lease agreement as a basis for negotiation with the Government of Sierra Leone (**GoSL**). Due to the state of the iron ore market, however, the Company did not commence the negotiation with the GoSL.

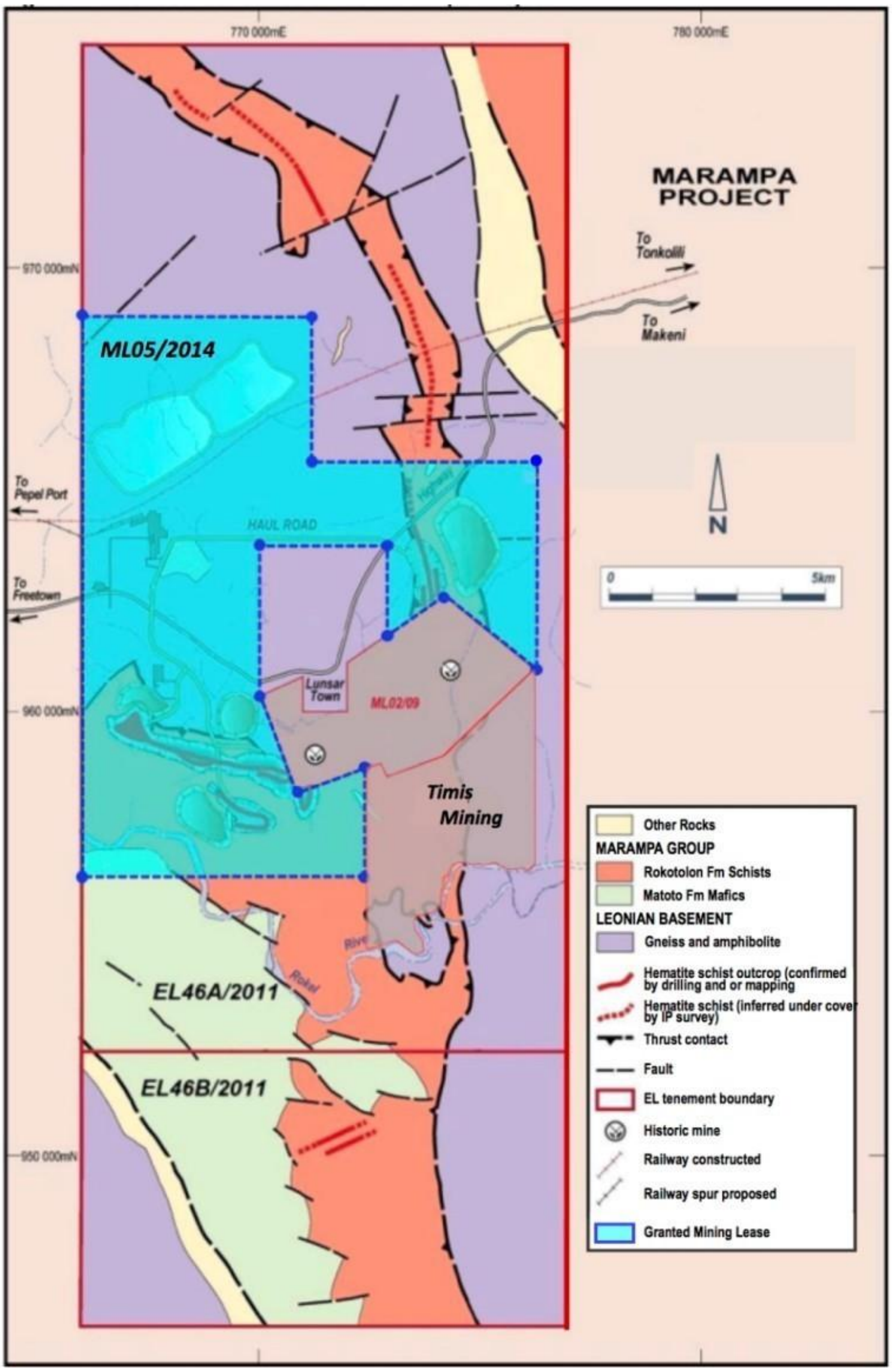

Figure 2: Marampa Geology showing granted Mining Licence

The Marampa Project currently remains under care and maintenance.

Kukuna Project

The Kukuna Project (**Kukuna**) is located 120 km northeast of Freetown in the northwest of Sierra Leone and comprises one exploration licence covering 68 km^2 (refer **Figure 1**). The licence area is located approximately 70 km due north of Marampa.

The Kukuna project remains under care and maintenance.

Rokel Project

Metal Exploration (SL) Limited, a wholly owned subsidiary of the Company, holds a land package of 13 granted licences and applications in Sierra Leone totalling approximately 1,502km^2, covering the region 70 km to the north and south of Marampa (**Figure 1)**. This land package is referred to as the Rokel Iron Ore Project (**Rokel**) and is prospective for discovery of hematite schist deposits geologically similar to those found at Marampa. Regional mapping and geophysics has identified a number of prospective areas that are progressively being followed up with targeted exploration.

Tenements EL 08/2012 and EL 09/2012 expired during the period and were not renewed, reducing the tenement package from 15 to 13 tenements.

The Rokel project was placed under care and maintenance during the period.

Cote D'Ivoire Project

Metals Exploration Cote D'Ivoire SA is a wholly owned subsidiary of the Company and was granted three tenements in the highly prospective Birimian Gold Belt of Cote D'Ivoire. The tenements are named Boundiali North (EL285 – 400 km^2), Katiola (EL284 – 400 km^2) and Bouake (EL286 – 400 km^2) for a total land position of 1,200km^2 (**Licences**) (**Figure 3**).

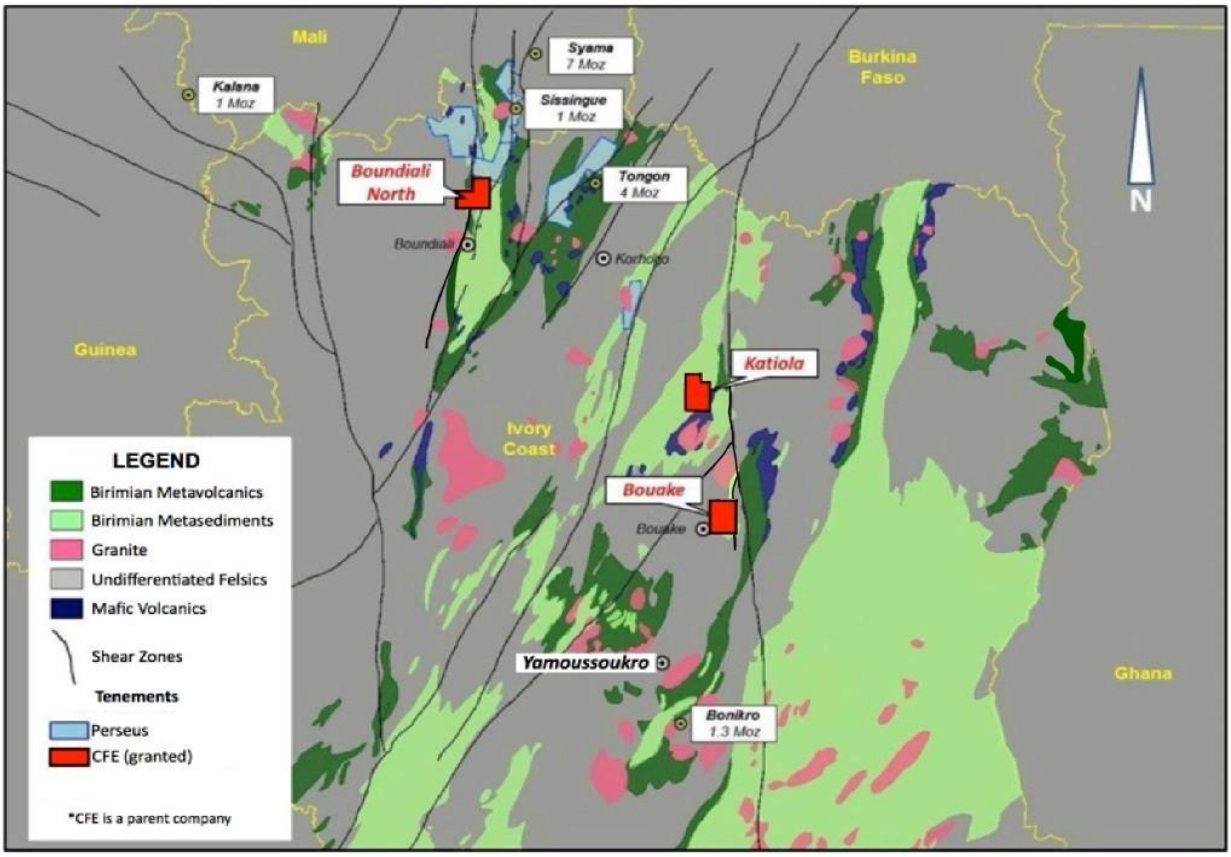

Figure 3: Cote d'Ivoire Tenement Locations

The Company announced in March 2016 that it had sold the Cote D'Ivoire Licences to a subsidiary of Newcrest Mining Limited (**Newcrest**) for a consideration of US$332,500 plus a 1% net smelter return royalty on gold produced from the Licences capped at US$1million (**Sale**). The Sale is subject to Newcrest receiving approval from the Minister of Mines for the transfer of the Licences.

As at year end, the transfer of the Licences had not been completed, but is expected to occur in the near future.

Wee MacGregor Project

Mining International Pty Ltd (**Mining International**) is a fully owned subsidiary of Cape Lambert. The Company holds tenure to 4 mining leases and 4 granted exploration permits for minerals (EPM's) at the Wee MacGregor Project located 40 km southeast of Mt Isa in Queensland (refer **Figure 4**). The total granted land package covers an area of approximately 124km^2.

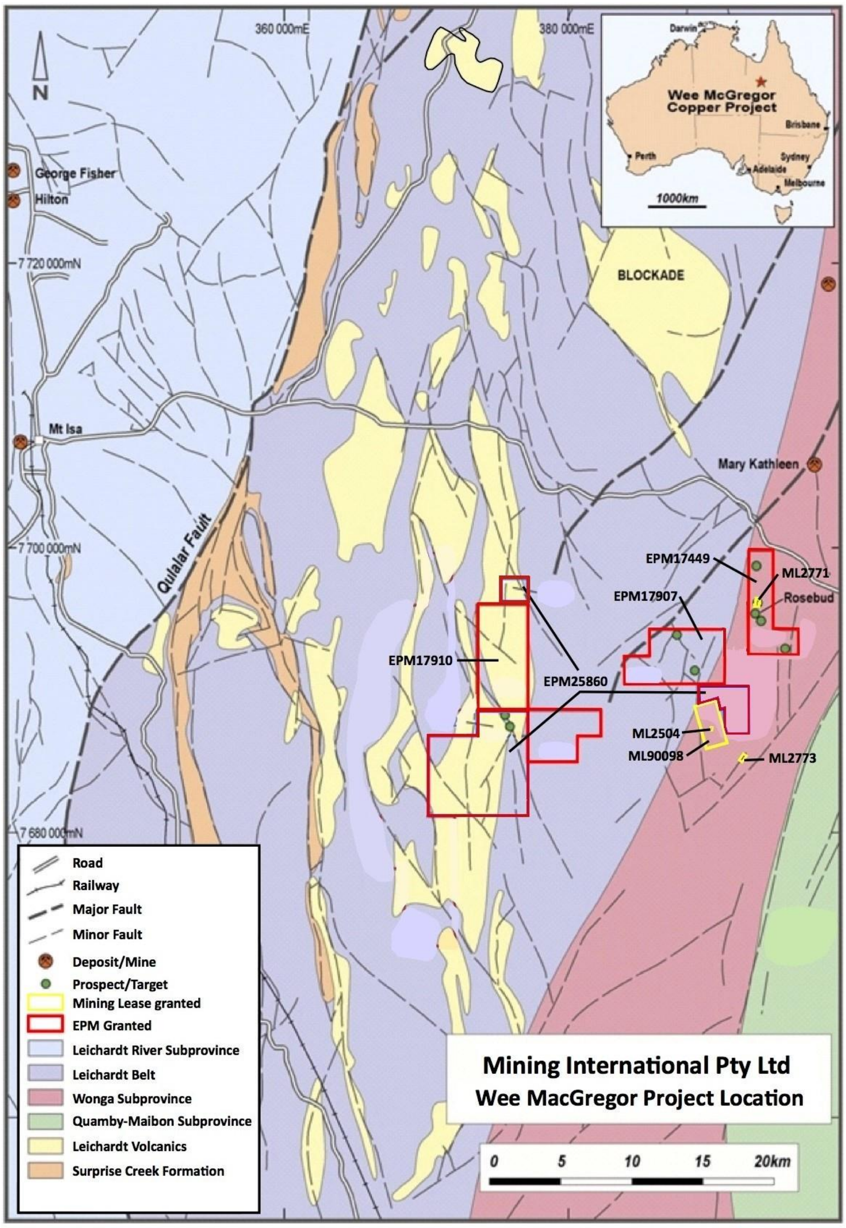

Figure 4: **Wee MacGregor Project Location and Geology**

The tenements are located within in the Eastern Fold Belt of the Mt Isa inlier. The eastern-most tenements are located in the Mary Kathleen Zone/Wonga Sub-province. The western group of tenements are located in the Kalkadoon Leichhardt Belt. These areas are prospective for a variety of deposit types, most notably structurally controlled epigenetic copper and gold deposits.

The Wee MacGregor tenements can be classed as brownfields exploration as several copper occurrences and historical workings occur within the tenement boundaries. The largest of these is the Rosebud Mine within ML2773, which has recorded historical production of 20,000t of ore at 7.0% Cu. In addition, there are numerous under-explored geochemical and geophysical anomalies defined by previous explorers.

In November 2015, the Company announced that Mining International had entered in to a Farm-in agreement with Argosy Minerals Limited (**ASX: AGY**) (**Argosy**) for its granted mining licences ML2504, ML2773 and ML90098 (refer ASX announcement dated 2 November 2015). Argosy subsequently announced a maiden JORC inferred resource of 1.65Mt @ 1.6% Cu during the the December 2015 quarter (refer Argosy ASX announcement dated 9 December 2015). No milestone activities have been achieved by Argosy as yet.

Mining International commenced and progressed discussions with the native title holder in regards to a Cultural Heritage Management Agreement for mining lease ML2771, which it expects to finalise during the September 2016 quarter.

Several rock chip samples from various outcrop found within EPM17449 were collected and analysed during the period (for results refer to ASX Quarterly Report announcement dated 29 July 2016).

DIRECTORS' REPORT

Your Directors submit the financial report of Cape Lambert Resources Limited (**Cape Lambert** or the **Company**) and its controlled entities (collectively referred to as the **Group**) for the year ended 30 June 2016.

DIRECTORS

In order to comply with the provisions of the *Corporations Act 2001*, the directors report as follows:

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. Directors were in office for this entire period unless otherwise stated.

Tony Sage
Tim Turner
Jason Brewer
Ross Levin – Retired effective 26 November 2015

Tony Sage	**Executive Chairman**	
Qualifications	B.Com, FCPA, CA, FTIA	
Experience	Mr Sage has in excess of 30 years' experience in the fields of corporate advisory services, funds management and capital raising. Mr Sage is based in Western Australia and has been involved in the management and financing of listed mining and exploration companies for the last 20 years. Mr Sage has operated in Argentina, Brazil, Peru, Romania, Russia, Sierra Leone, Guinea, Cote d'Ivoire, Congo, South Africa, Indonesia, China and Australia. Mr Sage is currently Chairman of ASX-listed Australian companies, Cape Lambert Resources Ltd (which was AIM Company of the year in 2008), Cauldron Energy Ltd and Fe Ltd. Mr Sage is also a Non-Executive Director of National Stock Exchange of Australia ("NSX") listed International Petroleum Ltd. Mr Sage is also the sole owner of A League football club Perth Glory that plays in the National competition in Australia.	
Directorships of listed companies held within the last 3 years	Global Strategic Metals Limited[1]	June 2012 to August 2014
	Caeneus Minerals Limited	December 2010 to 18 January 2016
	Cauldron Energy Limited	June 2009 to Present
	Fe Limited	August 2009 to Present
	International Petroleum Limited[2]	January 2006 to Present
	Kupang Resources Limited[3]	September 2010 to Present
	European Lithium Limited	September 2016 to Present
	[1] Company was delisted August 2014 [2] Listed on the National Stock Exchange of Australia. [3] Company was delisted August 2015	
Interest in Shares & Options at the date of this report	Fully Paid Ordinary Shares	72,766,681
	Unlisted options	1,500,000

Tim Turner	**Non-Executive Director**	
Qualifications	B.Bus, FCPA, FTIA, Registered Company Auditor	
Experience	As senior partner with Accounting firm, Hewitt Turner & Gelevitis, Mr Turner is the partner in charge of audit assurance. From superannuation funds, not for profit entities, large proprietary companies, to public companies, Mr Turner is the audit sign off partner. He also has in excess of 25 years' experience in general business consultancy and advisory services to the corporate and business community. Mr Turner has a Bachelor of Business Degree, is a Registered Company Auditor and Approved Superannuation Fund Auditor with ASIC, a Fellow of CPA Australia and a Chartered Tax Advisor.	
Directorships of listed companies held within the last 3 years	International Petroleum Limited[1]	January 2006 to Present
	African Petroleum Corporation Limited[2]	November 2007 to Present
	Legacy Iron Ore Limited	July 2008 to Present
	[1] Company listed on the National Stock Exchange of Australia [2] Company delisted from the National Stock Exchange of Australia December 2015 to list on the Oslo Stock Exchange.	
Interest in Shares & Options at the date of this report	Fully Paid Ordinary Shares	1,523,000
	Unlisted options	600,000
Jason Brewer	**Non-Executive Director**	
Qualifications	M.Eng (ARSM) Hons	
Experience	Mr Brewer has over 19 years' international experience in the natural resources sector and in investment banking. He is a mining engineer with a Master's degree in mining engineering with honours from the Royal School of Mines, London. He has experience in a variety of commodities having worked in underground and opencast mining operations in the UK, Australia, Canada and South Africa, In addition he has worked for major global investment banks including Dresdner Kleinwort Benson, NM Rothschild & Sons (Australia) Limited and Investec Bank (Australia) Limited in London, Sydney and Perth where he had particular responsibility for structuring and arranging corporate and project funding facilities for mining companies operating in Asia and Africa.	
Directorships of listed companies held within the last 3 years	Black Mountain Resources Limited	February 2012 to Present
	International Goldfields Limited	December 2015 to September 2016
	Kupang Resources Limited[1]	September 2013 to Present
	Global Strategic Metals Limited[2]	December 2013 to August 2014
	[1] Company was delisted August 2015 [2] Company was delisted August 2014	
Interest in Shares & Options at the date of this report	Fully Paid Ordinary Shares	None
	Unlisted options	600,000

COMPANY SECRETARY

Ms Chapman is a certified practising accountant with over 14 years of experience in the mining industry. She has worked extensively in Australia and the United Kingdom. Ms Chapman has a Bachelor of Accounting from Murdoch University and has been a member of CPA Australia since 2000. Melissa has completed a Graduate Diploma of Corporate Governance with the Governance Institute of Australia.

DIVIDEND AND RETURN OF CAPITAL

No dividend was declared or paid during the current year. The Company paid a fully franked dividend of 2 cents per share in the prior year.

REVIEW OF RESULTS AND OPERATIONS

Principal Activity

The principal activity of the Group during the year was mineral investment, exploration and evaluation.

There were no significant changes in the nature of the principal activity during the year.

Review of Operations

A summary of the most significant transactions during the year ended 30 June 2016 is set out below:

- In January 2016, the Company announced that it had entered into an underwriting agreement with Gulf Energy International Limited (**Gulf**) for the placement of 94 million shares at 4.25c per share to raise $3,795,250 (after expenses) (refer ASX Announcement 11 and 12 January 2016). The placement successfully completed in March 2016.

- In May 2016, the Company announced that it had sold its 20% interest in Central African Resources Limited (**CAR**) which has iron ore tenements in Gabon. The Company received cash proceeds of US$400,000 in consideration for the sale of CAR (refer ASX Announcement 17 May 2016).

- During the year, the Company announced that European Lithium Limited (**European Lithium**) is aiming to list on the ASX by way of reverse takeover with Paynes Find Gold Limited (**ASX: PNE**) (**Paynes**). The transaction has been approved by Paynes shareholders and is expected to complete in September 2016. Cape Lambert owns 26.2% of the pre-raising capital in European Lithium.

- In August 2015, Cape Lambert Executive Chairman reaffirmed his commitment to the Company by significantly increasing his shareholding via an off market purchase of 29,151,251 shares increasing his shareholding to 11.61% (refer ASX Announcement 18 August 2015).

- During the year, Fe Limited (**ASX: FEL**) (**FEL**) announced that it had signed a binding conditional terms sheet to acquire 100% of Cardinal House Group Pty Ltd who is a provider of online social gaming products and real money gambling platforms (**Acquisition**). FEL has advised shareholders that the Australian Securities and Investment Commission (**ASIC**) had issued a final stop order in respect to the prospectus issued by FEL on 23 March 2016. The effect of the final stop order is that no offers, issues, sales or transfers of securities in FEL can be made under this prospectus. On 1 September 2016 FEL advised shareholders that the proposed Acquisition had been terminated. Cape Lambert owns a 49.78% interest in FEL.

The board intends to continue to follow its strategy of acquiring and investing in undervalued and/or distressed mineral assets and companies (**Projects**) and improve the value of these Projects, through a hands on approach to management, exploration, evaluation and development and retaining a long-term exposure to these Projects through a production royalty and/or equity interest. Cape Lambert aims to deliver shareholder value by adding value to these undeveloped Projects. If Projects are converted into cash, the Company intends to follow a policy of distributing surplus cash to Shareholders.

RESULTS

The Group made a loss after income tax for the year ended 30 June 2016 of $30,799,674 (2015: loss of $179,448,207).

CHANGES IN STATE OF AFFAIRS

During the financial year there was no significant change in the state of affairs of the Group other than those referred to in the Review of Operations.

EVENTS SUBSEQUENT TO BALANCE DATE

In July 2016, the Company announced that its shareholding in Cauldron Energy Limited (ASX: CXU) (**Cauldron**) increased to 18.21% following the off-market acquisition of 9,498,318 shares. These shares are subject to a six month escrow period which expires on 5 January 2017.

On 26 August 2016, Cape Lambert announced that it had entered into a new consultancy agreement with Okewood Pty Ltd to provide the services of Chairman of Cape Lambert.

On 20 September 2016, European Lithium Limited (ASX: EUR) commenced trading on the ASX.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

The board intends to continue to follow its strategy of acquiring and investing in undervalued assets and adding value through a hands on approach to management, exploration and evaluation.

ENVIRONMENTAL REGULATION AND PERFORMANCE

The Group is aware of its environmental obligations with regards to its exploration activities and ensures that it complies with all regulations when carrying out any exploration work.

INDEMNIFICATION OF OFFICERS

In accordance with the Company's constitution, except as may be prohibited by the *Corporations Act 2001*, every officer or agent of the Company shall be indemnified out of the property of the Company against any liability incurred by him in his capacity as officer or agent of the Company or any related corporation in respect of any act or omission whatsoever and howsoever occurring or in defending any proceedings, whether civil or criminal.

During the financial year, the Company has paid insurance premiums in respect of directors' and officers' liability insurance. The insurance premiums relate to:

- Costs and expenses incurred by the relevant officers in defending legal proceedings, whether civil or criminal and whatever their outcome; and
- Other liabilities that may arise from their position, with the exception of conduct involving wilful breach of duty or improper use of information to gain a personal advantage.

In accordance with a confidentiality clause under the insurance policy, the amount of the premium paid to insurers has not been disclosed. This is permitted under section 300(9) of the *Corporations Act 2001*.

INDEMNIFICATION OF AUDITORS

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young during or since the financial year.

DIRECTORS' MEETINGS

The following table sets out the number of directors' meetings (including meetings of committees of directors) held during the financial year and the number of meetings attended by each director (while they were a director or committee member).

Directors	Board of Directors Eligible to Attend	Board of Directors Attended	Audit Committee Eligible to Attend	Audit Committee Attended	Remuneration Committee Eligible to Attend	Remuneration Committee Attended
Tony Sage	3	3	-	-	-	-
Tim Turner	3	3	2	2	-	-
Jason Brewer	3	3	2	2	-	-
Ross Levin	1	1	1	1	-	-

REMUNERATION REPORT (AUDITED)

This remuneration report for the year ended 30 June 2016 outlines the remuneration arrangements of the Company and the Group in accordance with the requirements of the *Corporations Act 2001* and its regulations. The information provided in this remuneration report has been audited as required by section 308(3C) of the *Corporations Act 2001.*

Remuneration Policy for Directors and Other Key Management Personnel

The remuneration report details the remuneration arrangements for key management personnel (**KMP**) who are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company and the Group, directly or indirectly, including any director (whether executive or otherwise) of the Company.

Details of Directors and Other Key Management Personnel

Directors
T Sage – Executive Chairman
T Turner – Non-Executive Director
J Brewer - Non-Executive Director

Other Key Management Personnel
J Hamilton – Manager Project Development
M Chapman – Chief Financial Officer and Company Secretary

Principles used to determine the nature and amount of remuneration

The remuneration policy of the Company has been designed to align director objectives with shareholder and business objectives by providing a fixed remuneration component which is assessed on an annual basis in line with market rates. The Board of the Company believes the remuneration policy to be appropriate and effective in its ability to attract and retain appropriately skilled directors to run and manage the Company.

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

The remuneration policy, setting the terms and conditions for the executive directors and other senior staff members, was developed by the Executive Chairman and approved by the Board after benchmarking against the market.

All executives receive a base salary (which is based on factors such as length of service and experience).

The Group is an exploration entity, and therefore speculative in terms of performance. Consistent with attracting and retaining talented individuals, directors and senior executives are paid market rates associated with individuals in similar positions within the same industry. The Board endorses the use of incentive and bonus payments for directors and senior executives.

Options and performance incentives may also be issued as the Group invests in projects which are subsequently successfully monetised, and key performance indicators such as profits and growth can then be used as measurements for assessing Board performance.

Shares awarded to directors and executives are valued as the difference between the market price of those shares and the amount paid by the director or executive. Options are valued using the Black-Scholes option pricing model.

The Board's policy is to remunerate non-executive directors at market rates for comparable companies for time, commitment and responsibilities. The Executive Chairman determines payments to the non-executive directors and reviews their remuneration annually, based on market practice, duties and accountability. 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. To align directors' interests with shareholder interests, the directors are encouraged to hold shares in the Company.

Company Performance, Shareholder Wealth and Directors' and Executives' Remuneration

The remuneration policy aims to increase goal congruence between shareholders and directors via the issue of options to directors to encourage the alignment of personal and shareholder interests. During the financial year, the Company's share price traded between a low of $0.014 and a high of $0.039. The price volatility is a concern to the Board but is not considered abnormal for medium sized exploration entities and in the context of volatile global equity markets. In order to keep all investors fully informed and minimise market fluctuations, the Board is determined to maintain promotional activity amongst the investment community so as to increase awareness of the Company and to stabilise the Company's share price in line with a consistent and stable financial position and base value of assets.

	2012	**2013**	**2014**	**2015**	**2016**
Closing Share Price 30 June	$0.32	$0.10	$0.077	$0.026	$0.019
Profit/(loss) for the year attributable to members of Cape Lambert Resources Limited	$22,723,709	($143,911,775)	($24,152,240)	($178,909,136)	**($30,470,607)**
Basic EPS	$0.034	($0.2093)	($0.036)	($0.2852)	**($0.0469)**

Details of Remuneration

Remuneration packages contain the key elements incorporated in the Company's Remuneration Policy as detailed above. The following table discloses the remuneration of the directors and key management personnel of the Company:

							% of Total Remuneration		
30 June 2016	**Cash Salary & Fees $**	**Short term Cash Bonus[5] $**	**Post-employment benefits $**	**Long term benefit Leave**	**Share Based Payments – Equity Options[6] $**	**Total $**	**Fixed %**	**At Risk Short Term Incentive %**	**At Risk Long Term Incentive (Options) %**
Directors									
T Sage	700,000	-	-	-	30,232	730,232	96%	-	4%
T Turner	60,000	-	-	-	12,093	72,093	83%	-	17%
R Levin[1]	20,000	-	-	-	19,560	39,560	51%	-	49%
J Brewer	48,000	-	-	-	12,093	60,093	80%	-	20%
Other Key Management Personnel									
J Hamilton	167,250	-	-	-	14,303	181,553	92%	-	8%
T Boucher[2]	52,800	-	-	-	(6,595)	46,205	100%	-	0%
M Chapman[3]	221,644	-	23,750	19,230	11,919	276,543	96%	-	4%
Total	**1,269,694**	**-**	**23,750**	**19,230**	**93,605**	**1,406,279**	**93%**	**-**	**7%**
30 June 2015									
Directors									
T Sage	700,000	405,000	-	-	22,674	1,127,674	62%	-	2%
T Turner[7]	60,000	150,000	-	-	9,070	219,070	27%	-	4%
R Levin[7]	48,000	200,000	-	-	9,070	257,070	19%	-	4%
J Brewer[7]	58,000	75,000	-	-	9,070	142,070	41%	-	6%
Other Key Management Personnel									
J Hamilton	216,750	-	-	-	6,595	223,345	97%	-	3%
T Boucher	261,600	-	-	-	6,595	268,195	98%	-	2%
M Chapman[4]	210,000	20,000	23,750	28,565	5,496	287,811	81%	-	2%
Total	**1,554,350**	**850,000**	**23,750**	**28,565**	**68,570**	**2,525,235**	**62%**	**-**	**2%**

For executives who were appointed or resigned during the year, the remuneration reflected above is that from date of appointment or to date of resignation.

No non-monetary benefits were provided to directors or key management personnel during the year other than those detailed below.

Notes

[1] Mr R Levin retired effective 26 November 2015.

[2] The consultancy contract between the Company and Mr T Boucher was terminated 30 September 2015.

[3] A portion of Ms M Chapman's salary was recharged to unrelated entities Latin Resources Limited and MCS Services Limited during the year for accounting, company secretarial and directorship fees. Long term leave balance represents accrued annual leave.

[4] A portion of Ms M Chapman's salary was recharged to related entity Global Strategic Metals Limited and European Lithium Limited. Ms M Chapman was paid a discretionary cash bonus of $20,000 as well as a non-monetary benefit of 2 weeks additional annual leave for work performed in relation to the Company's settlement with Metallurgical Corporation of China Limited (**MCC**) and the Australian Tax Office (**ATO**) in July 2014 and August 2014 respectively.

[5] These discretionary cash bonuses were issued to directors and key management personnel for work performed in relation to the Company's settlement with Metallurgical Corporation of China Limited (**MCC**) and the Australian Tax Office (**ATO**) in July 2014 and August 2014 respectively.

[6] Share options issued to directors and key management personnel during the year ended 30 June 2015 were issued for no consideration with vesting subject to the following performance hurdles being met:

- Divestment (wholly or partially) of Marampa (whether by joint venture, sale or IPO); OR
- Sale of Mayoko royalty; OR
- Sale of any major asset by an associate company in the portfolio of companies managed by CFE.

The share options issued were approved by the Company's shareholders at the Annual General Meeting of the Company's shareholders held on 27 November 2014. The director share options have been valued using the Black Scholes option valuation method at $0.0457 at the grant date of 27 November 2014. The key management personnel share options have also been valued using the Black Scholes option valuation method at $0.039 on the date of issue on 27 November 2014. The amount payable upon exercise of each share option is $0.088 and the share options will expire on 18 December 2016. The share based payment amount detailed in this table represents the portion of the total value of options recognised as a share based payment expense in each respective year.

[7] A portion of the payments to Non-Executive Directors were in respect of performance of extra services.

Additional disclosures relating to options and shares

Options awarded, vested and lapsed

The table below discloses the number of share options granted to executives as remuneration during the years ended 30 June 2014 and 30 June 2015 (nil granted in the current year) as well as the number of those prior year granted options that vested or lapsed during the current year ended 30 June 2016. Shares options do not carry any voting or dividend rights and can be exercised once the vesting conditions have been met until their expiry date.

	Year granted	Options awarded No.	Award date	Fair value per options at award date	Vesting date	Exercise price	Expiry date	No. forfeited during the current year	No. lapsed during the current year
Directors									
T Sage	2015	1,500,000	27 Nov 2014	$0.0457	Note 1	$0.088	18 Dec 2016	-	-
T Turner	2015	600,000	27 Nov 2014	$0.0457	Note 1	$0.088	18 Dec 2016	-	-
R Levin	2015	600,000	27 Nov 2014	$0.0457	Note 1	$0.088	18 Dec 2016	-	-
J Brewer	2015	600,000	27 Nov 2014	$0.0457	Note 1	$0.088	18 Dec 2016	-	-
Other Key Management Personnel									
J Hamilton	2015	600,000	27 Nov 2014	$0.039	Note 1	$0.088	18 Dec 2016	-	-
J Hamilton	2014	500,000	17 Dec 2013	$0.058	17 Dec 2013	$0.15	30 Sep 2015	-	(500,000)
T Boucher	2015	600,000	27 Nov 2014	$0.039	Note 1	$0.088	18 Dec 2016	(600,000)	-
M Chapman	2015	500,000	27 Nov 2014	$0.039	Note 1	$0.088	18 Dec 2016	-	-

Note 1

Vesting conditions:

The share options issued to directors and key management personnel during the year ended 30 June 2015 were issued for no consideration with vesting subject to the following performance hurdles being met:

- Divestment (wholly or partially) of Marampa (whether by joint venture, sale or IPO); or
- Sale of Mayoko royalty; or
- Sale of any major asset by an associate company in the portfolio of companies managed by CFE.

The share options issued were approved by the Company's shareholders at the Annual General Meeting of the Company's shareholders held on 27 November 2014. The director share options have been valued using the Black Scholes option valuation method at $0.0457 on the grant date of 27 November 2014. The key management personnel share options have also been valued using the Black Scholes option valuation method at $0.039 on the date of issue on the grant date of 27 November 2014. The amount payable upon exercise of each share option is $0.088 and the share options will expire on 18 December 2016.

Option holdings of directors and key management personnel

	Balance 1-Jul-15 No.	Granted as remuneration No.	Lapsed during the year No.	Exercised during the year No.	Other No.	Balance 30-Jun-16 No.	Vested and exercisable 30-Jun-16 No.
Directors							
T Sage	1,500,000	-	-	-	-	1,500,000	-
T Turner	600,000	-	-	-	-	600,000	-
R Levin[1]	600,000	-	-	-	(600,000)	-	-
J Brewer	600,000	-	-	-	-	600,000	-
Other Key Management Personnel							
J Hamilton[2]	1,100,000	-	(500,000)	-	-	600,000	-
T Boucher[3]	600,000	-	-	-	(600,000)	-	-
M Chapman	500,000	-	-	-	-	500,000	-
	5,500,000	-	(500,000)	-	(1,200,000)	3,800,000	-

There were no shares issued on the exercise of options during the year.

[1] At date of retirement from office on 26 November 2015, Mr Levin held 600,000 unlisted options exercisable at $0.088 expiring 18 December 2016 (subject to vesting conditions).
[2] Options previously awarded lapsed in accordance with the terms on which they issued. Options had an intrinsic value of nil at the time of expiration.
[3] Options previously awarded were forfeited in accordance with the terms on which they issued following termination of the consultancy contract between the Company and Mr Boucher on 30 September 2015. Options had an intrinsic value of nil at the time of forfeiture.

Share holdings of directors and key management personnel

Details of fully paid ordinary shares of Cape Lambert Resources Limited held by directors and key management personnel are set out below:

	Balance 1-Jul-15 No.	Share based payment received No.	Received on exercise of options No.	On market purchases No.	On market sales No.	Net change other No.	Balance 30-Jun-16 No.
Directors							
T Sage	43,615,430	-	-	98,742,932	(69,591,681)	-	72,766,681
T Turner	1,523,000	-	-	-	-	-	1,523,000
R Levin[1]	619,500	-	-	-	-	(619,500)	-
J Brewer	-	-	-	-	-	-	-
Other Key Management Personnel							
J Hamilton	-	-	-	-	-	-	-
T Boucher	-	-	-	-	-	-	-
M Chapman	-	-	-	900,000	-	-	900,000
	45,757,930	-	-	99,642,932	(69,591,681)	(691,500)	75,189,681

[1] At date of retirement from office on 26 November 2015, Mr Levin held 619,500 shares.

Other transactions with director related entities

		Sales to related parties	Purchases from related parties	Consulting fees paid	Amounts owed by related parties	Amounts owed to related parties
Director related entities:						
Perth Fashion Festival Pty Ltd	2016	-	7,887	-	-	-
Perth Fashion Festival Pty Ltd	2015	-	14,879	-	-	-
Perth Glory Football Club	2016	-	54,473	-	2,587	-
Perth Glory Football Club	2015	360	64,950	-	360	-
Okewood Pty Ltd	2016	-	575,470	700,000	-	-
Okewood Pty Ltd	2015	32,860	611,386	1,105,000	-	-

Perth Fashion Festival Pty Ltd, Okewood Pty Ltd and Okewood Pty Ltd trading as Perth Glory Football Club are entities controlled by Tony Sage. During the year ended 30 June 2016 a total amount of $54,473 (30 June 2015: $64,950) was paid to Okewood Pty Ltd for a corporate box and events of the Perth Glory Football Club. During the year ended 30 June 2016 a total amount of $7,887 (30 June 2015: $14,879) was paid to Perth Fashion Festival Pty Ltd for events held by the Perth Fashion Festival.

Office lease agreement with Okewood Pty Ltd

On 1 April 2012 the Company entered into a lease agreement with Okewood Pty Ltd, a company owned by Tony Sage, for the lease of 32 Harrogate Street, West Leederville WA 6007, as varied by a deed of variation dated 22 June 2015 (**Lease Agreement**). The term of the Lease Agreement is 1 April 2012 to 31 March 2020 with an option to extend. The lease is based on an area of 1,148m² at a rent of $459,200 (excluding GST) per annum, subject to an annual CPI increase, with variable outgoings and parking charged separately at market rates.

Service Agreements

Executive Director

On 26 September 2013, the Company entered into a consultancy contract with the Executive Chairman, Tony Sage for a period of 3 years from 28 August 2013. Pursuant to the terms of the contract, Mr Sage is paid an annual fee of $700,000 per annum (plus GST) for performing the role as Executive Chairman of the Company with the specific responsibility for all negotiations and strategic networking to facilitate the acquisition and disposal of assets of the Company. Under that contract, Mr Sage is not entitled to any set long or short term bonus or incentive. For the avoidance of doubt, there is no fixed formula under which any incentives or bonuses are payable by the Company to Mr Sage. During the term of the contact, the Remuneration Committee may consider incentive plans and bonus structures that will be focussed on the Executive Chairman achieving performance hurdles based on a material increase in the net market capitalisation of the Company and returns to shareholders of the Company, such as dividends. The contract may be terminated by either party, without cause, providing 3 months' notice (or payment in lieu).

Upon expiry of the Executive Chairman contract on 28 August 2016, the Company has entered into a new 3 year consultancy contract. The key terms of the new contract are consistent with those of the existing one with the exception of the inclusion of an incentive structure of 10-20%, subject to Remuneration Committee approval, which is dependent on the achievement of key performance milestones.

Non-Executive Directors

The engagement conditions of non-executive director Tim Turner were approved by the Board on 30 November 2007. A fee of $60,000 per annum plus GST was subsequently approved by the Board on 28 August 2009.

The engagement conditions of non-executive director Jason Brewer were approved by the Board on commencement of engagement on 31 December 2013 with a fee of $48,000 plus GST per annum.

The engagement conditions of non-executive director Ross Levin were approved by the Board on commencement of engagement on 1 April 2010 with a fee of $48,000 per annum. Mr Levin retired effective 26 November 2015.

Other Key Management Personnel

The engagement conditions of contractor J Hamilton were approved by the Board on commencement of his engagement in April 2006. A subsequent review was undertaken and a fee of $1,500 per day plus GST was approved.

The engagement conditions of employee Ms. M Chapman were agreed upon appointment as Chief Financial Officer in May 2012 including a total remuneration package of $200,000 per annum. M Chapman was appointed as Company Secretary effective 31 January 2014 and a total remuneration package of $250,000 plus statutory superannuation per annum was agreed. A portion of Ms M Chapman's salary has been recharged to unrelated entities Latin Resources Limited and MCS Services Limited during the year.

The engagement conditions of contractor T Boucher were approved on commencement of his engagement as General Manager – Operations on 8 October 2012 with a fee of $1,600 per day plus GST. The consultancy contract between the Company and Mr Boucher was terminated 30 September 2015.

2015 Annual General Meeting

At the last Annual General Meeting held 26 November 2015 the Company did not achieve at least 75% of votes cast in favour of the 30 June 2015 Remuneration Report. This constituted a 'first strike' under the Corporations Act.

Following receipt of the first strike, the Directors have sought feedback from external stakeholders and closely analysed all components of its Remuneration Policy.

Non-Executive Directors' fees remained frozen during the current year, as did the consultancy fee payable to Executive Director. No short-term cash bonuses were paid to payable to any director of the Company during the year (2015: $830,000).

Remuneration of the Company's directors (excluding share based payments) decreased in comparison to the prior year from $1,696,000 to $828,000, which translates to a reduction of 51%.

Remuneration of the Company's other key management personnel (excluding share based payments) decreased in comparison to the prior year from $760,665 to $484,674, which translates to a reduction of 35%.

----------End of audited remuneration report------------

Proceedings on Behalf of the Company

No person has applied for leave of Court to bring proceedings on behalf of the Group or intervene in any proceedings to which the Group is a party for the purpose of taking responsibility on behalf of the Group for all or any part of those proceedings. The Group was not a party to any such proceedings during the year.

Non Audit Services

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

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

During the current year $59,123 was paid or payable (2015: $85,670) to the auditor or its related practices for any non-audit services.

SHARE OPTIONS

Share Options Granted to Directors and Employees and Consultants

During the financial year, there were nil share options granted to directors, employees and consultants (30 June 2015: 9,225,000). A total of 1,750,000 (30 June 2015: 300,000) of such options were forfeited or lapsed during the current year and nil (30 June 2015: nil) were forfeited or lapsed subsequent to balance date.

Share Options on Issue at Year End

Unissued ordinary shares of Cape Lambert under option at the date of this report are as follows:

Date options granted	Expiry date	Issue price of shares	Number under option
18 December 2014	18 December 2016	$0.088	3,300,000
13 January 2015	18 December 2016	$0.088	4,375,000

No option holder has any right under the options to participate in any other share issue of the Company or any other entity. No shares were issued during the current year as a result of the exercise of options.

Since 30 June 2016, nil share options have been exercised for total consideration of nil. No amounts are unpaid on any of the shares.

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration under section 307C of the *Corporations Act 2001* is set out on page 21 for the year ended 30 June 2016.

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

____
Tony Sage
Director
Dated this 28 day of September 2016

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Auditor's independence declaration to the Directors of Cape Lambert Resources Limited

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

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

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

This declaration is in respect of Cape Lambert Resources Limited and the entities it controlled during the financial year.

Ernst & Young

G H Meyerowitz
Partner
28 September 2016

CORPORATE GOVERNANCE STATEMENT

In March 2014, the ASX Corporate Governance Council released a third edition of the ASX Corporate Governance Council's Principles and Recommendations (**ASX Principles**).

The Company's Corporate Governance Statement for the year ended 30 June 2016 (which reports against these ASX Principles) may be accessed from the Company's website at www.capelam.com.au.

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

	Note	2016 $	2015 $
Revenue	3(a)	618,932	3,633,953
Other income	3(b)	977,908	2,809,704
Share based payments		(166,587)	(109,399)
Directors remuneration and employee benefits expenses		(1,510,483)	(2,916,631)
Consulting and professional services		(934,258)	(2,080,790)
Occupancy expenses	3(d)	(1,006,602)	(1,328,088)
Compliance and regulatory expenses		(190,287)	(290,196)
Travel and accommodation		(203,119)	(264,629)
Depreciation and amortisation expense	3(c)	(615,856)	(715,424)
Gain/(loss) on fair value of financial assets through profit and loss	3(f)	324,621	(1,107,737)
Other expenses	3(e)	(704,409)	(1,127,268)
Loss on sale of shares		(20,865)	-
Impairment on fixed assets	10	(742,378)	-
Impairment of other financial assets	8(b)	-	(2,986,669)
Impairment of receivable		(174,386)	(6,521,402)
Impairment of loans	7	(19,184)	(10,847,200)
Impairment of royalty assets	8(c)	-	(12,892,893)
Impairment of VAT receivable		(39,253)	-
Reversal/(Impairment) of interest receivable		71,971	(569,234)
Impairment of capitalised exploration	11	(3,295,324)	(140,859,803)
De-recognition of capitalised exploration	11	(19,116,791)	-
Impairment of investment in associate	12(e)	(3,427,549)	-
Share of net losses of associates accounted for using the equity method	12(b)	(625,774)	(1,276,384)
Profit/(loss) before income tax		(30,799,674)	(179,450,090)
Income tax (expense)/benefit	4	-	1,883
Net loss for the year		**(30,799,674)**	**(179,448,207)**
Other comprehensive income/(expenditure) net of tax			
Items that may be reclassified subsequently to profit and loss			
Foreign exchange differences arising on translation of foreign operations		914,783	18,637,140
Share of reserves of associates accounted for using the equity method		164,843	346,975
Fair value gain on available for sale financial assets		1,750	-
Total comprehensive loss for the year		**(29,718,299)**	**(160,464,092)**
Loss for the year attributable to:			
Members of Cape Lambert Resources Ltd		(30,470,607)	(178,909,136)
Non-controlling interests		(329,067)	(539,071)
		(30,799,674)	(179,448,207)
Total comprehensive loss for the year attributable to:			
Members of Cape Lambert Resources Ltd		(29,389,232)	(159,925,021)
Non-controlling interests		(329,067)	(539,071)
		(29,718,299)	(160,464,092)
Loss per share attributable to members of Cape Lambert Resources Ltd:			
Basic loss per share (cents per share)	18	(4.69)	(28.52)
Diluted loss per share (cents per share)	18	(4.69)	(28.52)

The above consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2016

	Note	2016 $	2015 $
CURRENT ASSETS			
Cash and cash equivalents	25(a)	5,614,871	9,033,714
Restricted cash and cash equivalents	9	1,001,470	32,754
Trade and other receivables	7	1,264,580	2,484,339
TOTAL CURRENT ASSETS		7,880,921	11,550,807
NON-CURRENT ASSETS			
Other financial assets	8	1,519,276	1,684,663
Investments accounted for using equity method	12	1,371,805	3,629,855
Restricted cash	9	81,833	81,833
Plant and equipment	10	389,333	1,669,232
Exploration and evaluation expenditure	11	-	15,683,601
TOTAL NON-CURRENT ASSETS		3,362,247	22,749,184
TOTAL ASSETS		**11,243,168**	**34,299,991**
CURRENT LIABILITIES			
Trade and other payables	13	5,278,247	3,724,738
Application funds	9(b)	968,131	-
Provisions	14	558,916	415,013
TOTAL CURRENT LIABILITIES		6,805,294	4,139,751
NON CURRENT LIABILITIES			
Provisions	14	4,454	401,818
TOTAL NON CURRENT LIABILITIES		4,454	401,818
TOTAL LIABILITIES		**6,809,748**	**4,541,569**
NET ASSETS		**4,433,420**	**29,758,422**
EQUITY			
Issued capital	15	193,581,578	189,786,328
Reserves	16	23,054,799	21,592,056
(Accumulated losses) / Retained earnings	17	(212,167,165)	(181,696,558)
Parent interests		4,469,212	29,681,826
Non-controlling interest		(35,792)	76,596
TOTAL EQUITY		**4,433,420**	**29,758,422**

The above consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

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

	Note	Issued Capital $	(Accumulated Loss) / Retained earnings $	Share Based Payment Reserve $	Available for Sale Reserve $	Foreign Currency Translation Reserve $	Business Combination Reserve $	Parent Equity Interest Total $	Non-controlling interest $	Total $
Balance at 1 July 2015		**189,786,328**	**(181,696,558)**	**2,079,450**	**-**	**21,116,525**	**(1,603,919)**	**29,681,826**	**76,596**	**29,758,422**
Loss for the year		-	(30,470,607)	-	-	-	-	(30,470,607)	(329,067)	(30,799,674)
Other comprehensive income										
Foreign exchange differences arising on translation of foreign operations	16	-	-	-	-	914,783	-	914,783	-	914,783
Share of associate's reserves	16	-	-	188,643	-	(23,801)	-	164,842	-	164,842
Fair value gain on available for sale financial assets		-	-	-	1,750	-	-	1,750	-	1,750
Total comprehensive income/(loss) for the year		-	(30,470,607)	188,643	1,750	890,982	-	(29,389,232)	(329,067)	(29,718,299)
Transactions with owners in their capacity as owners										
Placement of shares (net of costs)	15	3,795,250	-	-	-	-	-	3,795,250	-	3,795,250
Share based payments expense		-	-	166,587	-	-	-	166,587	-	166,587
Increase in non-controlling interest		-	-	-	-	-	214,781	214,781	216,679	431,460
Transactions with equity holders in their capacity as owners		3,795,250	-	166,587	-	-	214,781	4,176,618	216,679	4,393,297
Balance at 30 June 2016		**193,581,578**	**(212,167,165)**	**2,434,680**	**1,750**	**22,007,507**	**(1,389,138)**	**4,469,212**	**(35,792)**	**4,433,420**

The above consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

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

	Note	Issued Capital $	(Accumulated Loss) / Retained earnings $	Share Based Payment Reserve $	Available for Sale Reserve $	Foreign Currency Translation Reserve $	Business Combination Reserve $	Parent Equity Interest Total $	Non-controlling interest $	Total $
Balance at 1 July 2014		**190,685,855**	**9,746,310**	**1,623,840**	**-**	**2,478,621**	**(1,603,919)**	**202,930,707**	**615,667**	**203,546,374**
Loss for the year		-	(178,909,136)	-	-	-	-	(178,909,136)	(539,071)	(179,448,207)
Other comprehensive income										
Foreign exchange differences arising on translation of foreign operations	16	-	-	-	-	18,637,140	-	18,637,140	-	18,637,140
Share of associate's reserves	16	-	-	346,211	-	764	-	346,975	-	346,975
Total comprehensive income/(loss) for the year		-	(178,909,136)	346,211	-	18,637,904	-	(159,925,021)	(539,071)	(160,464,092)
Transactions with owners in their capacity as owners										
On-market buy back	15	(899,527)	-	-	-	-	-	(899,527)	-	(899,527)
Dividend paid		-	(12,533,732)	-	-	-	-	(12,533,732)	-	(12,533,732)
Share based payments expense		-	-	109,399	-	-	-	109,399	-	109,399
Transactions with equity holders in their capacity as owners		(899,527)	(12,533,732)	109,399	-	-	-	(13,323,861)	-	(13,323,861)
Balance at 30 June 2015		**189,786,328**	**(181,696,558)**	**2,079,450**	**-**	**21,116,525**	**(1,603,919)**	**29,681,826**	**76,596**	**29,758,422**

The above consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

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

	Note	2016 $	2015 $
CASHFLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers and employees (inclusive of GST)		(4,719,529)	(10,842,815)
Interest received		98,269	921,872
Income tax paid		-	(2,297,014)
Net cash used in operating activities	25(b)	(4,621,260)	(12,217,957)
CASHFLOWS FROM INVESTING ACTIVITIES			
Payment for acquiring interests in associated entities	12(b)	(14,089)	(299,756)
Payments for exploration and evaluation		(4,644,768)	(13,488,286)
Proceeds on sale of exploration project		1,003,821	75,000
Purchase of property, plant and equipment	10	457	(99,271)
Payment of restricted cash balances in relation to environmental bonds / performance bonds		-	(12,500)
Receipt/(payment) in respect of convertible loan notes	7(b)	156,750	(250,250)
Loans to associated entity	7(b)	-	(383,057)
Loans to other entities	7(b)	(50,000)	(10,099,689)
Repayment of loans received	7(b)	200,000	650,000
Purchase of equity investments in listed entities		(30,000)	(289,132)
Proceeds from sale of equity investments		201,270	84,140
Proceeds from sale of equity investments in associated entities	12(b)	-	26,801
Proceeds from sale of property, plant and equipment		139,773	-
Proceeds received as deferred consideration on sale of prospect	25(d)	-	51,504,270
Purchase of royalty asset	8(c)	-	(13,766,142)
Royalty receipt		-	390,469
Net cash from/(used in) investing activities		(3,036,786)	14,042,597
CASHFLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares, net of costs	15	3,795,250	-
On-market buy back	15	-	(899,527)
Dividend paid	17(a)	-	(12,533,732)
Proceeds from issuing loan note		431,460	-
Net cash from/(used in) financing activities		4,226,710	(13,433,259)
Net decrease in cash and cash equivalents		(3,431,336)	(11,608,619)
Cash and cash equivalents at beginning of period		9,033,714	20,490,719
Foreign exchange		12,493	151,614
Cash and cash equivalents at end of period	25(a)	**5,614,871**	**9,033,714**

The above consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

1. CORPORATE INFORMATION

The consolidated financial statements of Cape Lambert Resources Limited and its subsidiaries (collectively, the **Group**) for the year ended 30 June 2016 were authorised for issue in accordance with a resolution of the directors on 28 September 2016.

Cape Lambert Resources Limited (the **Company** or the **Parent**) is a for profit company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Stock Exchange.

The nature and operations and principal activities of the Group are described in the directors' report.

Information of the Group's structure is provided in Note 21. Information on other related party relationships is provided in Note 23.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards including Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*. The financial report has been prepared on the basis of historical cost, except for the revaluation of financial instruments. Cost is based on the fair values of the consideration given in exchange for assets.

The financial report is presented in Australian dollars.

The Group is a for-profit public listed company, incorporated and domiciled in Australia.

(b) Going concern

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

At 30 June 2016 the Group had cash and cash equivalents of $5,614,871 (30 June 2015: $9,033,714) and net assets of $4,433,420 (30 June 2015: $29,758,422).

Whilst sufficient cash is available to meet general and administrative requirements in the short term, the ability of the Group to fulfil its proposed activities in the next 12 months will likely depend on the realisation of certain of the Group's assets, including deferred consideration and loans receivable, for which recovery is not a certainty.

At the date of this report, the directors are satisfied there are reasonable grounds to believe that the Group will be able to continue its planned operations and the Group will be able to meet its obligations as and when they fall due because the directors are confident that the Group will be able to realise certain of its assets or seek alternative sources of funding if required. Should the Group not achieve the matters set out above, there is uncertainty whether the Group would continue as a going concern and therefore whether it would realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report. The consolidated financial statements do not include any adjustment relating to the recoverability or classification of recorded asset amounts or to the amounts or classification of liabilities that might be necessary should the Group not be able to continue as a going concern.

(c) Compliance with IFRS

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

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

(d) Changes in accounting policy, disclosures, standards and interpretations

(i) Changes in accounting policies, new and amended standards and interpretations

The accounting policies adopted are consistent with those of the previous financial year. From 1 July 2015, the Group has adopted all the standards and interpretations with an effective date of 1 July 2015. Adoption of these standards and interpretations did not have any effect on the statements of financial position or performance of the Group. The Group has not elected to early adopt any new standards or amendments.

The following standards and interpretations have been applied for the first time.

Reference	Title
AASB 2015-3	Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 *Materiality* The Standard completes the AASB's project to remove Australian guidance on materiality from Australian Accounting Standards.
AASB 2015-4	Amendments to Australian Accounting Standards – Financial Reporting Requirements for Australian Groups with a Foreign Parent The amendment aligns the relief available in AASB 10 *Consolidated Financial Statements* and AASB 128 *Investments in Associates and Joint Ventures* in respect of the financial reporting requirements for Australian groups with a foreign parent.

(ii) New Accounting Standards and Interpretations issued but not yet effective.

The following Australian Accounting Standards that have recently been issued or amended but are not yet effective are relevant to the Group but have not been applied by the Group for the annual reporting period ending 30 June 2016:

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

Reference	Title	Summary	Application date of standard*	Application date for the Group
		Financial assets 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. c. Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases. *Financial liabilities* Changes introduced by AASB 9 in respect of financial liabilities are limited to the measurement of liabilities designated at fair value through profit or loss (FVPL) using the fair value option. Where the fair value option is used for financial liabilities, the change in fair value is to be accounted for as follows: ► The change attributable to changes in credit risk are presented in other comprehensive income (OCI) ► The remaining change is presented in profit or loss AASB 9 also removes the volatility in profit or loss that was caused by changes in the credit risk of liabilities elected to be measured at fair value. This change in accounting means that gains or losses attributable to changes in the entity's own credit risk would be recognised in OCI. These amounts recognised in OCI are not recycled to profit or loss if the liability is ever repurchased at a discount. Impairment The final version of AASB 9 introduces a new expected-loss impairment model that will require more timely recognition of expected credit losses. Specifically, the new Standard requires entities to account for expected credit losses from when financial instruments are first recognised and to recognise full lifetime expected losses on a more timely basis. Hedge accounting Amendments to AASB 9 (December 2009 & 2010 editions and AASB 2013-9) issued in December 2013 included the new hedge accounting requirements, including changes to hedge effectiveness testing, treatment of hedging costs, risk components that can be hedged and disclosures. Consequential amendments were also made to other standards as a result of AASB 9, introduced by AASB 2009-11 and superseded by AASB 2010-7, AASB 2010-10 and AASB 2014-1 – Part E. AASB 2014-7 incorporates the consequential amendments		

Reference	Title	Summary	Application date of standard*	Application date for the Group
		arising from the issuance of AASB 9 in Dec 2014. AASB 2014-8 limits the application of the existing versions of AASB 9 (AASB 9 (December 2009) and AASB 9 (December 2010)) from 1 February 2015 and applies to annual reporting periods beginning on after 1 January 2015.		
AASB 2014-3	Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations [AASB 1 & AASB 11]	AASB 2014-3 amends AASB 11 *Joint Arrangements* to provide guidance on the accounting for acquisitions of interests in joint operations in which the activity constitutes a business. The amendments require: (a) the acquirer of an interest in a joint operation in which the activity constitutes a business, as defined in AASB 3 *Business Combinations*, to apply all of the principles on business combinations accounting in AASB 3 and other Australian Accounting Standards except for those principles that conflict with the guidance in AASB 11 (b) the acquirer to disclose the information required by AASB 3 and other Australian Accounting Standards for business combinations This Standard also makes an editorial correction to AASB 11.	1 January 2016	1 July 2016
AASB 2014-4	Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to AASB 116 and AASB 138)	AASB 116 *Property Plant and Equipment* and AASB 138 *Intangible Assets* both establish the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset. The IASB has clarified that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. The amendment also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. This presumption, however, can be rebutted in certain limited circumstances.	1 January 2016	1 July 2016
AASB 15	Revenue from Contracts with Customers	AASB 15 *Revenue from Contracts with Customers* replaces the existing revenue recognition standards AASB 111 *Construction Contracts*, AASB 118 *Revenue* and related Interpretations (Interpretation *13 Customer Loyalty Programmes*, Interpretation 15 *Agreements for the Construction of Real Estate,* Interpretation 18 *Transfers of Assets from Customers*, Interpretation 131 *Revenue—Barter Transactions Involving Advertising Services* and Interpretation 1042 *Subscriber Acquisition Costs in the Telecommunications Industry*). AASB 15 incorporates the requirements of IFRS 15 *Revenue from Contracts with Customers* issued by the International Accounting Standards Board (IASB) and developed jointly with the US Financial Accounting Standards Board (FASB). AASB 15 specifies the accounting treatment for revenue arising from contracts with customers (except for contracts	1 January 2018	1 July 2018

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Reference	Title	Summary	Application date of standard*	Application date for the Group
		within the scope of other accounting standards such as leases or financial instruments).The core principle of AASB 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with that core principle by applying the following steps: (a) Step 1: Identify the contract(s) with a customer (b) Step 2: Identify the performance obligations in the contract (c) Step 3: Determine the transaction price (d) Step 4: Allocate the transaction price to the performance obligations in the contract (e) Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation AASB 2015-8 amended the AASB 15 effective date so it is now effective for annual reporting periods commencing on or after 1 January 2018. Early application is permitted. AASB 2014-5 incorporates the consequential amendments to a number Australian Accounting Standards (including Interpretations) arising from the issuance of AASB 15. AASB 2016-3 *Amendments to Australian Accounting Standards – Clarifications to AASB 15* amends AASB 15 to clarify the requirements on identifying performance obligations, principal versus agent considerations and the timing of recognising revenue from granting a licence and provides further practical expedients on transition to AASB 15.		
AASB 1057	Application of Australian Accounting Standards	This Standard lists the application paragraphs for each other Standard (and Interpretation), grouped where they are the same. Accordingly, paragraphs 5 and 22 respectively specify the application paragraphs for Standards and Interpretations in general. Differing application paragraphs are set out for individual Standards and Interpretations or grouped where possible. The application paragraphs do not affect requirements in other Standards that specify that certain paragraphs apply only to certain types of entities.	1 January 2016	1 July 2016
AASB 2015-1	Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012–2014 Cycle	The subjects of the principal amendments to the Standards are set out below: AASB 5 *Non-current Assets Held for Sale and Discontinued Operations:* • Changes in methods of disposal – where an entity reclassifies an asset (or disposal group) directly from being held for distribution to being held for sale (or visa versa), an entity shall not follow the guidance in paragraphs 27–29 to account for this change. AASB 7 *Financial Instruments: Disclosures:* • Servicing contracts - clarifies how an entity should	1 January 2016	1 July 2016

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

Reference	Title	Summary	Application date of standard*	Application date for the Group
AASB 16	Leases	The key features of AASB 16 are as follows: Lessee accounting • Lessees are required to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. • A lessee measures right-of-use assets similarly to other non-financial assets and lease liabilities similarly to other financial liabilities. • Assets and liabilities arising from a lease are initially measured on a present value basis. The measurement includes non-cancellable lease payments (including inflation-linked payments), and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or not to exercise an option to terminate the lease. • AASB 16 contains disclosure requirements for lessees. Lessor accounting • AASB 16 substantially carries forward the lessor accounting requirements in AASB 117. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently. • AASB 16 also requires enhanced disclosures to be provided by lessors that will improve information disclosed about a lessor's risk exposure, particularly to residual value risk. AASB 16 supersedes: (a) AASB 117 Leases (b) Interpretation 4 Determining whether an Arrangement contains a Lease (c) SIC-15 Operating Leases—Incentives (d) SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a lease The new standard will be effective for annual periods beginning on or after 1 January 2019. Early application is permitted, provided the new revenue standard, AASB 15 Revenue from Contracts with Customers, has been applied, or is applied at the same date as AASB 16.	1 January 2019	1 July 2019
2016-1	Amendments to Australian Accounting Standards – Recognition of Deferred Tax Assets for Unrealised Losses [AASB 112]	This Standard amends AASB 112 *Income Taxes* (July 2004) and AASB 112 *Income Taxes* (August 2015) to clarify the requirements on recognition of deferred tax assets for unrealised losses on debt instruments measured at fair value.	1 January 2017	1 July 2017
2016-2	Amendments to Australian Accounting	This Standard amends AASB 107 *Statement of Cash Flows* (August 2015) to require entities preparing financial	1 January 2017	1 July 2017

Reference	Title	Summary	Application date of standard*	Application date for the Group
	Standards – Disclosure Initiative: Amendments to AASB 107	statements in accordance with Tier 1 reporting requirements to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.		
IFRS 2 (Amendments)	Classification and Measurement of Share-based Payment Transactions [Amendments to IFRS 2]	This standard amends to IFRS 2 *Share-based Payment*, clarifying how to account for certain types of share-based payment transactions. The amendments provide requirements on the accounting for: • The effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments • Share-based payment transactions with a net settlement feature for withholding tax obligations • A modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled	1 January 2018	1 July 2018

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

The Group has decided against early adoption of these standards and interpretations. The Group has yet to assess the impact of these new and amended standards.

(e) Basis of consolidation

The consolidated financial statements comprise the financial statements of Cape Lambert Resources Limited (**Cape Lambert**) and its subsidiaries as at 30 June 2016 (the **Group**).

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

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

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

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

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

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

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

- De-recognises the assets (including goodwill) and liabilities of the subsidiary
- De-recognises the carrying amount of any non-controlling interests
- De-recognises the cumulative translation differences recorded in equity
- Recognises the fair value of the consideration received
- Recognises the fair value of any investment retained
- Recognises any surplus or deficit in profit or loss
- Reclassifies the parent's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities

Business combinations are accounted for using the acquisition method.

(f) Associates

Associates are entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting, after initially being recognised at cost. The Group's investment in associates includes goodwill (net of any accumulated impairment loss) identified on acquisition.

The Group's share of its associates' post-acquisition profits or losses is recognised in the consolidated statement of comprehensive income, and its share of post-acquisition movements in reserves is recognised in statement of comprehensive income and reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. Dividends receivable from associates reduce the carrying amount of the investment.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

(g) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position. Restricted cash relates to term deposits held with various financial institutions as security for bank guarantees.

(h) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Trade receivables are generally due for settlement within 30 days. They are presented as current assets unless collection is not expected for more than 12 months after the reporting date.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. An allowance account (provision for impairment of trade receivables) is used when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

The amount of the impairment loss is recognised in profit or loss. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in profit or loss.

(i) Property, Plant and Equipment

Plant and equipment is stated at cost less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the item. In the event that settlement of all or part of the purchase consideration is deferred, cost is determined by discounting the amounts payable in the future to their present value as at the date of acquisition.

Depreciation is provided on plant and equipment. Depreciation is calculated on a straight line basis so as to write off the net cost or other revalued amount of each asset over its expected useful life to its estimated residual value. The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period.

The following estimated useful lives are used in the calculation of depreciation:

Office equipment	3 years
Plant and equipment	3 years
Motor vehicles	3 years
Furniture and fittings	5 years
Leasehold improvements	over the period of the lease

(j) Financial Assets

Investments are recognised and derecognised on trade date where purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, net of transaction costs.

Other financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss', 'held-to-maturity' investments, 'available-for-sale' financial assets, and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. The Group has the following financial assets:

Financial Assets at Fair Value through Profit or Loss

Certain shares and options held for trading have been classified as financial assets at fair value through profit or loss. Financial assets held for trading purposes are stated at fair value, with any resultant gain or loss recognised in profit or loss. The fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on the reporting date. Assets in this category are classified as current assets if they are expected to be realised within 12 months otherwise they are classified as non-current assets.

Loans and Receivables

Trade receivables, loans, and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are recorded at amortised cost less impairment. Impairment is determined by review of the nature and recoverability of the loan or receivable with reference to its terms of repayments and capacity of the debtor entity to repay the debt. If the recoverable amount of a receivable is estimated to be less than its carrying amount, the carrying amount of receivable is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately. They are included in current assets, other than those with maturities greater than 12 months from reporting date which are classified as non-current assets.

Available for sale financial assets

Available for sale financial assets are those non-derivative financial assets, principally equity securities, that are designated as available for sale or are not classified as 'at fair value through profit or loss', 'held-to-maturity' investments or 'loans and receivables'. Available for sale financial assets are measured at fair value, or cost where fair value is unable to be reliably measured, until the investment is disposed of or determined to be impaired, at which time the gain or loss on disposal or the impairment is recognised in the profit or loss. They are included in non-current assets unless management intends to dispose of the investment within 12 months.

In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of a security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists 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 reclassified from equity and recognised in profit or loss as a reclassification adjustment. Impairment losses recognised in profit or loss on equity instruments classified as available-for-sale are not reversed through profit or loss.

(k) Debt and Equity Instruments Issued by the Group

Debt and equity instruments
Debt and equity instruments are classified as either liabilities or as equity in accordance with the substance of the contractual arrangement.

Interest and dividends
Interest and dividends are classified as expenses or as distributions of profit consistent with the statement of financial position classification of the related debt or equity instruments or component parts of compound instruments.

(l) Foreign Currency

Foreign currency transactions and balances

All foreign currency transactions occurring during the financial year are recognised at the exchange rate in effect at the date of the transaction. Foreign currency monetary items at reporting date are translated at the exchange rate existing at reporting date. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined.

Exchange differences are recognised in the profit or loss in the period in which they arise except those exchange differences which relate to assets under construction for future productive use which are included in the cost of those assets where they are regarded as an adjustment to interest costs on foreign currency borrowings.

Functional and presentation currency

Items included in the financial statements of each of the companies within the Group are measured using the currency of the primary economic environment in which they operate (the functional currency). The consolidated financial statements are presented in Australian dollars, which is Cape Lambert's functional and presentation currency.

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:

a. 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;
b. income and expenses for each statement of profit or loss and other comprehensive income are translated at average exchange rates (unless this 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
c. 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 are recognised in other comprehensive income. When a foreign operation is sold, a proportionate share of such exchange differences is reclassified to profit or loss, as part of the gain or loss on sale where applicable.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entities and translated at the closing rate.

(m) Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

(n) Employee Benefits

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave when it is probable that settlement will be required and they are capable of being measured reliably.

Provisions made in respect of employee benefits expected to be wholly settled within 12 months are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Provisions made in respect of employee benefits which are not expected to be wholly settled within 12 months are measured as the present value of the estimated future cash outflows to be made by the Group in respect of services provided by employees up to the reporting date.

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date.

Refer also to note 2(s) for accounting policy regarding share based payments.

(o) Provisions

Provisions are recognised when the Group has a present obligation, the future sacrifice of economic benefits is probable, and the amount of the provision can be measured reliably.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cashflows estimated to settle the present obligation, its carrying amount is the present value of those cashflows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that recovery will be received and the amount of the receivable can be measured reliably.

Costs of site restoration are provided over the life of the facility from when exploration commences and are included in the costs of that stage. Site restoration costs include the dismantling and removal of mining plant, equipment and building structures, waste removal, and rehabilitation of the site in accordance with clauses of the mining permits. Such costs have been determined using estimates of future costs, current legal requirements and technology.

Any changes in the estimates for the costs are accounted on a prospective basis. In determining the costs of site restoration, there is uncertainty regarding the nature and extent of the restoration due to community expectations and future legislation.

(p) 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 tested 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 other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

(q) Income Tax

Current Tax
Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

Deferred Tax
Deferred tax is accounted for using the comprehensive balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base of those items.

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither taxable income nor accounting profit. Furthermore, a deferred tax liability is not recognised in relation to taxable temporary differences arising from goodwill.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, branches, associates and joint ventures except where the Group is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with these investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period(s) when the asset and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Company/Group intends to settle its current tax assets and liabilities on a net basis. The Group has implemented the tax consolidation legislation. As a consequence, these entities are taxed as a single entity and the deferred tax assets and liabilities of these entities are set off in the consolidated financial statements.

Current and deferred tax for the period
Current and deferred tax is recognised as an expense or income in the statement of profit or loss and other comprehensive income except when it relates to items credited or debited directly to equity, in which case the deferred tax is also recognised directly in equity.

(r) Revenue recognition

Interest Revenue
Interest revenue is recognised using the effective interest rate method.

(s) Share-based Payments

Equity-settled share-based payments are measured at fair value at the date of grant. Fair value is measured by use of the Black-Scholes option pricing model. The expected life used in the model has been adjusted, based on management’s best estimate, for the effects of non-transferability and exercise restrictions.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group’s estimate of shares that will eventually vest.

For cash-settled share-based payments, a liability equal to the portion of the goods or services received is recognised at the current fair value determined at each reporting date.

(t) Exploration and Evaluation Expenditure

Exploration and evaluation expenditure incurred is accumulated in respect of each identifiable area of interest where right of tenure is current and active and significant operations are continuing in the area of interest. Costs associated with these identifiable areas of interests are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Accumulated costs in relation to an abandoned area are written off in full in the statement of profit or loss and other comprehensive income in the year in which the decision to abandon the area is made.

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

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

(u) Segment Reporting

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity), whose operating results are regularly reviewed by the entity’s chief operating decision makers to make decisions about resources to be allocated to the segments and assess their performance and for which discrete financial information is available. This includes start up operations which are yet to earn revenues.

Operating segments have been identified based on the information presented to the chief operating decision makers – being the executive management team.

Information about other business activities and operating segments that do not meet the quantitative criteria set out in AASB 8 "Operating Segments" are combined and disclosed in a separate category called "other".

(v) Earnings per Share

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

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 interests and other financing costs associated with dilutive potential ordinary shares and the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

(w) Business Combinations

The acquisition method of accounting is used to account for all business combinations. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition date fair values of the assets transferred by the acquirer, the liabilities incurred by the acquirer to the former owners of the acquiree and the equity issued by the acquirer, and the amount of any non controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Costs directly attributable to the acquisition are expensed.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured at fair value as at the acquisition date through profit or loss.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non controlling shareholders' interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the Group's share of the fair value of the identifiable net assets acquired, the difference is recognised directly in the statement of profit or loss and other comprehensive income, but only after a reassessment of the identification and measurement of the net assets acquired.

Any contingent consideration to be transferred by the acquiree is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognised in accordance with AASB 139 either in profit or loss or in other comprehensive income. If the contingent consideration is classified as equity, it shall not be remeasured.

(x) Leases

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Group as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the statement of profit or loss and other comprehensive income on a straight line basis over the period of the lease.

(y) Contributed equity

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

(z) Parent entity financial information

The financial information for the parent entity, Cape Lambert Resources Limited, disclosed in note 27 has been prepared on the same basis as the consolidated financial statements, except as set out below:

Investments in subsidiaries and associates

Investments in subsidiaries and associates are accounted for at cost in the financial statements of Cape Lambert Resources Limited. Dividends received from associates are recognised in the parent entity's statement of profit or loss and other comprehensive income, rather than being deducted from the carrying amount of these investments.

Tax consolidation legislation

Cape Lambert Resources Limited and the controlled entities in the tax consolidated group account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a stand-alone taxpayer in its own right.

In addition to its own current and deferred tax amounts, Cape Lambert Resources Limited also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

The entities have entered into a tax funding agreement under which the wholly-owned entities fully compensate Cape Lambert Resources Limited for any current tax payables assumed and are compensated by Cape Lambert Resources Limited for any current tax receivable and deferred tax assets relating to unused tax losses or unused tax credits that are transferred to Cape Lambert Resources Limited under the tax consolidation legislation. The funding amounts are determined by reference to the amounts recognised in the wholly-owned entities' financial statements.

The amounts receivable/payable under the tax funding agreement are due upon receipt of the funding advice from the head entity, which is issued as soon as practicable after the end of each financial year. The head entity may also require payment of interim funding amounts to assist with its obligation to pay tax instalments.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as current amounts receivable from or payable to other entities in the group.

Any difference between the amounts assumed and amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) wholly-owned tax consolidated entities.

(aa) Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the financial year but not distributed as balance date.

(ab) Critical Judgements in Applying the Group's Accounting Policies

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Exploration and Evaluation

The Group's accounting policy for exploration and evaluation is set out at note 2(t). The application of this policy necessarily requires management to make certain estimates and assumptions as to future events and circumstances, in particular, the assessment of whether economic quantities of reserves may be determined. Any such estimates and assumptions may change as new information becomes available. If, after having capitalised expenditure, it is determined that recovery of the expenditure by future exploitation or sale is unlikely, then the relevant capitalised amount is written off in the statement of profit or loss and other comprehensive income.

Income taxes

The Group is subject to income taxes in Australia and jurisdictions where it has foreign operations.

Significant judgement is required in determining the worldwide provision for income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Group estimates its tax liabilities based on the Group's understanding of the tax laws in the relevant jurisdictions. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

The Group recognises deferred tax assets relating to carried forward tax losses to the extent there are sufficient taxable temporary differences (deferred tax liabilities) relating to the same taxation authority against which the unused tax losses can be utilised. However, utilisation of the tax losses also depends on the ability of the entity to satisfy certain tests at the time the losses are recouped.

Impairment

The Group assesses impairment at each reporting date by evaluating conditions specific to the Group that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amounts of the assets are determined.

As at 30 June 2016, management have recognised impairment losses in respect of those assets which had a carrying value which exceeded their recoverable amounts.

Contingent assets and liabilities

The Company discloses its contingent assets and liabilities in note 20.

	2016 **$**	**2015** **$**
3. PROFIT/(LOSS) FROM OPERATIONS		
(a) Revenue		
Interest income	308,923	1,561,130
Interest income on royalty asset	-	1,748,332
Rental revenue	310,009	324,491
	618,932	3,633,953
(b) Other income		
Unrealised foreign currency exchange gain/(loss)	(8,998)	2,473,156
Realised foreign currency exchange gain/(loss)	52,773	(65,924)
Realised gain on sale of financial assets	50,684	31,828
Gain/(loss) on sale of fixed assets	140,425	(12,020)
Gain on sale of tenements	50,000	100,000
Gain on sale of interest in Central African Resources Limited	547,278	-
Other income	145,746	282,664
	977,908	2,809,704

(c) Depreciation and amortisation expense			
Depreciation of plant and equipment		(322,106)	(422,218)
Amortisation of leasehold improvements		(293,750)	(293,206)
	10	(615,856)	(715,424)
(d) Occupancy expenses			
Rental expense relating to operating leases - minimum lease payments		(698,468)	(810,221)
Other occupancy expenses		(538,320)	(538,928)
Provision for obligation under onerous leases		230,186	21,061
		(1,006,602)	(1,328,088)
(e) Other expenses			
Administration expenses		(490,477)	(963,027)
Other expenses		(213,932)	(164,241)
		(704,409)	(1,127,268)
(f) Gain / (loss) on fair value of financial assets through profit and loss			
Gain / (loss) fair value of financial assets (shares in listed entities) through profit and loss	8(a)	324,621	(1,107,737)
		324,621	(1,107,737)

4. INCOME TAXES

	2016 $	**2015 $**
Major components of income tax expense for the year are:		
Income statement		
Current income		
Current income tax charge / (benefit)	-	**(1,883)**
Income tax (benefit) / expense reported in income statement	-	**(1,883)**
Statement of changes in equity		
Income tax expense reported in equity	-	-

Reconciliation

A reconciliation of income tax expense / (benefit) applicable to accounting profit / (loss) before income tax at the statutory income tax rate to income tax expense / (benefit) at the Company's effective income tax rate for the year is as follows:

	2016 $	**2015 $**
Accounting profit / (loss) before income tax	(30,799,674)	(179,450,090)
Income tax benefit at the statutory income tax rate of 30% (2015: 30%)	(9,239,902)	(53,835,027)
Adjusted for :-		
Non-deductible expenses / Non-assessable income	83,884	113,712
Share based payments	49,976	32,819
Deferred tax assets and tax losses not recognised	927,960	3,266,543
Share of losses of associates	187,732	382,915
Impairment of loans and interest receivables	(4,060)	9,014,275
Impairment/de-recognition of exploration assets	6,723,635	42,257,941

Impairment loss on associates	1,028,265	-
Effective interest	-	(524,500)
Adjustments in respect of current and deferred tax of previous year	425,055	(795,786)
Other	(182,544)	85,225
Income tax expense / (benefit) reported in income statement	-	(1,883)

Recognised deferred tax assets and liabilities

The deferred tax liability balance comprises temporary differences attributable to:

	2016 $	2015 $
The deferred tax liability balance comprises temporary differences attributable to:		
Accrued income	427,515	(446,721)
Capitalised expenditure	-	(86,520)
Unrealised foreign exchange gains / losses	(672,648)	(806,780)
Financial assets	(252,310)	(252,310)
Deferred tax liability	(497,443)	(1,592,331)
The deferred tax asset balance comprises temporary differences attributable to:		
Accrued expenses and provisions	497,443	1,592,331
Deferred tax asset	497,443	1,592,331
Net deferred tax asset /(liability)	-	-

Movement in temporary differences during the current year

Consolidated	Balance 1 July 2015 $	Recognised in Income $	Balance 30 June 2016 $
Accrued income	(446,721)	874,236	427,515
Financial assets	(252,310)	-	(252,310)
Accrued expenses and provisions	1,592,331	(1,094,888)	497,443
Capitalised exploration expenditure	(86,520)	86,520	-
Unrealised foreign exchange gains / losses	(806,780)	134,132	(672,648)
Net deferred tax asset / (liability)	-	-	-

Movement in temporary differences during the prior year

Consolidated	Balance 1 July 2014 $	Recognised in Income $	Balance 30 June 2015 $
Accrued income	(466,976)	20,255	(446,721)
Financial assets	(252,310)	-	(252,310)
Accrued expenses and provisions	1,646,336	(54,005)	1,592,331
Capitalised exploration expenditure	(818,286)	731,766	(86,520)
Unrealised foreign exchange gains / losses	(108,764)	(698,016)	(806,780)
Net deferred tax asset / (liability)	-	-	-

	2016 $	2015 $
Unrecognised deferred tax assets		
Deferred tax assets have not been recognised in respect of the following items:		
Tax losses	61,667,892	86,034,725
@ 30%	18,500,368	25,810,417

The tax losses do not expire under current legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilise the benefits.

5. SHARE-BASED PAYMENT ARRANGEMENTS

Share-based payments granted during the current year

There were no share options granted during the current year.

Options outstanding at balance date

There were 7,675,000 options outstanding at 30 June 2016 (2015: 9,425,000).

Reconciliation of options on issue

The following reconciles the outstanding share options granted, exercised and lapsed during the financial year:

	2016		2015	
	Number of Options	Weighted Average Exercise Price $	Number of Options	Weighted Average Exercise Price $
Balance at beginning of the financial year	9,425,000	0.091	500,000	0.15
Granted during the financial year (i)	-	-	9,225,000	0.088
Exercised during the financial year	-	-	-	-
Lapsed during the financial year (ii)	(500,000)	0.15	-	-
Forfeited during the financial year (iii)	(1,250,000)	0.088	(300,000)	0.08
Balance at end of the financial year	7,675,000	0.088	9,425,000	0.091
Exercisable at end of the financial year	-	-	500,000	0.015

(i) During the current year, there were no share options issued. During the previous year 9,225,000 share options were issued at a weighted exercise price of $0.088.

(ii) During the current year, 500,000 (30 June 2015: nil) share options lapsed at a weighted average exercise price of $0.15.

(iii) During the current year, 1,250,000 (30 June 2015: 300,000) shares options were forfeited at a weighted average exercise price of $0.088 (30 June 2015: $0.08) due to employees or contractors ceasing to provide services.

Rights attaching to options

The Employee Incentive Scheme, approved by the shareholders in December 2000, entitles each option holder to one share exercisable any time up to or on the expiry date at the stated exercise price; does not confer the right to a change in exercise price; subject to the *Corporations Act 2001*, the ASX Listing Rules and the Company's Constitution are freely transferable; the shares, upon exercise of the options, will rank pari passu with the Company's then issued shares; will be applied for quotation; the Option Holder can participate in a pro rata issue to the holders of the underlying securities in the Company if the Options are exercised before the record date of an entitlement; in the event of any reconstruction of the issued capital of the Company, all rights of the option holder will be changed to the extent necessary to comply with the Listing Rules applying to the reconstruction of capital, at the time of the reconstruction.

6. REMUNERATION OF AUDITORS

The auditor of Cape Lambert Resources Limited is Ernst & Young Australia.

	2016 $	2015 $
Amounts received or due and receivable by Ernst & Young Australia for:		
An audit or review of the financial report of the entity and any other entity in the consolidated group	182,228	203,037
Tax	-	-
Other	-	500
	182,228	203,537
Amounts received or due and receivable by related practices of Ernst & Young Australia for:		
Tax	15,589	85,170
Other	43,534	-
	59,123	85,170
Amounts received or due and receivable by non-Ernst & Young audit firms for:		
An audit or review of the financial report of the entity and any other entity in the consolidated group	12,226	13,017
	12,226	13,017

7. TRADE AND OTHER RECEIVABLES

	Note	2016 $	2015 $
Trade and other receivables – current			
Trade debtors		3,537,472	3,440,182
GST recoverable and other debtors		93,458	79,703
Prepayments		369,379	521,588
Interest receivable		146,150	91,429
Deferred consideration receivable	(a)	2,500,000	2,500,000
Loans receivable	(b)	529,250	1,589,694
Allowance for doubtful debts		(5,911,129)	(5,738,257)
		1,264,580	2,484,339

(a) Deferred consideration receivable payable on the achievement of a production milestone. This receivable has been provided for in full as at 30 June 2016.

(b) Current loans receivable at balance date are made up as follows:

	Interest rate	Carrying value of loans 2016 $	 2015 $
Current			
Loan of $200,000 (i)	0%	-	200,000
Loan of $400,000 (ii)	12.0%	-	400,000
Loan of $200,000 and US$150,000 (iii)	10.0%	419,184	408,944

Convertible loan note of $250,250 (iv)	15.0%	159,250	250,250
Loan of $370,000 (v)	10.0%	370,000	320,000
Loan of USD$8,000,000 (vi)	Libor + 6%	10,447,200	10,447,200
Loan of GBP 200,000 (vii)	10.0%	-	410,500
Carrying value of loans		11,395,634	12,436,894
Impairment of receivables		(10,866,384)	(10,847,200)
Current carrying value at amortised cost at balance date		529,250	1,589,694

	Note	2016 $	2015 $
Movements:			
Opening balance		1,589,694	1,450,000
Payment on subscription to/(receipts from) convertible loan notes		(156,750)	250,250
Loans advanced/interest accrued		115,750	11,176,144
Loans to associated entities		-	410,500
Repayment of loans		(200,000)	(650,000)
Conversion of convertible loan notes		(810,500)	(200,000)
Impairment of loans receivable		(19,184)	(10,847,200)
Foreign exchange movements		10,240	-
Current carrying value at amortised cost at balance date		529,250	1,589,694

(i) In June 2015, the Company advanced $200,000 to Latin Resources Limited (**Latin**). In part consideration for the loan agreement, the Company was issued with 10,000,000 shares in Latin and 10,000,000 share options in Latin exercisable at $0.01 each on or before 25 December 2016. On 4 November 2015, Latin repaid $40,000 and the balance of $160,000 was repaid in April and May 2016.

(ii) In December 2012, the Company advanced $400,000 to Global Strategic Metals Limited (**Global**). Interest is payable at 12% per annum. In part consideration for the loan agreement, the Company was issued 3,200,000 share options in Global exercisable at $0.10 each on or before 31 January 2015. In July 2014, a Deed of Cancellation of Options was entered into cancelling the 3,200,000 options. In September 2014, a deed of assignment and variation was entered into, assigning the loan from Global to European Lithium Limited (**Euro Lithium**). In January 2015, a deed of variation was entered into, extending the repayment date to 30 June 2015. In November 2015, a deed of variation was entered into, extending the repayment date to 31 December 2015. In January 2016, a deed of variation was entered into, extending the repayment date to 30 April 2016. In March 2016, the loan (including interest) was converted into 52,835,220 ordinary shares in Euro Lithium.

(iii) In May 2014 the Company advanced a short term loan of $200,000 to International Goldfields Limited (ASX: IGS). Interest is payable at 10% per annum and repayment is due on 30 June 2015. In May 2015, the Company advanced a further short term loan of US$150,000 to IGS. In part consideration for the loan agreement, the Company will receive an arrangement fee of US$10,000 and default interest on overdue amounts is payable at 10% per annum. The loans were due for repayment on 18 May 2015. The loans have been provided for in full as at 30 June 2016.

(iv) In August 2014, the Company entered into a converting loan agreement with Kiwanda Mines (NA) LLC for $250,250. The loans were due for repayment or conversion on 12 August 2015. During the year, the Company received cash of $91,000 for the partial redemption of the convertible note.

(v) In November 2014, the Company advanced a loan of $320,000 to Allegra Capital Pty Ltd (**Allegra**). Interest is payable at 10% per annum and repayment is due on or before 25 May 2016. In May 2016, a deed of variation was entered into extending the repayment date to 31 October 2016. In May 2016, the Company advanced a further short term loan of $50,000 to Allegra. Interest is payable at 10% per annum and the loan is due for repayment on 31 October 2016.

(vi) On 22 October 2014, the Company announced that it had entered into a US$20 million funding agreement with Timis Mining (**Agreement**) to assist it with the acquisition of London Mining's Marampa Iron Ore Mine (**Mine**) from the administrator of London Mining PLC. The Agreement was divided into two parts, being (a) US$8 million Bridging Finance loan and US$12 million for the purchase of a royalty (refer to Note 8(c)). The bridging finance loan of US$8 million was repayable in October 2015 and incurs interest of 3 month US LIBOR (London interbank offered rate) + 6%. This loan was provided for in full as at 30 June 2016.

(vii) In December 2014, the Company entered into a converting loan agreement with European Lithium Limited (**Euro Lithium**) for £100,000. Interest is payable at 10% per annum and the loan was due for repayment on 30 June 2015. In November 2015, a deed of variation was entered into, extending the repayment date to 31 December 2015. In January 2016, a deed of variation was entered into, extending the repayment date to 30 April 2016. In May 2015, the Company entered into a second loan agreement with Euro Lithium for £100,000. Interest is payable at 10% per annum and the loan was due for repayment on 30 June 2015. In November 2015, a deed of variation was entered into, extending the repayment date to 31 December 2015. In January 2016, a deed of variation was entered into, extending the repayment date to 30 April 2016. In March 2016, the loans (including interest) were converted into 43,248,360 ordinary shares in Euro Lithium.

Risk Exposure

The Group's exposure to risk is discussed in more detail in note 26. An impairment allowance of $10,866,384 in the current year (30 June 2015: $10,847,200) has been raised in relation to loans past due or where there is doubt over the full recovery of the receivable.

Movements in the impairment allowance:

	2016 $	2015 $
Opening balance at beginning of the year	10,847,200	2,900,000
Impairment of loans receivable	19,184	10,847,200
Doubtful debts written off	-	(2,900,000)
	10,866,384	10,847,200

8. OTHER FINANCIAL ASSETS

	Note	2016 $	2015 $
Financial Assets at Fair value through Profit or Loss			
Shares in listed entities	(a)	1,350,477	1,515,864
Call options		68,799	68,799
		1,419,276	1,584,663
Financial Assets accounted for as Available-for-sale			
Shares in unlisted entities	(b)	100,000	100,000
Royalty asset	(c)	-	-
		100,000	100,000
Total Financial Assets		1,519,276	1,684,663

(a) Movements in the carrying amount of the shares in listed entities

	Note	2016 $	2015 $
Carrying value at beginning of the year		1,515,864	2,071,281
Shares in listed entity received upon advance of loan		-	321,725
Purchase of equity investments		30,000	289,132
Reclassification of financial asset at fair value through profit or loss to		(332,172)	-

associate			
Gain/(Loss) on fair value of financial assets through profit or loss	3 (f)	324,621	(1,107,737)
Disposal of equity investments		(189,586)	(58,537)
Other		1,750	-
		1,350,477	1,515,864

(b) Movements in the carrying amount of the shares in unlisted entities

	2016 $	2015 $
Movements:		
Carrying value at beginning of year (cost less impairment)	100,000	3,086,669
Impairment of investment	-	(2,986,669)
	100,000	100,000

(c) Royalty asset

On 22 October 2014, the Company announced that it had entered into a US$20 million funding agreement with Timis Mining (**Agreement**) to assist it with the acquisition of London Mining's Marampa Iron Ore Mine (**Mine**) from the administrator of London Mining PLC. The Agreement was divided into two parts, being (a) US$8 million Bridging Finance loan and US$12 million for the purchase of a royalty (**Royalty Purchase**). Pursuant to the Royalty Purchase, Cape Lambert will receive US$2 per tonne of iron concentrate exported from the Mine (**Royalty**), payable on a quarterly basis on production of 24mt from the Mine from the date of the first export shipment of iron ore from the Mine, being 28 December 2014.

The Royalty asset has been classified as an available-for-sale financial asset valued using a discounted cash flow model (level 3 in the fair value hierarchy). The key input into the valuation method is expected future shipments.

	2016 $	2015 $
Movements:		
Carrying value at beginning of the year	-	-
Purchase of royalty asset	-	13,766,142
Interest recognised based on the effective interest rate method	-	1,748,333
Cash proceeds received	-	(390,469)
Royalties due and payable	-	(3,238,257)
Foreign exchange	-	1,007,144
Impairment of royalty asset	-	(12,892,893)
	-	-

(d) Impairment and Risk exposure

Investments in unlisted entities are classified as available for sale financial assets. Available for sale financial assets are measured at fair value, or cost where fair value cannot be reliably measured until the investment is disposed of or determined to be impaired, at which time the gain or loss on disposal or the impairment is recognised in the profit or loss. Management have recognised an impairment loss of nil (30 June 2015: $2,986,669) in relation to the unlisted investments during the year ended 30 June 2016.

The Group's exposure to risk is discussed in note 26.

9. RESTRICTED CASH

	2016 $	2015 $
Current		
Term deposits (a)	33,339	32,754
Application funds (b)	968,131	-
	1,001,470	32,754
Movements:		
Opening balance at beginning of the year	32,754	16,431
Application funds received by Fe Limited	1,189,109	-
Application funds refunded by Fe Limited	(220,978)	-
Payment of restricted cash in relation to environmental bonds / performance bonds	-	12,500
Exchange differences	585	3,823
	1,001,470	32,754
Non current		
Term deposits (a)	81,833	81,833

(a) Restricted cash relates to term deposits, which are not readily accessible to the Group, held with financial institutions as security for bank guarantees issued to:
- Various environmental regulatory departments in respect of the potential rehabilitation of exploration areas; and
- Landlords of leased properties.

(b) During the current year, Fe Limited (**ASX: FEL**) (**FEL**), a subsidiary of the Group, announced that it had signed a binding conditional terms sheet to acquire 100% of Cardinal House Group Pty Ltd who is a provider of online social gaming products and real money gambling platforms. At 30 June 2016, applications for $968,131 (**Applications**) had been received under a minimum capital raising offer of $2,000,000 (up to a maximum of $2,200,000) (**Offer**) per FEL's Prospectus dated 23 March 2016 as supplemented by the Supplementary Prospectus dated 22 June 2016. On 30 June 2016, FEL were issued a final order in respect of its Prospectus from the Australian Securities Investment Commission (**ASIC**). Application funds received as at 30 June 2016 are included in the statement of financial position at balance date as restricted cash. A contra liability has been included in the statement of financial position at balance date. As at the date of this report, all the Application funds have been returned to applicants. The Group owns a 49.78% interest in FEL.

Risk Exposure

The Group's exposure to risk is discussed in note 26.

10. PROPERTY, PLANT AND EQUIPMENT

	Plant & Equipment $	Buildings $	Motor Vehicles $	Furniture & Fittings $	Leasehold Improvements $	Total $
Cost						
At 1 July 2014	**1,506,537**	**929,929**	**514,562**	**836,916**	**1,640,928**	**5,428,872**
Additions	33,184	-	36,103	635	-	69,922
Write down (a)	(72,318)	-	-	-	(200,144)	(272,462)
Exchange differences	(71,037)	105,381	(181,756)	121,847	23,567	(1,998)
At 30 June 2015	**1,396,366**	**1,035,310**	**368,909**	**959,398**	**1,464,351**	**5,224,334**
Additions	33,425	-	-	140	-	33,565
Write down (a) (b)	(688,320)	(1,003,323)	(275,053)	(726,674)	-	(2,787,804)
Exchange differences	(21,324)	35,457	13,183	9,710	-	131,551
At 30 June 2016	**720,147**	**67,535**	**107,039**	**242,574**	**1,464,351**	**2,601,646**
Accumulated depreciation						
At 1 July 2014	**(971,020)**	**(186,575)**	**(300,693)**	**(734,537)**	**(894,830)**	**(3,087,655)**
Depreciation expense	(250,076)	(49,658)	(85,608)	(36,876)	(293,206)	(715,424)
Write down (a)	56,955	-	-	-	166,677	223,632
Exchange differences	17,184	(14,807)	109,643	(97,606)	9,931	24,345
At 30 June 2015	**(1,146,957)**	**(251,040)**	**(276,658)**	**(869,019)**	**(1,011,428)**	**(3,555,102)**
Depreciation expense	(130,581)	(88,417)	(53,945)	(49,163)	(293,750)	(615,856)
Write down (a) (b)	603,643	370,024	257,571	719,663	-	2,045,426
Exchange differences	35,504	(30,567)	8,115	(5,308)	-	(86,781)
At 30 June 2016	**(638,391)**	**-**	**(64,917)**	**(203,827)**	**(1,305,178)**	**(2,212,313)**

	Plant & Equipment $	Buildings $	Motor Vehicles $	Furniture & Fittings $	Leasehold Improvements $	Total $
Net Book Value						
At 1 July 2014	**535,519**	**743,354**	**213,870**	**102,379**	**746,098**	**2,341,220**
Additions	33,184	-	36,103	635	-	69,922
Write down (a)	(15,363)	-	-	-	(33,467)	(48,830)
Depreciation expense	(250,076)	(49,658)	(85,608)	(36,876)	(293,206)	(715,424)
Exchange differences	(53,855)	90,574	(72,114)	24,241	33,498	22,344
At 30 June 2015	**249,409**	**784,270**	**92,251**	**90,379**	**452,923**	**1,669,232**
Additions	33,425	-	-	140	-	33,565
Write down (a) (b)	(84,677)	(633,208)	(17,482)	(7,011)	-	(742,378)
Depreciation expense	(130,581)	(88,417)	(53,945)	(49,163)	(293,750)	(615,856)
Exchange differences	14,180	4,890	21,298	4,402	-	44,770
At 30 June 2016	**81,756**	**67,535**	**42,122**	**38,747**	**159,173**	**389,333**

(a) The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate. The impairment loss represents the write down of certain plant and equipment to the recoverable amount. An item of property, plant and equipment initially recognised is derecognised when no future economic benefits are expected from use or its disposal.

(b) Impairment of $630,579 was recognised on fixed assets associated with the Guinea exploration activities, on the basis of an arms-length transaction, which the directors believe represents fair value in an orderly transaction (level 3 in the fair value hierarchy).

11. EXPLORATION AND EVALUATION EXPENDITURE

	2016 $	2015 $
Exploration and evaluation phases	-	15,683,601
Movements:		
Carrying value at beginning of the year	15,683,601	125,755,066
Exploration and evaluation expenditure capitalised during the year	6,740,613	13,488,286
Exploration assets divested during the year	(456,543)	(75,000)
Exploration expenditure impaired during the year (a)	(3,295,324)	(140,859,803)
Exploration expenditure de-recognised during the year (a)	(19,116,791)	-
Foreign currency gains / (losses)	444,444	17,375,052
Total exploration and evaluation phases	-	15,683,601

The value of the exploration expenditure is dependent upon:

- the continuance of the rights to tenure of the areas of interest;
- the results of future exploration; and
- the recoupment of costs through successful development and exploitation of the areas of interest, or alternatively, by their sale.

Certain of Cape Lambert's exploration properties may be subjected to claim(s) under native title, or contain sacred sites, or sites of significance to Indigenous people. As a result, exploration properties or areas within the tenements may be subject to exploration restrictions, mining restrictions and/or claims for compensation. At this time, it is not possible to quantify whether such claims exist, or the quantum of such claims.

(a) Impairment and de-recognition
During the year ended 30 June 2016, Cape Lambert recognised impairment losses in respect of capitalised exploration and evaluation to the extent of $3,295,324 (30 June 2015: $140,859,803) as described below. The Company de-recognised capitalised exploration to the extent of $19,116,791 on projects that are on care and maintenance and no longer met the criteria for deferral under the Group's accounting policy as active and significant operations are not continuing at balance date.

The estimated recoverable amount of the Cote D'Ivoire project at the 31 December 2015 interim reporting date was determined to be $410,970 on the basis of fair value less costs to dispose (level 3 in the fair value hierarchy), resulting in impairment of $3,295,324 recognised on the project. The project was subsequently sold, with proceeds of $456,543 received.

12. INVESTMENTS IN ASSOCIATED ENTITIES

	2016 $	2015 $
Investments in associates accounted for using the equity method	1,371,805	3,629,855

(a) Investment details

	Percentage held at balance date 2016 %	Percentage held at balance date 2015 %	Year ended 2016 $	Year ended 2015 $
Cauldron Energy Limited[1]	14.9	17.1	1,205,718	1,652,560
Kupang Resources Limited[2]	12.6	12.6	-	-

Global Strategic Metals Limited[3]	27.4	27.4	-	-
European Lithium Limited[3]	26.2	21.9	-	1,977,295
International Goldfields Limited[4]	21.4	-	166,087	-
			1,371,805	3,629,855

[1]Although the Company holds less than a 20% interest in Cauldron Energy Ltd (**Cauldron**), this investment is equity accounted given the significant influence the Company has through Mr Sage's role on the board of the company and the interchange of management personnel.

[2] On 28 May 2015 receivers and managers were appointed to Kupang Resources Limited (**Kupang**), and was ultimately placed into voluntary administration. Kupang was removed from the official list of the Australian Securities Exchange on 31 August 2015.

[3] On 15 August 2014 Global Strategic Metals Limited (**GSZ**) was removed from the official list of the Australian Securities Exchange following the demerger and pro-rata in specie distribution of 80% of the shares in European Lithium Limited. In line with the demerger GSZ retained the Elizabeth Hill project and European Lithium Limited retained the Wolfsberg Lithium project. Shareholders retained their shareholding in GSZ and were issued shares in European Lithium Limited on a pro-rata in specie distribution basis. The value of Cape Lambert's investment in GSZ was largely transferred to European Lithium given the value of the Wolfsberg Lithium project relative to the Elizabeth Hill project.

[4] During the period, the investment in International Goldfields Limited (**IGS**) was reclassified from financial assets at fair value through profit or loss to associate. The securities of IGS were suspended from official quotation on 16 March 2016.

(b) Movements in the carrying amount of the investment in associates

	2016 $	2015 $
Balance at beginning of period	3,629,855	3,652,394
Reclassification from financial assets to associate	332,173	-
Acquisition of shares in associates	14,089	299,756
Disposal of shares in associates	-	(26,801)
Conversion of convertible loan notes, accrued interest and other receivables	1,284,168	633,913
Share of losses of associates recognised during the year	(625,774)	(1,276,384)
Share of reserves of associates recognised during the year	164,843	346,975
Impairment loss (e)	(3,427,549)	-
	1,371,805	3,629,855

(c) Fair value of investments in listed associates

The fair value of listed associates has been determined by reference to published price quotations in an active market (level 1 in the fair value hierarchy).

	2016 $	2015 $
Cauldron Energy Limited	2,834,846	4,723,644

There was no quoted market price available for European Lithium Limited at 30 June 2016 as it was unlisted. Kupang was removed from the official list of the Australian Securities Exchange on 31 August 2015. Global Strategic Metals Limited was removed from the official list of the Australian Securities Exchange on 15 August 2014. The securities of IGS were suspended from official quotation on 16 March 2016.

(d) Summarised financial information

Cauldron Energy Ltd

The Group has a 14.9% interest in Cauldron Energy Limited (**CXU**), which is an ASX-listed mineral exploration company with uranium prospective tenements in Western Australia, South Australia and Argentina. The Group's interest in CXU is accounted for using the equity method in the consolidated financial statements. The following table illustrates the summarised financial investment of the Group's investment in CXU:

	2016 $	2015 $
Current assets	4,039,747	3,487,090
Non-current assets	9,514,407	10,647,005
Current liabilities	(530,840)	(2,589,189)
Non-current liabilities	-	-
Equity	**13,023,314**	**11,544,906**
Group's carrying amount of the investment	**1,205,718**	**1,652,560**

	2016 $	2015 $
Revenue	7,375	6,352
Other income	1,233,829	(396,348)
Depreciation	(154,476)	(124,625)
Finance costs	-	(22,634)
Loss before tax	**(3,978,324)**	**(6,712,800)**
Income tax expense	-	-
Loss for the year	**(3,978,324)**	**(6,712,800)**
Total comprehensive income for the year	**(4,126,319)**	**(6,709,508)**
Group's share of profit for the year	**(625,774)**	**(1,221,384)**

The associate had no contingent liabilities or capital commitments as at 30 June 2016.

(e) Impairment assessment

The carrying amounts of the investments in associates were assessed for impairment at 30 June 2016. An impairment loss of $3,427,549 has been recognised (2015: nil) on the investment in unlisted entity European Lithium Limited as the information available at balance date did not indicate that the Company's investment would be recovered in full.

13. TRADE AND OTHER PAYABLES

Current	2016 $	2015 $
Unsecured		
Trade payables	252,989	769,767
Other creditors and accruals	2,498,083	427,796
Withholding tax payable	2,527,175	2,527,175
	5,278,247	3,724,738

Risk Exposure

The Group's exposure to risk is discussed in note 26.

Terms and Conditions

Terms and conditions relating to the above financial instruments:

(i) Trade creditors are non-interest bearing and are normally settled on 30 day terms.

(ii) Sundry creditors and accruals are non-interest bearing and have an average term of 30 days.

14. PROVISIONS

	2016 $	2015 $
Current provisions		
Employee entitlements	35,188	34,662
Provision for obligations under onerous lease (a)	467,206	300,028
Other	56,522	80,323
	558,916	415,013
Non-Current provisions		
Provision for obligations under onerous lease (a)	4,454	401,818
	4,454	401,818

(a) Provisions are made for obligations under onerous operating leases when the properties are not used by the Group and the net costs of exiting from the leases exceed the economic benefits expected to be received. Cape Lambert Minsec Pty Ltd (**Cape Lambert Minsec**), a wholly owned subsidiary of the Company, has a lease obligation for office premises located in Golden Square, London. The lease of these premises terminates on 2 July 2017. Cape Lambert Minsec has entered into sub-lease agreements for office premises located in Golden Square, London until 2 July 2017.

15. ISSUED CAPITAL

	2016 $	2015 $
720,868,586 fully paid ordinary shares (2015: 626,686,586)	193,581,578	189,786,328

Ordinary shares participate in dividends and the proceeds on winding up of the Company in proportion to the number of shares held and in proportion to the amount paid up on the shares held. At shareholders meetings, each ordinary share is entitled to one vote in proportion to the paid up amount of the share when a poll is called, otherwise each shareholder has one vote on a show of hands.

Movement in ordinary shares on issue

	Ordinary fully paid shares	
2016	**Number**	**$**
Shares on issue at 1 July 2015	626,686,586	189,786,328
Placement	94,000,000	3,995,000
Costs associated with capital issues	-	(199,750)
Shares on issue at 30 June 2016	**720,686,586**	**193,581,578**
2015		
Shares on issue at 1 July 2014	634,727,857	190,685,855
Shares cancelled as part of on-market buyback	(8,041,271)	(899,527)
Shares on issue at 30 June 2015	**626,686,586**	**189,786,328**

Capital Risk Management

The Group's objective when managing capital is to safeguard its ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including "borrowings" and "trade and other payables" as shown in the statement of financial position) less cash and cash equivalents. Total capital is calculated as "equity" as shown in the statement of financial position plus net debt.

	2016 $	2015 $
Total Trade and other payables	3,227,373	3,724,738
less: Cash and cash equivalents	(5,614,871)	(9,033,714)
Net (cash)/debt	(2,387,498)	(5,308,976)
Total equity	4,433,420	29,758,422
Total capital	4,096,796	24,449,446
Gearing ratio	0%	0%

16. RESERVES

	2016 $	2015 $
Foreign currency translation reserve	22,007,507	21,116,525
Share based payments reserve	2,434,680	2,079,450
Business combination reserve	(1,389,138)	(1,603,919)
Available for sale reserve	1,750	-
	23,054,799	21,592,056
Foreign currency translation reserve		
Balance at beginning of financial year	21,116,525	2,478,621
Foreign currency exchange differences arising on translation of foreign operation	914,783	18,637,140
Share of movement of associate's foreign currency translation reserve	(23,801)	764
Balance at end of financial year	22,007,507	21,116,525
Share based payments reserve		
Balance at beginning of financial year	2,079,450	1,623,840
Share of movement of associate's share based payments reserve	188,643	346,211
Share based payments	166,587	109,399
Balance at end of financial year	2,434,680	2,079,450
Business combination reserve		
Balance at beginning of financial year	(1,603,919)	(1,603,919)
Increase in non-controlling interest	214,781	-
Balance at end of financial year	(1,389,138)	(1,603,919)
Available for sale reserve		
Balance at beginning of financial year	-	-
Fair value gain recognised through equity	1,750	-
Balance at end of financial year	1,750	-

Nature and Purpose of Reserves

Foreign currency translation reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of financial statements of foreign subsidiaries.

Share based payments reserve
The share based payments reserve records items recognised as expenses on valuation of employee share options, and options issued to directors and consultants.

Business combination reserve
The business combination reserve is used to record the differences which may arise as a result of transactions with non-controlling interests that do not result in a loss of control.

Available for sale reserve
The available for sale reserve is used to record the value of fair value gains or losses in respect of available for sale investments.

17. RETAINED EARNINGS / (ACCUMULATED LOSSES)

	2016 $	2015 $
Balance at beginning of financial year	(181,696,558)	9,746,310
Loss for the year	(30,470,607)	(178,909,136)
Dividend paid (a)	-	(12,533,732)
Balance at end of financial year	(212,167,165)	(181,696,558)

(a) On 8 August 2014, following the successful settlements with the ATO and MCC, the Company announced the payment of 4cps in fully franked dividends. The payment of the first fully franked dividend of 2cps was made on 31 October 2014. On 7 January 2015, the Company announced the cancellation of the second fully franked dividend of 2cps originally scheduled to be paid on 27 February 2015.

18. LOSS PER SHARE

	2016 Cents per Share	2015 Cents per Share
Basic loss per share (a)	(4.69)	(28.52)
Diluted loss per share (b)	(4.69)	(28.52)

(a) Basic Loss per Share
The loss and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

	2016 $	2015 $
Loss for the year	(30,470,607)	(178,909,136)

	2016 Number	2015 Number
Weighted average number of ordinary shares for the purposes of basic earnings per share	650,315,001	627,294,592

(b) Diluted Loss per Share
The earnings and weighted average number of ordinary shares used in the calculation of diluted earnings per share are as follows:

	2016 $	2015 $
Loss for the year	(30,470,607)	(178,909,136)

	2016 Number	2015 Number
Weighted average number of ordinary shares for the purposes of diluted earnings per share (c).	650,315,001	627,294,592

(c) Weighted average number of shares

	2016 Number	2015 Number
Weighted average number of ordinary shares for the purposes of basic (loss) / earnings per share	650,315,001	627,294,592
Effect of dilution:		
Share options	-	-
	650,315,001	627,294,592

There are 7,675,000 share options (30 June 2015: 9,425,000) excluded from the calculation of diluted earnings per share that could potentially dilute basic earnings per share in the future because they are anti-dilutive for the current period presented.

Since 30 June 2016 and prior to the date of release of these financial statements, nil share options (30 June 2015: nil) have been forfeited and nil share options (30 June 2015: nil) have been exercised.

19. COMMITMENTS

	2016 $	2015 $
Operating lease commitments		
Minimum lease payments not provided for in the financial report and payable:		
not later than one year	571,356	462,070
later than one year but not later than five years	1,648,685	1,836,836
later than five years	-	-
Aggregate expenditure contracted for at balance date but not provided for	2,220,041	2,298,906

On 1 April 2012 the Company entered into an office premises lease agreement (as varied by a deed of variation dated 22 June 2015) terminating on 31 March 2020. The Company has entered into a series of sub-lease agreements with terms to 31 March 2017 or 31 March 2020 whereby the Company is entitled to receive a total of $571,891 in rental income. In addition, rental income is received from various other companies under sub-lease arrangements with no fixed terms. The above minimum lease payments have not been adjusted for any sub-lease rental income payments.

20. CONTINGENT ASSETS AND LIABILITIES

Contingent asset for future royalties payable from the Mayoko Iron Ore Project

In March 2012, Johannesburg Stock Exchange listed Exxaro Resources Limited completed a takeover offer for all of the shares and listed options in African Iron Limited, a company in which the Company held 126,700,000 shares, delivering $72.2 million in cash to the Company. African Iron Limited owns the Mayoko Iron Ore Project which is located in the Republic of Congo (**Mayoko Project**). As part of the takeover transaction, the Company retains a production royalty of AUD$1.00 (indexed annually to the CPI) per tonne of iron ore shipped from the Mayoko Project (**Mayoko Royalty**). On 6 February 2014, the Company released an announcement advising shareholders that Exxaro Resources Limited has been granted a Mining Convention for the Mayoko Project. As at 30 June 2016, the Company has not recognised any amount for the Mayoko Royalty as a receivable.

21. SUBSIDIARIES

Name of Entity	Country of Incorporation	Ownership Interest 2016 %	2015 %
Parent entity			
Cape Lambert Resources Limited	Australia	-	-
Subsidiaries			
African Minerals Exploration Pty Ltd	Australia	100%	100%
Aurora (Bermuda) Minerals Limited	Bermuda	100%	100%
Aurum (Cote d'Ivoire) SA Limited	Cote d'Ivoire	100%	100%
Aurex (Bermuda) Limited[1]	Bermuda	100%	100%
Aurex Cote d'Ivoire SA Limited	Cote d'Ivoire	-	100%
Australis Exploration Pty Ltd	Australia	-	100%
Buka Minerals Pty Ltd	Australia	-	100%
Cape Lambert Minsec Pty Ltd	Australia	100%	100%
Danae Resources Pty Ltd	Australia	100%	100%
Dempsey Resources Bermuda Limited	Bermuda	100%	100%
Dempsey Resources Pty Ltd	Australia	100%	100%
Fe Limited	Australia	49.78%	57.74%
Marampa Iron Ore (Bermuda) Limited	Bermuda	100%	100%
Marampa Iron Ore Limited[1]	British Virgin Islands	100%	100%
Marampa Iron Ore (SL) Limited	Sierra Leone	100%	100%
Metals Exploration (Australia) Pty Ltd	Australia	100%	100%
Metals Exploration (Bermuda) Limited[1]	Australia	100%	100%
Metals Exploration (Cote D'Ivoire) SA	Cote d'Ivoire	100%	100%
Metal Exploration (Mauritius) Limited	Mauritius	100%	100%
Metal Exploration (SL) Limited	Sierra Leone	100%	100%
Mineral Exploration (Bermuda) Limited[1]	Bermuda	100%	100%
Mineral Assets (Bermuda) Limited[1]	Bermuda	100%	100%
Mineral Projects Pty Ltd[1]	Australia	100%	100%
Mineral Resources (Bermuda) Limited	Bermuda	100%	100%
Mineral Securities Investments (Australia) Pty Ltd	Australia	100%	100%
Mineral Securities Limited[1]	British Virgin Islands	100%	100%
Mineral Securities Operations Pty Ltd	Australia	100%	100%
Mineral Securities (UK) Ltd	UK	100%	100%
Minerals Exploration (Cote d'Ivoire) SA	Cote d'Ivoire	-	100%
Mining International Pty Ltd	Australia	100%	100%
Mining Quest Pty Ltd	Australia	-	100%
Minsec Investments (BVI) Limited[1]	British Virgin Islands	100%	100%
Mt Anketell Pty Ltd	Australia	-	100%
Multiplex Resources (Kazakhstan) Limited	United Kingdom	100%	100%
Pinnacle Group Assets Limited[1]	British Virgin Islands	100%	100%
Pinnacle Group Assets Limited SA	Guinea	-	100%
Pinnacle Group Assets (SL) Limited	Sierra Leone	100%	100%

[1] In the process of being liquidated

22. SEGMENT INFORMATION

AASB 8 Operating Segments requires operating segments to be identified on the basis of internal reports that are regularly reviewed by the Chief Operating Decision Maker (CODM) to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available. In the case of the

Group the CODM are the executive management team and all information reported to the CODM is based on the consolidated results of the Group as one operating segment, as the Group's activities relate to mineral exploration.

Accordingly, the Group has only one reportable segment and the results are the same as the Group results.

Information by geographical region

The analysis of the location of non-current assets other than financial instruments and deferred tax assets is as follows:

	2016 **$**	**2015** **$**
Australia	1,566,634	4,499,342
West Africa	194,504	16,565,179
	1,761,138	21,064,521

Revenue by geographical region

	2016 **$**	**2015** **$**
Australia	618,834	3,633,953
West Africa	98	-
	618,932	3,633,953

23. RELATED PARTY DISCLOSURES

Subsidiaries

The consolidated financial statements include the financial statements of Cape Lambert Resources Limited and the subsidiaries listed in note 21.

Ultimate parent

The ultimate Australian parent entity is Cape Lambert Resources Limited.

Transactions with related parties

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

Agreements entered into with related parties

Office lease agreement with Okewood Pty Ltd

On 1 April 2012 the Company entered into a lease agreement with Okewood Pty Ltd, a company owned by Tony Sage, for the lease of 32 Harrogate Street, West Leederville WA 6007, as varied by a deed of variation dated 22 June 2015 (**Lease Agreement**). The term of the Lease Agreement is 1 April 2012 to 31 March 2020 with an option to extend. The lease is based on an area of 1,148m² at a rent of $459,200 (excluding GST) per annum, subject to an annual CPI increase, with variable outgoings and parking charged separately at market rates.

Sub-lease agreements for office space

The Company entered into fixed term sub-lease agreements with the following related entities:

- International Petroleum Limited (lease term expiring 31 March 2017)

- Cauldron Energy Limited (lease term expiring 31 March 2020)
- African Petroleum Corporation Limited (parties agreed to terminate the lease with effect 30 September 2015)

The lease covers the rental, outgoings and parking charges under agreements made on commercial terms and conditions at market rates. Refer to the table below which summarises the recharges.

European Lithium loan

In December 2012, the Company advanced $400,000 to Global Strategic Metals Limited (**Global**). Interest is payable at 12% per annum. In part consideration for the loan agreement, the Company has been issued with 3,200,000 share options in Global exercisable at $0.10 each on or before 31 January 2015. In July 2014, a Deed of Cancellation of Options was entered into cancelling the 3,200,000 options. In September 2014, a deed of assignment and variation entered into, assigning the loan from Global to European Lithium Limited. In January 2015, a deed of variation was entered into, extending the repayment date to 30 June 2015. In November 2015, a deed of variation was entered into, extending the repayment date to 31 December 2015. In January 2016, a deed of variation was entered into, extending the repayment date to 30 April 2016.

In December 2014, the Company entered into a converting loan agreement with European Lithium Limited (**Euro Lithium**) for £100,000. Interest is payable at 10% per annum and the loan was due for repayment on 30 June 2015. In November 2015, a deed of variation was entered into, extending the repayment date to 31 December 2015. In January 2016, a deed of variation was entered into, extending the repayment date to 30 April 2016.

In May 2015, the Company entered into a loan agreement with Euro Lithium for £100,000. Interest is payable at 10% per annum and the loan was due for repayment on 30 June 2015. In November 2015, a deed of variation was entered into, extending the repayment date to 31 December 2015. In January 2016, a deed of variation was entered into, extending the repayment date to 30 April 2016.

In March 2016, all outstanding loans (including interest) of $1,008,140 were converted into 96,083,580 ordinary shares in Euro Lithium.

In March 2016, outstanding creditor invoices, mainly relating to the sub-lease agreement for the third floor, 14 Golden Square, London, W1F 9JF, of $276,028 was converted into 26,306,441 ordinary shares in Euro Lithium.

Cape Lambert currently holds 226,891,596 shares in Euro Lithium.
Mr. Sage is a director of Euro Lithium.

Cauldron Energy Limited loan

In November 2013, the Company entered into a short term loan agreement with Cauldron Energy Limited (**Cauldron**) which was converted into Cauldron shares at a conversion rate of $0.13 per share. Interest was payable at 10% per annum. In October 2014, the loan (including interest) of $218,443 was converted into 1,680,330 ordinary shares in Cauldron.

In March 2014 the Company entered into a converting loan agreement with Cauldron. Pursuant to the Converting Loan Agreement, the loan funds, subject to receipt of shareholder approval at Cauldron's 2014 Annual General Meeting, will automatically convert into ordinary shares in the Company. A total $650,000 was drawn down by Cauldron. On 4 August 2014, $325,000 was repaid in cash with the final amount of $349,852 (including interest) repaid in cash on 1 October 2014.

Mr. Sage is a director of Cauldron Energy Limited.

The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year.

		Sales to related parties	Purchases from related parties	Consulting fees paid	Amounts owed by related parties	Amounts owed to related parties
Related entities with common directors:						
African Petroleum Corporation Limited	2016	-	-	-	19,135	-
African Petroleum Corporation Limited	2015	46,048	-	-	19,135	-
International Petroleum Limited	2016	108,123	-	-	18,683	-
International Petroleum Limited	2015	126,610	-	-	-	-
Associate entities:						
Global Strategic Metals Limited	2016	42,942	-	-	42,942	-
Global Strategic Metals Limited	2015	239,180	-	-	-	-
Cauldron Energy Limited	2016	238,422	-	-	5,515	-
Cauldron Energy Limited	2015	407,464	-	-	5,119	-
Kupang Resources Limited	2016	-	-	-	-	-
Kupang Resources Limited	2015	723,608	-	-	-	-
European Lithium Limited	2016	191,154	-	-	53,237	-
European Lithium Limited	2015	135,463	-	-	941,615	-
Director related entities:						
Perth Fashion Festival Pty Ltd	2016	-	7,887	-	-	-
Perth Fashion Festival Pty Ltd	2015	-	14,879	-	-	-
Perth Glory Football Club	2016	-	54,473	-	2,587	-
Perth Glory Football Club	2015	360	64,950	-	360	-
Okewood Pty Ltd	2016	-	575,470	700,000	-	-
Okewood Pty Ltd	2015	32,860	611,386	1,105,000	-	-

Perth Fashion Festival Pty Ltd, Okewood Pty Ltd and Okewood Pty Ltd trading as Perth Glory Football Club are entities controlled by Tony Sage.

Key management personnel

The following table discloses the remuneration of the directors and key management personnel of the Company:

	2016 $	2015 $
Short-term employee benefits	1,269,694	2,404,350
Post-employment benefits	23,750	23,750
Share based payments	93,605	68,570
Long term employee benefits	19,230	28,565
	1,406,279	2,525,235

Detailed remuneration disclosures are provided in the remuneration report.

24. EVENTS SUBSEQUENT TO REPORTING DATE

In July 2016, the Company announced that its shareholding in Cauldron Energy Limited (ASX: CXU) (**Cauldron**) increased to 18.21% following the off-market acquisition of 9,498,318 shares. These shares are subject to a six month escrow period which expires on 5 January 2017

On 26 August 2016, Cape Lambert announced that it had entered into a new consultancy agreement with Okewood Pty Ltd to provide the services of Chairman of Cape Lambert.

On 20 September 2016, European Lithium Limited (ASX: EUR) commenced trading on the ASX.

25. NOTES TO THE CASH FLOW STATEMENT

(a) Reconciliation of Cash and Cash Equivalents

For the purposes of the cash flow statement, cash and cash equivalents includes cash on hand and in banks. Cash and cash equivalents at the end of the financial year as shown in the cash flow statement is reconciled to the related items in the balance sheet as follows:

	2016 $	2015 $
Cash and cash equivalents		
Cash in banks and on hand	5,614,871	9,033,714
Deposits at call	-	-
Cash and cash equivalents per consolidated statement of cash flows	5,614,871	9,033,714
Cash and cash equivalents per consolidated statement of financial position	5,614,871	9,033,714

(b) Reconciliation of Net Profit/ (loss) to Net Cash Flows from Operating Activities

	2016 $	2015 $
Loss from ordinary activities	(30,799,674)	(179,448,207)
Adjusted for non-cash items:		
Loss/(gain) on disposal of tenement interests	(597,962)	(31,828)
Loss/(gain) on fair value of financial assets through profit & loss	(324,621)	1,107,737
Non cash effective interest income	-	(1,748,332)
Non cash nominal interest income	-	(130,411)
Depreciation and amortisation of non-current assets	615,856	715,424
Share of losses of associates	625,774	1,276,384
Gain on sale of fixed assets	(140,425)	-
Impairment of fixed assets	742,378	-
Impairment of VAT receivable	39,253	-
Impairment of investment in associate	3,427,549	-
Share based payments	166,587	109,398
Exploration expenditure de-recognised during the year	19,116,791	-
Impairment of capitalised exploration	3,295,324	140,859,803
Provision for impairment of investments	-	2,986,669
Provision for impairment of loans and receivables	(52,787)	11,416,434
Provision for onerous leases	(230,186)	(21,061)
Impairment of royalty asset	-	12,892,893
Unrealised foreign currency exchange gains	(24,075)	(2,473,156)
Impairment of receivable	174,386	6,521,402
Other	-	(186,182)
Changes in net assets and liabilities		
(Increase)/decrease in trade and other receivables	(447,031)	(1,618,451)
(Increase)/decrease in provisions	(167,178)	(90,063)
Increase / (decrease) in trade and other payables	(41,219)	(2,059,396)
Increase / (decrease) in income tax payable	-	(2,297,014)
Net cash used in operating activities	(4,621,260)	(12,217,957)

(c) Non-Cash Activities

No significant non-cash investing or financing transactions occurred during the year ended 30 June 2016.

26. FINANCIAL RISK MANAGEMENT

The Group is exposed to a variety of financial risks including market risk (currency risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to meet its financial targets whilst minimising potential adverse effects on financial performance. The Group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks and aging analysis for credit risk. Risk management is carried out by the Board.

The Group holds the following financial instruments:

	2016 $	2015 $
Financial assets:		
Cash and cash equivalents	5,614,871	9,033,714
Restricted cash	1,083,303	114,587
Trade and other receivables	1,264,580	2,484,339
Other financial assets	1,519,276	1,684,663
	9,482,030	13,317,303
Financial liabilities:		
Trade and other payables	5,278,247	3,724,738
Application funds	968,131	-
	6,246,378	3,724,738

(a) Market Risk

(i) Foreign Currency Risk

The Group operates internationally and is exposed to foreign exchange risk arising from commercial transactions. The Group converted assets and liabilities into the functional currency where balances were denominated in a currency other than the Australian dollars.

The Group also has transactional currency exposures. Such exposure arises from sales or purchases by an operating entity in currencies other than the functional currency.

At the reporting date, the Group had the following exposure to foreign currency:

	2016 $	2015 $
Financial assets:		
Cash and cash equivalents - USD	US$443,961	US$73,022
Cash and cash equivalents - CFA	CFA13,268,577	CFA9,739,013
Cash and cash equivalents - SLL	SSL52,727,285	SLL204,266,934
Cash and cash equivalents - GNF	-	GNF18,133,015

Movement of 10% in the foreign currency exchange rates as at 30 June 2016 would not have a material impact on the consolidated loss or equity.

Managements have set up a policy to monitor and measure this risk using sensitivity analysis and cash flow forecasting.

(ii) Cash Flow Interest Rate Risk

The Group's exposure to market interest rates relates primarily to the Group's cash and cash equivalents. The Group is exposed to movements in market interest rates on short term deposits.

At the reporting date, the Group had the following variable rate cash and cash equivalents and restricted cash:

	2016 $	2015 $
Financial assets:		
Cash and cash equivalents	5,614,871	9,033,714
Restricted cash	1,083,303	114,587
	6,698,174	9,148,301
Weighted average interest rate	0.95%	2.77%

Movement of 50 basis points on the interest rate (considered a reasonably possible change) would not have a material impact on the consolidated loss or equity.

(iii) Price Risk

The Group is exposed to equity securities price risk. This arises from investments held and classified on the statement of financial position as at fair value through profit or loss. The Group is not exposed to commodity price risk.

To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio which is done in accordance with the limits set by the Board of Directors.

The majority of the Group's equity investments are publicly traded on the Australian Stock Exchange (ASX).

A movement of 10% in the fair value of financial assets at fair value through profit and loss (considered a reasonably possible change) on the Group's post tax loss for the year and on equity would not have been material.

(b) Credit Risk

Credit risk is managed on a consolidated basis. Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the Group. The Group has adopted the policy of only dealing with credit worthy counterparties and obtaining sufficient collateral or other security where appropriate, as a means of mitigating the risk of financial loss from defaults. The credit risk on financial assets, excluding investments, of the Group, which have been recognised on the statement of financial position, is the carrying amount, net of any provision for doubtful debts.

The Group is exposed to credit risk as a result of subscribing to loan notes and convertible loan notes issued by listed and unlisted entities. This credit risk is managed by obtaining adequate security over the loans, generally in the form of a fixed and floating charge over the assets of the borrower. Details of the loan notes and convertible loan notes to which the Group had subscribed during the year are listed in note 7.

The Company holds 99% (2015: 95%) of its cash and cash equivalents with banks with a Moody's credit rating on Aa2.

Financial assets:	2016 $	2015 $
Cash and cash equivalents and restricted cash	6,698,174	9,148,301
Loans and receivables	1,264,580	2,484,339
Other financial assets	1,519,276	1,684,663
	9,482,029	13,317,303

(c) Liquidity Risk

The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows in relation to its operational, investing and financing activities. At the reporting date, the Group had no financing arrangements in place. All financial liabilities are current and expected to settle within six months.

(d) Fair Value Estimation

The fair value of financial assets and liabilities must be estimated for recognition and measurement or for disclosure purposes. The Directors consider that the carrying amounts of financial assets and financial liabilities recorded in the financial statements approximate their fair values as the carrying values less impairment provisions of trade receivables / other receivables and payables are assumed to approximate their fair values due to their short-term nature.

AASB 7 Financial Instruments: Disclosures requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

(a) quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1)
(b) inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (level 2), and
(c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

The following table presents the Group's assets measured at fair value at 30 June 2016.

	Level 1 $	Level 2 $	Total $
Financial assets			
Financial assets at Fair value through Profit and Loss:			
Shares in listed entities	1,350,477	-	1,350,477
	1,350,477	-	1,350,477

The following table presents the Group's assets measured at fair value at 30 June 2015.

	Level 1 $	Level 2 $	Total $
Financial assets			
Financial assets at Fair value through Profit and Loss:			
Shares in listed entities	1,515,864	-	1,515,864
	1,515,864	-	1,515,864

27. PARENT ENTITY FINANCIAL INFORMATION

(a) Summary financial information

The individual financial statements of the parent entity show the following aggregate amounts:

	2016 $	2015 $
Statement of financial position		
Current assets	5,637,613	9,688,714
Total assets	6,009,840	90,590,962
Current liabilities	(2,752,989)	(2,911,382)

Total liabilities	(64,058,110)	(84,052,330)
Shareholders' equity		
Issued capital	193,581,578	189,786,328
Reserves	1,632,860	1,471,034
Retained earnings	(253,262,708)	(184,718,730)
Total equity /(deficit)	**(58,048,270)**	**6,538,632**
Net profit / (loss) for the year	**(68,543,978)**	**(137,395,917)**
Total comprehensive income / (loss)	**(68,543,978)**	**(137,395,917)**

(b) Guarantees entered into by the parent entity

The parent entity has provided financial guarantees in respect of environmental performance bonds for subsidiaries during the current year amounting to nil (2015: nil).

(c) Tax Consolidation

The Company and its 100% owned controlled entities have formed a tax consolidated group. Members of the Group have entered into a tax sharing arrangement in order to allocate income tax expense to the wholly owned controlled entities on a pro-rata basis. The agreement provides for the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations. At balance date, the possibility of default is remote. The head entity of the tax consolidated group is Cape Lambert Resources Limited.

Tax Effect Accounting by Members of the Tax Consolidated Group

Members of the tax consolidated group have entered into a tax funding agreement. The tax funding agreement provides for the allocation of current taxes to members of the tax consolidated group. Deferred taxes are allocated to members of the tax consolidated group in accordance with a group allocation approach which is consistent with the principles of AASB 112 Income Taxes. The allocation of tax under the tax funding agreement is recognised as an increase/decrease in the controlled entities' intercompany accounts with the tax consolidated group head Company, Cape Lambert Resources Limited. In this regard the Company has assumed the benefit of tax losses from controlled entities of $825,886 (2015: $686,600) as of the balance date. The Company has received a payment from the controlled entities of $nil (2015: nil) as of the balance date in respect of the current year tax liability for the tax consolidated group. The nature of the tax funding agreement is such that no tax consolidation contributions by or distributions to equity participants are required.

DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Cape Lambert Resources Limited, I state that:

1. In the opinion of the directors:

   (a) the financial statements and notes of Cape Lambert Resources Limited for the financial year ended 30 June 2016 are in accordance with the *Corporations Act 2001*, including:

   (i) giving a true and fair view of the financial position of the Group as at 30 June 2016 and of its performance, for the period ended on that date; and

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

   (iii) complying with International Financial Reporting Standards as disclosed in note 2(c).

   (b) Subject to the matters set out in note 2(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.

2. The Directors have been given the declarations required by Section 295A of the *Corporations Act 2001* from the Chief Executive Officer and Chief Financial Officer for the year ended 30 June 2016.

Signed in accordance with a resolution of the Directors:

Tony Sage
Director

Perth, 28 September 2016

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11 Mounts Bay Road
Perth WA 6000 Australia
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Independent auditor's report to the members of Cape Lambert Resources Limited

Report on the financial report

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

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal controls as the directors determine are necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 2, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with International Financial Reporting Standards.

Auditor's responsibility

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

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

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

Independence

In conducting our audit we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the Directors' Report.

Opinion

In our opinion:

a. the financial report of Cape Lambert Resources Limited is in accordance with the *Corporations Act 2001*, including:

   i. giving a true and fair view of the consolidated entity's financial position as at 30 June 2016 and of its performance for the year ended on that date

   ii. complying with Australian Accounting Standards and the *Corporations Regulations 2001*

b. the financial report also complies with International Financial Reporting Standards as disclosed in Note 2.

Emphasis of matter

Without modifying our opinion, we draw attention to Note 2 in the financial report, which describes the principal conditions that raise doubt about the consolidated entity's ability to continue as a going concern. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business.

Report on the Remuneration Report

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

Opinion

In our opinion, the Remuneration Report of Cape Lambert Resources Limited for the year ended 30 June 2016 complies with section 300A of the *Corporations Act 2001*.

Ernst & Young

G H Meyerowitz
Partner
Perth
28 September 2016

Cape Lambert Resources Limited is a listed public company, incorporated in Australia.

The Company's registered and principal place of business is 32 Harrogate Street, West Leederville, Western Australia 6007 Australia.

Shareholding

The distribution of members and their holdings of equity securities in the Company as at 31 August 2016 are as follows:

Category (size of holding)	Total Holders	Number of Units
1- 1,000	194	82,515
1,001- 5,000	1,073	3,361,759
5,001- 10,000	861	7,325,651
10,001- 100,000	1,898	75,080,767
100,001 – 999,999,999	626	634,835,894
Total	**4,652**	**720,686,586**

Equity Securities

As at 31 August 2016, there were 4,652 shareholders, holding 720,686,586 fully paid ordinary shares.

All issued ordinary shares carry one vote per share and are entitled to dividends.

The number of shareholders holding less than a marketable parcel of shares is 2,993.

Options

The Company currently has 7,675,000 unlisted options exercisable at $0.088 each on or before 18 December 2016.

Voting Rights

In accordance with the Company's constitution, on show of hands every member present in person or by proxy or attorney or duly authorised representative had one vote. On a poll every member present in person or by proxy or attorney or duly authorised representative has one vote for every fully paid ordinary share held. Options do not carry a right to vote.

Substantial Holders

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

	Fully paid ordinary shareholders	Number as per the Notice	% held of Issued Capital at the time of Notice
1	African Minerals Limited	105,808,628	14.68
2	Gulf Energy International Limited	94,000,000	13.04
3	Okewood Pty Ltd and PG Partnership	72,766,681	10.10

Twenty Largest Shareholders

The names of the twenty largest fully paid ordinary shareholders as at 31 August 2016 are as follows:

	Name	Number of Fully Paid Ordinary Shares Held	% held of Issued Capital
1	AFRICAN MINERALS LIMITED	105,808,628	14.68
2	GULF ENERGY INTERNATIONAL LIMITED	94,000,000	13.04
3	OKEWOOD PTY LTD	72,516,681	10.06
4	CITICORP NOMINEES PTY LIMITED	23,615,889	3.28
5	KEONG LIM PTY LIMITED <SK LIM FAMILY A/C>	14,804,487	2.05
6	MRS YVONNE EL-BAYEH	13,181,203	1.83
7	ABN AMRO CLEARING SYDNEY NOMINEES PTY LTD <CUSTODIAN A/C>	12,883,801	1.79
8	J P MORGAN NOMINEES AUSTRALIA LIMITED	5,772,257	0.80
9	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	5,371,169	0.75
10	FRED PARRISH INVESTMENTS PTY LTD <PARRISH FAMILY A/C>	5,303,535	0.74
11	GANBARU PTY LTD <THE PARRISH SUPER FUND A/C>	5,269,465	0.73
12	OPTICAL & HEARING PTY LTD	4,144,000	0.58
13	MR VU NGOC LE	3,683,242	0.51
14	MR JING SHA + MRS ZIN ZHANG <NOBLE ART A/C>	3,583,755	0.50
15	MR GEORGE CHIEN HSUN LU + MRS JENNY CHIN PAO LU	3,540,000	0.49
16	DALE ESTATES PTY LTD <DALE SUPERANNUATION A/C>	3,500,000	0.49
17	MR HANS PETER MOLLER	3,200,000	0.44
18	MR JOHN FINLAY MCKENZIE ROWLEY	3,059,224	0.42
19	ELSTREE HOLDINGS PTY LTD <THE DALE INVESTMENT A/C>	3,000,000	0.42
20	BOONYIN INVESTMENTS PTY LIMITED	2,600,000	0.36
		388,837,336	**53.95**

Schedule of Mineral Tenements Held at 1 September 2016

Tenement	Locality	Tenement Name	Interest
EPM 17449	Queensland	Wee MacGregor	100%
EPM 17907	Queensland	Wee MacGregor	100%
EPM 17910	Queensland	Wee MacGregor	100%
EPM 25860	Queensland	Wee MacGregor	100%
ML 90098	Queensland	Wee MacGregor	100%
ML 2504	Queensland	Wee MacGregor	100%
ML 2771	Queensland	Wee MacGregor	100%
ML 2773	Queensland	Wee MacGregor	100%
EL11/2011	Sierra Leone	Gbahama	100%
EL13/2011	Sierra Leone	Gbinti	100%
EL15/2011	Sierra Leone	Lankono	100%
EL16/2011	Sierra Leone	Makonkari	100%
EL17/2011	Sierra Leone	Karina	100%
EL18/2011	Sierra Leone	Kukuna North	100%
EL19/2011	Sierra Leone	Lankona North	100%
EL20/2011	Sierra Leone	Marampa East	100%
EL21/2011	Sierra Leone	Mawanka	100%
EL22/2011	Sierra Leone	Kambia East	100%
EL23/2011	Sierra Leone	Magbosi	100%
EL24/2011	Sierra Leone	Gbangbama	100%
EL25/2011	Sierra Leone	Gbinti West	100%
EL22/2012	Sierra Leone	Kukuna	100%
EL46A/2011	Sierra Leone	Marampa	100%
EL46B/2011	Sierra Leone	Marampa	100%
ML05/2014	Sierra Leone	Marampa	100%
EL284*	Cote D'Ivoire	Katiola	100%
EL285*	Cote D'Ivoire	Boundiali North	100%
EL286*	Cote D'Ivoire	Bouake	100%

* Pending transfer to a subsidiary of Newcrest Mining Limited.

Cape Lambert Resources Ltd

www.capelam.com.au

CAPE LAMBERT RESOURCES LIMITED
AND ITS CONTROLLED ENTITIES
ABN 71 095 047 920