



AMEX RESOURCES LIMITED AND CONTROLLED ENTITIES

ABN 55 089 826 237

ANNUAL REPORT

For year ended

30 June 2016

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DIRECTORS' REPORT

Your directors present their report on the Company and the Group for the year ended 30 June 2016, consisting of Amex Resources Limited and the entities it controlled at the end of, or during the year ended 30 June 2016.

DIRECTORS

The names of the directors in office at any time during the year or since the end of the year and up to the date of this report are:

Hon Richard Alston
Matthew Collard
Yibo Qiu

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

PRINCIPAL ACTIVITIES

The principal activity of the Group is mineral exploration and development.

RESULTS OF OPERATIONS

The Group incurred a net loss of \$17,078,017. (2015: loss of \$19,079,735).

DIVIDENDS

No dividends have been declared or paid during the financial year. No recommendation to pay dividends has been made since the end of the financial year to the date of this report.

REVIEW OF OPERATIONS

During the year the Group made an operating net loss of (\$17,078,017) (30 June 2015: (\$19,079,735)). \$11,717,900 of the loss relates to non-cash transactions (2015: \$9,173,564). The main component of this loss is borrowing cost expenses associated with short term loan facilities in the amount of \$12,785,600 (2015: \$11,389,554).

The Company entered into a USD76.3 million FIDIC construction contract with CCCC First Harbor Consultants Co. Ltd (FHC). The construction process formally commenced 1 May 2016.

The Company appointed a Fiji based engineering firm to be the FIDIC Engineer for the project.

Amex has continued prosecuting its dispute with MCCO and has commenced proceedings under the auspices of the International Chamber of Commerce (ICC).

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Significant changes in the state of affairs of the Group during the financial year were as follows:

The Board accepted terms for a USD30 million loan facility and a USD50 million underwriting facility. The USD30 million loan was fully drawn down in November 2015.

The Group executed a FIDIC design, procurement and construction contract on its Mba Delta ironsands project in Fiji in the amount of USD76.3 million.

The Company paid USD12,800,000 as an advance payment on this contract after receiving a bank guarantee under the terms of the contract.

The Group is pursuing a claim against MCCO for loss and damages through an arbitral process under the FIDIC contract terms.

The spot price of iron ore fines quoted as 62% Platts has steadied during the year. The Board's view, supported by a credentialed independent expert report, is that over the life of the Mba Delta project, the current oversupply

situation will revert to a more normal balanced demand supply position. As a consequence, the project's low operating costs will ensure the robust economics of the operation.

EVENTS SINCE THE END OF THE FINANCIAL YEAR

A General Meeting of Shareholders held 17 August 2016 approved six resolutions including the issue of a conditional call option to the construction contractor, approval to place up to 80,000,000 shares, ratification of previous issues of options to unrelated parties, approval to issue Director options to two Director's and approval to grant a security to a related party.

Special Prospecting Licence 1463 has been renewed for a further three years by the Mineral Resources Department of Fiji. SPL1463 surrounds the Company's existing mining lease ground.

At the 17 August 2016 General Meeting of Shareholders, two resolutions issuing options over shares to Directors, Mr Collard (3,000,000 @ \$0.80, forty eight month term) and Mr Qiu (1,000,000 @ \$0.80, forty eight month term) were approved by shareholders and the options have been issued prior to the date of this report.

Except for those items discussed above, no other matter or circumstance has arisen since 30 June 2016 that has significantly affected, or may significantly affect:

- (a) the Group's operations in future financial years, or
- (b) the results of those operations in future financial years, or
- (c) the Group's state of affairs in future financial years.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

Further developments and expected results of operations not disclosed in this Directors' report, the Chairman's letter or elsewhere in this report, to the date of this report, are considered insufficiently developed or so variable in nature as to quantification they remain unable to be accurately reported.

ENVIRONMENTAL REGULATION

The Group's operations are subject to significant environmental regulation under the law of the Commonwealth of Australia, State and Local Authorities as well as the regulations of the Republic of Fiji. Details of the Group's exposure in relation to environmental regulation are as follows:

Exploration activities are subject to significant environmental regulation under the Western Australian Mining Act 1978 and Environmental Protection Act 1986. Similarly, Fijian exploration activities are regulated by the Environment Management Act 2005 and the Mining Act 1966. These affect, amongst other issues, waste disposal, water and air pollution.

There have been no instances of material non-compliance with regulations governing the exploration activities during the financial year.

The Directors have considered compliance with the National Greenhouse and Energy Reporting Act 2007 which requires entities to report annual greenhouse gas emissions and energy use. For the measurement period 1 July 2015 to 30 June 2016 the directors have assessed that there are no current reporting requirements, but may be required to do so in the future.

INFORMATION ON DIRECTORS

Hon Richard Alston – Non-Executive Chairman

Experience and expertise

Richard Alston is a member of the global advisory board of London based hedge fund CQS LLP, a director of CQS Investment Management (Australia) Pty Ltd, Chairman of advisory board, Qato Capital Pty Ltd, member of national board, CPAA and Balmoral Gardens Pty Ltd. Since 2004 he has been an Adjunct Professor in the Business School at Bond University, Queensland. His previous corporate positions have included non-executive chairman and director of a number of listed public and private companies both in Australia and overseas.

From 2005-08 he was Australian High Commissioner (Ambassador) to the United Kingdom and a Commissioner of the Commonwealth War Graves Commission.

From March 1996 to October 2003 he served as Minister for Communications, Information Technology and the Arts in the Australian Federal Parliament.

Prior to entering Parliament, he practiced as a barrister, with extensive experience in common law, commercial and administrative law. He holds Masters Degrees in Law and Business Administration from Monash University and Bachelor degrees in Law, Arts and Commerce from Melbourne University.

Other current directorships – Nil

Former directorships in the last 3 years

Chime PLC 2008 – 2013.

Interest in shares and options

2,000,000 unlisted options in Amex Resources Limited.

Matthew Collard– *Managing Director.*

Experience and expertise

Matthew has been an executive director of the Group since November 2005 and Managing Director since June 2007. He was part of the original Board that was appointed following the completion of the external administration in 2005. Since then he has been responsible for the restructuring, listing and financing of the Company, and has been actively involved in the project generation, exploration, feasibility studies and development of the group.

Under his management Amex has discovered a 220 million tonne Indicated Resource of magnetite-bearing iron sands, obtained mining and environmental approvals, completed detailed design, signed a significant off-take agreement and negotiated a lump sum FIDIC contract for construction of the iron sands project.

Matthew's corporate management in recent years has focused on raising funds through sophisticated investors predominantly in China and has been responsible for all government liaison with Amex's iron sands project in Fiji. Matthew gained a Bachelor of Agricultural Economics at the University of Sydney and then completed post graduate studies at Oxford University.

Other current directorships - Nil

Former directorships in the last 3 years - Nil

Interest in shares and options

1,310,000 ordinary shares in Amex Resources Limited.

3,000,000 unlisted options in Amex Resources Limited – issued post year end.

Yibo Qiu - Executive Director of Marketing

Experience and expertise

Non-executive director since 20 September 2007, appointed executive director May 2012. Significant debt and capital raising expertise throughout the Chinese province of Nanjing.

Other current directorships - Nil

Former directorships in the last 3 years - Nil

Special responsibilities

Yibo was appointed executive director of marketing in May 2012

Interest in shares and options

5,500,000 ordinary shares in Amex Resources Limited.

1,000,000 unlisted options in Amex Resources Limited – issued post year end.

Company Secretary

The Company Secretary is Gary Dunlop. Mr Dunlop was appointed to the position of Company Secretary on 20 September 2007. Mr Dunlop is responsible for preparation of financial statements and management reports including the maintenance of accounts and Company records. In addition, he is responsible for lodgement of statements with ASIC and co-ordination of independent audits of the Company accounts. Mr Dunlop has an interest in 1,371,526 ordinary shares and 500,000 unlisted options in Amex Resources Limited. Mr Dunlop also holds the position of Remuneration Officer.

MEETINGS OF DIRECTORS

The number of meetings of the Company's board of directors held during the year and the numbers of meetings attended by each director were:

<i>Name of director</i>	<i>Number of meetings attended</i>	<i>Number of meetings held during term of office</i>
Matthew Collard	3	3
Yibo Qiu	3	3
Hon Richard Alston	3	3

AUDIT COMMITTEE MEETINGS

The Audit committee was disbanded in 2012 on the resignation of two WA based non-executive members. The responsibilities of the audit committee continue to be undertaken by the Board of Directors.

REMUNERATION REPORT

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

The report contains the following sections:

- (a) Key management personnel disclosed in this report
- (b) Remuneration policy
- (c) Contracts with Directors
- (d) Use of remuneration consultants
- (e) Voting and comments made at the company's 2015 Annual General Meeting
- (f) Details of remuneration
- (g) Share based compensation
- (h) Equity instrument disclosures relating to key management personnel
- (i) Other transactions with key management personnel

(a) Key management personnel disclosed in this report

Non-Executive and Executive Directors – See Directors' Report for information on each Director

Hon Richard Alston
Matthew Collard
Yibo Qiu

Other Key Management Personnel

Dr Chris Ure – General Manager
Gary Dunlop – Company Secretary

(b) Remuneration policy

The remuneration policy of Amex Resources Limited has been designed to align director and executive objectives with shareholder and business objectives by providing a fixed remuneration component. The board of Amex Resources Limited believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best executives and directors to run and manage the Company, as well as create goal congruence between directors, executives and shareholders.

The board manages the remuneration policy, setting the terms and conditions for executive directors and other senior executives. All executives receive a base salary (which is based on factors such as length of service and experience) and superannuation. Further remuneration including fringe benefits, options and performance incentives may be paid dependent upon individual performance, contract terms and the discretion of the board.

Directors and top executive remuneration is detailed below in this directors' report.

All remuneration paid to directors and executives is valued at the cost to the Company and expensed. Shares given 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 methodology. The Black-Scholes option pricing model takes into account the option exercise price.

REMUNERATION REPORT (CONTINUED)

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

The nature and value of emoluments as detailed in this report reflects the remuneration policy above. Since remuneration is fixed there is no link in remuneration as a result of company performance during the reporting period. However, the Chairman, as part of his annual remuneration review, may propose that unlisted options over shares be granted to the management team on the achievement of significant company milestones which provide benefit to shareholders and with the further aim of retaining key management personnel.

(c) Contracts with Directors

Matthew Collard is in the first year of a three-year contract at an annual salary of \$390,000 plus statutory superannuation contributions, reviewed annually. Other than unused annual leave entitlement, a long service leave entitlement and a notice period no termination benefits exist.

Yibo Qiu is providing his services as an executive director, without contract, for annual remuneration of \$150,000 plus statutory superannuation contributions, reviewed annually.

Hon Richard Alston is providing his services as non-executive Chairman of the Board, without contract, for annual remuneration of \$100,000 plus statutory superannuation contributions, reviewed annually.

No service agreements exist with any other member of the Key Management Personnel Group.

(d) Use of Remuneration Consultants

As the Group did not engage external remuneration consultants this period, the Company Secretary in his role as Remuneration Officer made no remuneration recommendations to the Board. There were no remuneration changes for the period.

Given no recommendations for increases to remuneration have been made, the Board is satisfied the recommendations for no increases were made free from undue influence from any member of the key management personnel.

(e) Voting and comments made at the company's 2015 Annual General Meeting

The company received more than 95% of yes votes on its remuneration report for the 2015 financial year. The company did not receive any specific feedback at the AGM or throughout the year on its remuneration practices.

(f) Details of remuneration

Amount of remuneration

Details of the remuneration of directors and key management personnel of the Group (as defined in AASB 124 Related Party Disclosures) are set out in the following tables.

The key management personnel of the Group are the directors listed in the table below, the General Manager of Operations and the Company Secretary. No other personnel are engaged in managing the Group.

REMUNERATION REPORT (CONTINUED)

Remuneration of Key management personnel

2016 - Table one of two – Cash Based Remuneration

<i>Name</i>	<i>Short-term benefits</i>	<i>Performance Bonus</i>	<i>Post-employment benefits</i>	<i>Unused annual leave benefits paid out</i>	<i>Consultant fee benefits</i>	<i>Total Cash based remuneration</i>
Non-Executive Directors						
Hon Richard Alston – Chairman	108,342	-	10,292	-	-	118,634
<i>Sub-total Non-Executive Directors</i>	<i>108,342</i>	<i>-</i>	<i>10,292</i>	<i>-</i>	<i>-</i>	<i>118,634</i>
Executive Directors						
Matthew Collard Managing Director	390,000	-	30,000	-	-	420,000
Yibo Qiu Marketing Director	150,000	-	14,250	-	-	164,250
Other key management personnel (Group)						
Dr Chris Ure General Manager	200,000	-	19,000	-	-	219,000
Gary Dunlop Company Secretary	-	-	-	-	230,000	230,000
Total key management personnel compensation (Group)	848,342	-	73,542	-	230,000	1,151,884

2016 - Table two of two – Equity Based Remuneration – Options Issued

<i>Name</i>	<i>Remuneration value of options</i>	<i>Total Remuneration</i>	<i>Option value as a percentage of total remuneration</i>
Hon Richard Alston - Chairman	179,000	297,634	60%
Matthew Collard - Managing Director	nil	420,000	0%
Yibo Qiu - Executive Director	nil	164,250	0%
Dr Chris Ure - General Manager	nil	219,000	0%
Gary Dunlop - Company Secretary	nil	230,000	0%
Total key management personnel compensation (Group)	179,000	1,330,884	13%

None of the key management personnel of the Group received any Other Long Term Benefits or any Termination Benefits or any other benefits not listed above. Further details of the Consultancy Benefits detailed in table one above are disclosed at Note 26: Related party transactions. Further details of the equity based compensation detailed in table two above follow the comparative tables below.

Additional information is disclosed at note 22 – share based payments.

REMUNERATION REPORT (CONTINUED)

Remuneration of Key management personnel

2015 - Table one of two – Cash Based Remuneration

Name	Short-term benefits	Performance Bonus	Post-employment benefits	Unused annual leave benefits paid out	Consultant fee benefits	Total Cash based remuneration
Non-Executive Directors						
Dr Qin Xiao Chairman – resigned 31 July 2014	-	-	-	-	6,540	6,540
Alan Senior - resigned 29 May 2015	38,500	-	3,657	-	-	42,157
Hon Richard Alston – Chairman appointed 5 August 2014	83,340	-	7,917	-	-	91,257
<i>Sub-total Non-Executive Directors</i>	<i>121,840</i>	<i>-</i>	<i>11,574</i>	<i>-</i>	<i>6,540</i>	<i>139,954</i>
Executive Directors						
Matthew Collard Managing Director	390,000	-	30,000	46,500	-	466,500
Yibo Qiu Marketing Director	150,000	-	14,250	-	-	164,250
Other key management personnel (Group)						
Dr Chris Ure General Manager	200,000	-	19,000	-	-	219,000
Gary Crockford – General Manager Fiji Operations – appointed 1 November 2014 until 31 October 2015	136,550	-	31,625	-	-	168,175
Gary Dunlop Company Secretary	-	-	-	-	223,900	223,900
Total key management personnel compensation (Group)	998,390	-	106,449	46,500	230,440	1,381,779

REMUNERATION REPORT (CONTINUED)

Remuneration of Key management personnel

2015 - Table two of two – Equity Based Remuneration – Options Issued

Name	Remuneration value of options	Total Remuneration	Option value as a percentage of total remuneration
Dr Qin Xiao – resigned 31 July 2014	nil	6,540	0%
Alan Senior – resigned 29 May 2014	nil	42,157	0%
Hon Richard Alston – appointed 5 August 2014	nil	91,257	0%
Matthew Collard - Managing Director	nil	466,500	0%
Y Qiu - Executive director	nil	164,250	0%
C Ure - General Manager	nil	219,000	0%
G Crockford - General Manager Fiji Operations - from 1 November 2013 until 31 October 2014	nil	168,175	0%
G Dunlop - Company Secretary	nil	223,900	0%
Total key management personnel compensation (Group)	Nil	1,381,779	0%

None of the key management personnel of the Group received any Other Long Term Benefits or any Termination Benefits or any other benefits not listed above. Further details of the Consultancy Benefits detailed in table one above are disclosed at Note 26: Related party transactions. Further details of the equity based compensation detailed in table two above follow the comparative tables below.

Additional information is disclosed at note 22 – share based payments.

(g) Share based compensation

Other than 2,000,000 unlisted options over shares issued to Hon Richard Alston, no share based compensation was issued to directors or key management personnel. (2015: nil)

REMUNERATION REPORT (CONTINUED)

Remuneration of Key management personnel

(h) Equity instrument disclosures relating to key management personnel

(i) Option holdings

The number of options over ordinary shares in the Company held by each director of Amex Resources Limited and other key management personnel of the Group, including their personally related parties, are set out below.

2016	Balance at start of year	Granted as compensation	Exercised	Other changes All expired	Balance at end of the year	Vested and exercisable
Directors of Amex Resources Limited						
Matthew Collard	500,000	-	-	(500,000)	-	-
Yibo Qiu	320,000	-	-	(320,000)	-	-
Hon Richard Alston	-	2,000,000	-	-	2,000,000	2,000,000
Other key management personnel of the Group						
Dr Chris Ure	150,000	-	-	(150,000)	-	-
Gary Dunlop	600,000	-	-	(100,000)	500,000	500,000

All vested options are exercisable immediately.

2,000,000 options over ordinary shares have been granted in the current period.

These options and those granted in previous periods carry no dividend or voting right

When exercisable each option is convertible to one ordinary share.

No restriction exists to prevent executives removing the “at risk” aspect of the instruments. The options vested at grant date therefore no “at risk” aspect exists.

Details of options over ordinary shares in the Company provided as remuneration for each director and key management personnel are set out below.

The value of options at grant date is calculated in accordance with AASB 2: Share Based Payments. The fair value at grant date is independently determined using a Black Scholes option pricing model that takes into account exercise price, the term of the option, the impact of dilution, the share price at grant date, the expected volatility of the underlying share and the risk free rate of the term of the option.

Name	Number of options granted during the year	Value of options granted during the year	Exercise price	Expiry date	Number of options vested during the year
R Alston	2,000,000	179,000	\$0.80	16/11/2019	2,000,000
M Collard	Nil	Nil	n/a	n/a	Nil
Y Qiu	Nil	Nil	n/a	n/a	Nil
C Ure	Nil	Nil	n/a	n/a	Nil
G Dunlop	Nil	Nil	n/a	n/a	Nil

Valuation inputs for these options are detailed at Share Based Payments Note 22

(ii) Share holdings

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

2016	Balance at the start of the year	Received during the year on the exercise of options	Other changes during the year	Balance at the end of the year	Balance nominally held
Directors of Amex Resources Limited					
Ordinary shares					
Hon Richard Alston	-	-	-	-	-
Matthew Collard	1,310,000	-	-	1,310,000	1,310,000
Yibo Qiu	5,500,000	-	-	5,500,000	4,500,000
Other key management personnel of the Group					
Ordinary shares					
Gary Dunlop	1,371,526	-	-	1,371,526	-

(i) Other transactions with key management personnel

No loans have been made by the Group to any director or key management personnel. No loans have been received from any director or key management personnel.

This is the end of the audited remuneration report.

SHARES UNDER OPTION

There were 38,500,000 shares under option at 30 June 2016. 15,000,000 options were granted in 2016 (2015: 2,000,000), no options were exercised (2015: 1,980,000). 1,750,000 options were forfeited or lapsed during the year (2015: 245,000). Refer Note 22 (b) for further information.

INSURANCE OF OFFICERS

During the financial year, Amex Resources Limited paid a premium of \$11,699 to insure the directors and secretaries of the Company and its Australian-based controlled entities. The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of entities in the Group, and any other payments arising from liabilities incurred by the officers in connection with such proceedings. This does not include such liabilities that arise from conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else or to cause detriment to the Company. It is not possible to apportion the premium between amounts relating to the insurance against legal costs and those relating to other liabilities.

PROCEEDINGS ON BEHALF OF THE COMPANY

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

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

NON-AUDIT SERVICES

The Company has not employed BDO Audit (WA) Pty Ltd on any assignments additional to the audit and review of the financial statements during the year. The Company has engaged an associate Company, BDO Corporate Tax (WA) Pty Ltd to provide corporate tax advice and to prepare the Group's tax returns for a fee of \$17,594 (2015: \$16,500).

The board has considered the independence of the auditor and is satisfied the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

AUDITOR

BDO Audit (WA) Pty Ltd continues in office in accordance with section 327 of the Corporations Act 2001.

AUDITOR'S INDEPENDENCE DECLARATION

BDO Audit (WA) Pty Ltd.'s independence declaration as required by section 307C of the Corporations Act 2001 can be found on page 22.

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



MATTHEW COLLARD

Director

Dated at Perth on this the 30th day of September 2016

CORPORATE GOVERNANCE STATEMENT

The Group is committed to maintaining the highest standards of corporate governance. The Directors of the Group are responsible for the corporate governance practices of the Group.

This Corporate Governance Statement is consistent with the Principles of Good Corporate Governance and Best Practice Recommendations (Recommendations) released by the ASX Corporate Governance Council and described in the 3rd edition of the Corporate Governance Principles and Recommendations. The Group has adopted those recommendations where appropriate based on the size and complexity of the Group and its operations. The Directors regularly review the Groups corporate governance practices as the Group matures and its operations develop.

Amex Resources Limited (the Company) and the board are committed to achieving and demonstrating the highest standards of corporate governance. The board continues to review the framework and practices to ensure they meet the interests of shareholders. The Company and its controlled entities together are referred to as the Group in this statement.

Principle 1: Lay solid foundations for management and oversight

The relationship between the board and senior management is critical to the Group's long term success. The directors are responsible to the shareholders for the performance of the Group in both the short and the longer term and seek to balance sometimes competing objectives in the best interests of the Group as a whole. Their focus is to enhance the interests of shareholders and other key stakeholders and to ensure the Group is properly managed.

The responsibilities of the board include:

- providing strategic guidance to the Company including contributing to the development of and approving the corporate strategy
- reviewing and approving business plans, the annual budget and financial plans including available resources and major capital expenditure initiatives
- overseeing and monitoring:
 - organisational performance and the achievement of the Group's strategic goals and objectives
 - compliance with the Company's Code of Conduct
 - progress of major capital expenditures and other significant corporate projects including any acquisitions or divestments
- monitoring financial performance including approval of the annual and half-year financial statements and liaison with the Company's auditors
- appointment, performance, assessment, counselling and, if necessary, removal of the Managing Director
- ratifying the appointment and/or removal and contributing to the performance assessment for the members of the senior management team including the CFO and the Company Secretary
- ensuring there are effective management processes in place and approving major corporate initiatives
- enhancing and protecting the reputation of the organisation
- overseeing the operation of the Group's system for compliance and risk management reporting to shareholders.
- ensuring appropriate resources are available to senior management.

Day to day management of the Group's affairs and the implementation of the corporate strategy and policy initiatives are formally delegated by the board to the Managing Director and senior executive as set out in the Group's delegations policy. These delegations are reviewed on an annual basis.

The Chairman of the board, on behalf of the full board, regularly reviews the performance of the Managing Director, the Marketing Director and the Company Secretary.

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

Due to the small size of the executive team there is always difficulty in implementing control checks and balances within the executive Group. The board accepts this and assumes a greater role in this area than it otherwise would in order to satisfy itself in this regard.

Principle 2: Structure the board to add value

The board operates in accordance with the broad principles set out in its charter which is available from the corporate governance information section of the Company website. The charter details the board's composition and responsibilities. Due to the small size of the board the group does not have a nomination committee, nor does it maintain a board skills matrix, nor does it offer new directors formal induction processes or professional development opportunities.

Board composition

The charter states:

- the board is to be comprised of both executive and non-executive directors with a majority of non-executive directors. Non-executive directors bring a fresh perspective to the board's consideration of strategic, risk and performance matters and are best placed to exercise independent judgement and review and constructively challenge the performance of management
- in recognition of the importance of independent views and the board's role in supervising the activities of management, the Chairman must be an independent non-executive director, the majority of the board should be independent of management and all directors are required to bring independent judgement to bear in their board decision making
- the Chairman is elected by the full board and is required to meet regularly with the Managing Director
- the Company is to maintain a mix of directors on the board from different backgrounds with complementary skills and experience
- the board is required to undertake an annual board performance review and consider the appropriate mix of skills required by the board to maximise its effectiveness and its contribution to the Group.

The board seeks to ensure that:

- at any point in time, its membership represents an appropriate balance between directors with experience and knowledge of the Group and directors with an external or fresh perspective
- the size of the board is conducive to effective discussion and efficient decision-making.

Directors' independence

The board has adopted specific principles in relation to directors' independence. These state that when determining independence, a director must be a non-executive and the board should consider whether the director:

- not be a substantial shareholder of the Company or an officer of, or otherwise associated directly with, a substantial shareholder of the Company
- within the last three years, not have been employed in an executive capacity by the Company or any other Group member, or been a director after ceasing to hold any such employment
- within the last three years not have been a principal of a material professional adviser or a material consultant to the Company or any other Group member, or an employee materially associated with the service provided
- not be a material supplier or customer of the Company or any other Group member, or an officer of or otherwise associated directly or indirectly with a material supplier or customer
- must have no material contractual relationship with the Company or a controlled entity other than as a director of the Group
- not have been on the board for a period which could, or could reasonably be perceived to, materially interfere with the director's ability to act in the best interests of the Company

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

- be free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the director's ability to act in the best interests of the Company.

Materiality for these purposes is determined on both quantitative and qualitative bases. An amount of over 5% of annual turnover of the Company or Group or 5% of the individual directors' net worth is considered material for these purposes. In addition, a transaction of any amount or a relationship is deemed material if knowledge of it may impact the shareholders' understanding of the director's performance. Recent thinking on corporate governance has introduced the view that a director's independence may be perceived to be impacted by lengthy service on the board. To avoid any potential concerns, the board has determined that a director will not be deemed independent if he or she has served on the board of the Company for more than ten years. The board will continue to monitor developments on this issue.

Directors' independence

Board members

Details of the members of the board, their experience, expertise, qualifications, term of office and independent status are set out in the directors' report under the heading "Information on directors". There is one non-executive director chairman, who is deemed independent under the principles set out below and two executive directors at the date of signing the directors' report.

Non-executive directors

The Board currently comprises one non- executive director who meets the definition for independence as defined under Director's Independence in the preceding section.

Term of office

The Company's Constitution specifies that all non-executive directors must retire from office no later than the third annual general meeting (AGM) following their last election. Where eligible, a director may stand for re-election.

Chairman and Chief Executive Officer (CEO)

The Chairman, a non-executive director, is responsible for leading the board, ensuring directors are properly briefed in all matters relevant to their role and responsibilities, facilitating board discussions and managing the board's relationship with the Company's senior executives.

The CEO is responsible for implementing Group strategies and policies. The board charter specifies that these are separate roles to be undertaken by separate people. The role of CEO is currently performed by the Managing Director.

Commitment

Non-executive directors are expected to spend at least 15 days a year preparing for and attending board and committee meetings and associated activities.

The number of meetings of the Company's board of directors and of each board committee held during the year ended 30 June 2016, and the number of meetings attended by each director is disclosed in the director's report. It is the Company's practice to allow its executive directors to accept appointments outside the Company with prior written approval of the board. No appointments of this nature were accepted during the year ended 30 June 2016.

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

The commitments of non-executive directors are considered by the full board prior to the directors' appointment to the board of the Company and are reviewed each year as part of the annual performance assessment.

Prior to appointment or being submitted for re-election, each non-executive director is required to specifically acknowledge that they have and will continue to have the time available to discharge their responsibilities to the Company.

Conflict of interests

During the financial year and up until the date of this report there has been no conflict of interest matter occur between any director and the ongoing operations of the Group.

Independent professional advice

Directors and board committees have the right, in connection with their duties and responsibilities, to seek independent professional advice at the Company's expense. Prior written approval of the Chairman is required, but this will not be unreasonably withheld.

Performance assessment

The board undertakes an annual self-assessment of its collective performance, the performance of the Chairman and of its committees. Management are invited to contribute to this appraisal process which is facilitated by an independent third party. The results and any action plans are documented together with specific performance goals which are agreed for the coming year.

The Chairman undertakes an annual assessment of the performance of individual directors and meets privately with each director to discuss this assessment.

Principle 3: Act ethically and responsibly

Code of Conduct

The Company has developed a statement of values and a Code of Conduct (the Code) which has been fully endorsed by the board and applies to all directors and employees. The Code is regularly reviewed and updated as necessary to ensure it reflects the highest standards of behaviour and professionalism and the practices necessary to maintain confidence in the Group's integrity.

In summary, the Code requires that at all times all Company personnel act with the utmost integrity, objectivity and in compliance with the letter and the spirit of the law and Company policies.

The purchase and sale of Company securities by directors and employees must not be undertaken where a conflict of interest or the use of market sensitive information will occur prior to the release of any such data to the market. Any transactions undertaken must be notified to, and approved by, the Chairman in advance.

The Code and the Company's trading policy are discussed with each new employee as part of their induction training and all employees are asked to sign an annual declaration confirming their compliance.

The Code requires employees who are aware of unethical practices within the Group or breaches of the Company's trading policy to report these using the Company's whistle-blower program. This can be done anonymously.

The Managing Director reviews and reports directly to the board on the compliance with the Code and the trading policy. Internal audit also has responsibility for the initial investigations of significant issues raised under the whistle-blower program. These matters are reported to the audit committee.

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

The directors are satisfied that the Group has complied with its policies on ethical standards, including trading in securities.

A copy of the Code and the trading policy are available on the Company's website.

In compliance with recommendation 3.4 the company advises there are two women employees in the organisation in the capacity of Document Control (Perth) and Human Resources Superintendent (Fiji), there are no women on the Board. This is a function of the small size of the organisation and an historical male bias in the mineral exploration industry. As the company develops in complexity more positions will be required to be filled and all applicants for employment positions will be assessed purely on merit and not on gender.

Principle 4: Safeguard integrity in in corporate reporting

Audit committee

The audit committee was disbanded in 2013 on the resignation of two WA based non-executive members. The responsibilities of the audit committee are undertaken by the Board of Directors.

Details of the director's qualifications are set out in the Directors' report. All members of the Board are financially literate and have an appropriate understanding of the exploration industry in which the Group operates.

The Board operates as the audit committee in accordance with a charter which is available on the Company website. The main responsibilities of the Board in this regards are to:

- review, assess and approve the annual full and concise reports, the half year financial statements and all other financial information published by the Company or released to the market.
- review the effectiveness of the organisation's internal control environment covering:
 - effectiveness and efficiency of operations
 - reliability of financial statements
 - compliance with applicable laws and regulations
- determine the scope of the internal audit function and ensure that its resources are adequate and used effectively, and assess its performance, including independence
- monitor the internal audit function in the absence of a full time internal auditor
- oversee the effective operation of the risk management framework
- approve the appointment, removal and remuneration of the external auditors, and review the terms of their engagement, the scope and quality of the audit and assess performance
- consider the independence and competence of the external auditor on an ongoing basis
- review and approve the level of non-audit services provided by the external auditors and ensure it does not adversely impact on auditor independence
- review and monitor related party transactions and assess their propriety

In fulfilling its responsibilities, the Board

- receives regular reports from management, from the internal audit process and from the external auditors
- meets with the external auditors at least twice a year, or more frequently if necessary
- reviews the processes the Managing Director has in place to support his certifications to the board
- reviews any significant disagreements between the auditors and management, irrespective of whether they have been resolved
- meets separately with the external auditors at least twice a year without the presence of management

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

- provides the external auditors with a clear line of direct communication at any time to the Chairman of the audit committee or the Chairman of the board

the Board has authority, within the scope of its responsibilities, to seek any information it requires from any employee or external party.

External auditors

The Company policy is to appoint external auditors who clearly demonstrate quality and independence. The performance of the external auditor is reviewed annually and applications for tender of external audit services are requested as deemed appropriate, taking into consideration assessment of performance, existing value and tender costs. BDO Audit (WA) Pty Ltd is the Groups external auditor.

An analysis of fees paid to the external auditors, including a break-down of fees for non-audit services, is provided in the Directors' report and in Note 18 to the financial statements. It is the policy of the external auditors to provide an annual declaration of their independence to the audit committee.

The external auditor will attend the annual general meeting and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the audit report.

Principles 5 and 6: Make timely and balanced disclosure and Respect the rights of security holders

Continuous disclosure and shareholder communication

The Company has written policies and procedures on information disclosure that focus on continuous disclosure of any information concerning the Group that a reasonable person would expect to have a material effect on the price of the Company's securities. These policies and procedures also include the arrangements the Company has in place to promote communication with shareholders and encourage effective participation at general meetings. A summary of these policies and procedures is available on the Company's website.

The Company Secretary has been nominated as the person responsible for communications with the Australian Securities Exchange (ASX). This role includes responsibility for ensuring compliance with the continuous disclosure requirements in the ASX Listing Rules and overseeing and co-ordinating information disclosure to the ASX, analysts, brokers, shareholders, the media and the public.

All information disclosed to the ASX is posted on the Company's website as soon as it is disclosed to the ASX. When analysts are briefed on aspects of the Group's operations, the material used in the presentation is released to the ASX and posted on the Company's web site. Procedures have also been established for reviewing whether any price sensitive information has been inadvertently disclosed and, if so, this information is also immediately released to the market.

All shareholders are offered a copy of the Company's annual (full or concise) report. In addition, the Company seeks to provide opportunities for shareholders to participate through electronic means.

The website also includes an option for shareholders to register their email address for direct email updates on Company matters.

Principle 7: Recognise and manage risk

The board, acting as the audit committee, is responsible for ensuring there are adequate policies in relation to risk management, compliance and internal control systems. These policies are available on the Company website. In summary, the Company policies are designed to ensure strategic, operational, legal, reputation and financial risks are identified, assessed, effectively and efficiently managed and monitored to enable achievement of the Group's business objectives.

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

Considerable importance is placed on maintaining a strong control environment. There is an organisation structure with clearly drawn lines of accountability and delegation of authority.

The Company risk management policy and the operation of the risk management and compliance system are managed by the Managing Director. The board receives quarterly reports on material risks that may impede meeting business objectives.

Detailed control procedures cover management accounting, financial statements, project appraisal, environment, health and safety, IT security, compliance and other risk management issues. These control procedures are necessarily limited to the extent there is an executive team of five. The board accepts an active role in managing risk in this environment. In addition, the board requires that each major proposal submitted to the board for decision is accompanied by a comprehensive risk assessment and, where required, management's proposed mitigation strategies.

The environment, health and safety management system (EHSMS)

The Company recognises the importance of environmental and occupational health and safety (OH&S) issues and is committed to the highest levels of performance. To help meet this objective the EHSMS will be established to facilitate the systematic identification of environmental and OH&S issues and to ensure they are managed in a structured manner. This system when implemented will allow the Company to:

- monitor its compliance with all relevant legislation
- continually assess and improve the impact of its operations on the environment
- encourage employees to actively participate in the management of environmental and OH&S issues
- work with trade associations representing the Group's businesses to raise standards
- use energy and other resources efficiently, and
- encourage the adoption of similar standards by the Group's principal suppliers, contractors and distributors.

Information on compliance with significant environmental regulations is set out in the directors' report.

Corporate reporting

The Managing Director has made the following certifications to the board:

- that the Company's financial statements are complete and present a true and fair view, in all material respects, of the financial condition and operational results of the Company and Group and are in accordance with relevant accounting standards
- that the above statement is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the board and that the Company's risk management and internal compliance and control is operating efficiently and effectively in all material respects.

Principle 8: Remunerate fairly and responsibly

The board, the General Manager of Operations and the Company Secretary represent the entire management team of the Group. There is insufficient complexity in the senior management structure to require a separate remuneration committee. The board assumes the role of the remuneration committee.

The board has devolved to the Company Secretary in conjunction with an external expert commercial agency the role of reviewing and recommending executive remuneration and non-executive remuneration. The board, when satisfied, signs off on the Company Secretary's recommendations.

Further information on directors' and executive's remuneration is set out in the Directors' report under the heading "Remuneration Report".

DECLARATION OF INDEPENDENCE BY DEAN JUST TO THE DIRECTORS OF AMEX RESOURCES LIMITED

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

1. No contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Amex Resources Limited and the entities it controlled during the period.



Dean Just

Director

BDO Audit (WA) Pty Ltd

Perth, 30 September 2016

FULL YEAR FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2016

		Consolidated entity	
		2016	2015
	Note	\$	\$
Revenue from continuing operations	2	39,210	122,623
Consulting fees		(277,333)	(65,782)
Employee benefit expense	3	(1,300,633)	(1,146,490)
Administration expense	3	(2,593,559)	(2,009,015)
Short term loan expense	3	(12,785,600)	(10,752,354)
Facilitation fee	3	-	(637,200)
Exploration expenditure written off or incurred	3	-	(2,760)
Development expenditure expensed	28	(1,308,373)	(2,053,082)
Foreign exchange gain / (loss)		1,196,969	(2,425,517)
Tenement maintenance expense		(26,951)	(78,670)
Depreciation expense	7	(21,747)	(31,488)
(Loss) before income tax		(17,078,017)	(19,079,735)
Income tax benefit	4	-	-
(Loss) after tax		(17,078,017)	(19,079,735)
Other comprehensive income			
<i>Items that may be reclassified to profit or loss</i>			
Exchange difference on translation of foreign operation		180,241	316,230
Total comprehensive loss for the year		(16,897,776)	(18,763,505)
Loss for the year is attributable to :			
Owners of Amex Resources Limited		(17,078,017)	(19,079,735)
Total comprehensive loss for the year is attributable to :			
Owners of Amex Resources Limited		(16,897,776)	(18,763,505)
Basic and diluted loss per share (cents per share)	14	(16.57)	(21.11)

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2016

		Consolidated Entity	
		2016	2015
	Note	\$	\$
Current Assets			
Cash and cash equivalents	5	3,254,482	1,933,708
Trade and other receivables	6	50,729	929,162
Other financial assets	8	54,975	54,975
Prepayments	30	2,126,872	-
Total current assets		<u>5,487,058</u>	<u>2,917,845</u>
Non-current Assets			
Property, plant and equipment	7	84,031	59,138
Prepayments	30	17,365,822	-
Development expenditure	28	9,572,861	10,006,897
Exploration expenditure	9	107,273	-
Total non-current assets		<u>27,129,987</u>	<u>10,066,035</u>
Total Assets		<u>32,617,045</u>	<u>12,983,880</u>
Current liabilities			
Trade and other payables	10	399,422	317,244
Short term borrowings	29	40,420,228	10,339,964
Total current liabilities		<u>40,819,650</u>	<u>10,657,208</u>
Total liabilities		<u>40,819,650</u>	<u>10,657,208</u>
Net Assets		<u>(8,202,604)</u>	<u>2,326,672</u>
Equity			
Contributed equity	11	42,215,894	36,733,494
Option reserve	13 (a)	13,263,425	12,377,325
Foreign exchange translation reserve	13 (b)	529,289	349,048
Accumulated losses	12	(64,211,212)	(47,133,195)
Total equity		<u>(8,202,604)</u>	<u>2,326,672</u>

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

2016	Contributed Equity \$	Reserves Forex \$	Option \$	Accumulated Losses \$	Total Equity \$
Consolidated Entity					
Balance at June 30 2015	36,733,494	349,048	12,377,325	(47,133,197)	2,326,670
Foreign exchange translation reserve	-	180,241	-	-	180,241
Loss for the year	-	-	-	(17,078,017)	(17,078,017)
Total comprehensive loss for the year	-	180,241	-	(17,078,017)	(16,897,776)
Transactions with owners in their capacity as owners					
Shares issued during the year	5,800,000	-	-	-	5,800,000
Options issued during the year	-	-	886,100	-	886,100
Transaction costs	(317,600)	-	-	-	(317,600)
Balance at June 30 2016	42,215,894	529,289	13,263,425	(64,211,212)	(8,202,604)
2015					
	Contributed Equity \$	Reserves Forex \$	Option \$	Accumulated Losses \$	Total Equity \$
Consolidated Entity					
Balance at June 30 2014 - restated	26,853,130	32,818	11,740,125	(28,053,462)	10,572,611
Foreign exchange translation reserve	-	316,230	-	-	316,230
Loss for the year	-	-	-	(19,079,735)	(19,079,735)
Total comprehensive loss for the year	-	316,230	-	(19,079,735)	(18,763,505)
Transactions with owners in their capacity as owners					
Shares issued during the year	9,880,364	-	-	-	9,880,364
Options issued during the year	-	-	637,200	-	637,200
Transaction costs	-	-	-	-	-
Balance at June 30 2015	36,733,494	349,048	12,377,325	(47,133,197)	2,326,670

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	Consolidated Entity	
		2016	2015
		\$	\$
Cash Flows from Operating Activities			
Payments to suppliers and employees		(4,651,410)	(4,176,639)
Interest received		17,086	4,693
Borrowing expenses short term loan	29	(8,461,111)	(2,215,990)
Receipts from customers		22,033	117,930
Net cash outflow - operating activities	15	<u>(13,073,402)</u>	<u>(6,270,006)</u>
Cash Flows from Investing Activities			
Payments for capitalised exploration expenditure	9	(107,273)	-
Payments for capitalised development expenditure	28	-	(332,800)
R&D rebate received		1,328,742	
Purchase of plant and equipment	7	(45,178)	-
Deposit (paid) / refunded	30	(17,799,858)	25,799,793
Sale of tenements	9	-	500,000
Net cash inflow / (outflow) - investing activities		<u>(16,623,567)</u>	<u>25,966,993</u>
Cash Flows from Financing Activities			
Proceeds from issue of shares (net of costs)		1,000,000	1,344,000
Repayment of borrowings	29	(12,339,964)	(32,137,731)
proceeds of borrowings		42,327,631	9,605,526
Payments relating to the issue of shares		-	-
Net cash (outflow) / inflow - financing activities		<u>30,987,667</u>	<u>(21,188,205)</u>
Net increase in cash & cash equivalents		1,290,698	(1,491,218)
Cash & cash equivalents at the beginning of the financial year		1,933,708	2,778,644
Foreign exchange differences on cash		30,076	646,282
Cash & cash equivalents at the end of the financial year	5	<u>3,254,482</u>	<u>1,933,708</u>

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 1. Summary of significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Australian Accounting Interpretations and the *Corporations Act 2001*.

Going concern

For the year ended 30 June 2016 the Group recorded a loss after income tax of \$17,078,017 and had net cash outflows from operating activities of \$13,073,402. The Group's liabilities exceeded its assets by \$8,202,604. The Group's current liabilities exceeded its current assets by \$35,332,592. Included within current liabilities are borrowings of \$40,420,228 which consist of two facilities with separate financiers (AUD2 million facility and USD30 million facility). These borrowings have been classified as current liabilities as the facilities are due for renewal in November 2016 and accordingly the company does not have an unconditional right to defer the settlement of these liabilities for more than twelve months as is required under accounting standards for them to be classified as non-current liabilities. Furthermore, the company has capital commitments of \$85,357,000 in relation to the FIDIC construction contract of its Mba Delta Project.

The ability of the Group to continue as a going concern is dependent on the Group refinancing these facilities or alternatively raising additional finance through debt or equity to continue its exploration and development activities and to continue as a going concern. These conditions indicate a material uncertainty that may cast a significant doubt about the Group's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

Management believe there are sufficient funds to meet the Group's working capital requirements and as at the date of this report. Subsequent to year end the Group expects to refinance or extend the terms of its borrowing facilities and expects to receive additional funds via either debt or equity.

The financial statements have been prepared on the basis that the Group is a going concern, which contemplates the continuity of normal business activity, realisation of assets and settlement of liabilities in the normal course of business for the following reasons:

- The Group is in discussions with its financiers to refinance or extend the terms of the facilities as necessary noting that the USD \$30m facility has an option to extend repayment to November 2017 if required;
- An underwritten facility for a term of two years at a cash interest rate of 18% per annum with terms consistent with the USD \$30m facility is available to assist with capital commitments; and
- The Group believe they have the ability to raise significant equity capital or debt funding during the next twelve months in order to continue to meet its FIDIC contractual commitments and develop its MBA Delta project and fund working capital.

Should the Group not be able to continue as a going concern, it may be required to realise its assets and discharge its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements and that the financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or liabilities that might be necessary should the Group not continue as a going concern.

Compliance with IFRSs

The financial statements and notes of Amex Resources Limited comply with International Financial Reporting Statements Standards (IFRSs).

Historical cost convention

These financial statements have been prepared under the historical cost convention.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Critical accounting estimates and significant judgements

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Group's accounting policies.

The primary significant area of judgement in these financial statements is in the recognition of income tax benefits, Note 4; capitalisation of exploration and development expenditure, Note 9; estimating when capitalised exploration costs are to be reclassified as capitalised development expenditure, Note 9 & Note 10; assessing impairment of capitalised exploration costs, Note 9 and capitalised development expenditure, Note 10 and estimating when to capitalise borrowing costs. Refer also Note 24.

Income tax

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

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses. Deferred tax assets and liabilities are not recognised for temporary difference between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal on the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

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

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

Tax consolidation legislation

Amex Resources Limited and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation.

The head entity, Amex 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, Amex 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Business combinations

The acquisition method of accounting is used to account for all business combinations, including business combinations involving entities or businesses under common control, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the group. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

The excess of the consideration transferred the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the group's share of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired and the measurement of all amounts has been reviewed, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

Impairment of assets

Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

Cash and cash equivalents

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

Exploration Expenditure

- (i) Capitalised mining exploration and evaluation expenditure

For each of the areas of interest, expenditure incurred in the exploration for and evaluation of mineral resources shall be capitalised to the statement of financial position as an exploration and evaluation asset where the rights to tenure are current and either the expenditure incurred is expected to be recouped through successful development and exploitation of the area of interest or alternatively by its sale or where the area of interest has not, at reporting date, reached a stage which permits reasonable assessment of the existence of economically recoverable reserves.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(ii) Tenement and mining information option fee

Expenditure incurred for the purchase of an option to purchase mining tenements and options shall be capitalised to the statement of financial position as an intangible asset. The intangible asset with a finite useful life will be recorded at cost and amortised over that life when economic benefits start to flow to the entity.

This asset is tested for impairment where facts and circumstances indicate that the carrying amount may exceed the recoverable amount of the asset.

Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial period, which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are recognised initially at fair value and subsequently at amortised cost.

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. Incremental costs directly attributable to the issue of new shares or options, or for the acquisition of a business, are included in the cost of the acquisition as part of the purchase consideration.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries and branches of Amex Resources Limited ("Company" or "parent entity") as at 30 June 2016 and the results of all subsidiaries and branches for the year then ended. Amex Resources Limited and its subsidiaries together are referred to in these financial statements as the Group or the consolidated entity.

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

Subsidiaries and branches are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

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

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

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

Investments in subsidiaries are accounted for at cost in the individual financial statements of Amex Resources Limited.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Changes in ownership interests

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

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

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

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the board of directors. The board is responsible for allocating resources and assessing performance of the operating segments.

Share Based Payments

Share-based compensation benefits are provided to employees.

(i) Share options

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

The fair value of the options granted excludes the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each statement of financial position date, the entity revises its estimate of the number of options that are expected to become exercisable. The employee benefit expense recognised each period takes into account the most recent estimate.

Upon the exercise of options, the balance of the share-based payments reserve relating to those options is transferred to share capital.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, rebates and amounts collected on behalf of third parties. The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Interest income

Interest income is recognised on receipt.

Financial assets

(i) Loans and receivables

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

Recognition and derecognition

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

Impairment

The Group assesses at each reporting date whether there is objective evidence that a financial asset or Group of financial assets is impaired.

Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principle market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interest. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified, into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed each reporting date and transfers between levels are determined based on a reassessment of the lowest level input that is significant to the fair value measurement.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Property, plant and equipment

Furniture, fittings and equipment is carried at cost less depreciation and impairment.

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

Depreciation is calculated using the straight-line method to allocate cost net of residual values, overestimated useful lives, as follows:

- Furniture, fittings and equipment 3-8 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each statement of financial position date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

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

The cost of self-constructed assets includes the cost of materials and direct labour and any other costs directly attributable to bringing an asset to a working condition ready for its intended use. Assets under construction are recognised in assets under development. Upon commissioning, which is the date when the asset is in the location and condition necessary for it to be capable of operating in the manner intended by management, the assets are transferred into property, plant and equipment or development assets, as appropriate.

Leases

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

A distinction is made between finance leases, which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to ownership of leased assets, and operating leases, under which the lessor effectively retains substantially all such risks and benefits.

Earnings / (loss) per share

- (i) Basic earnings / (loss) per share

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

- (ii) Diluted earnings / (loss) per share

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Goods and Services Tax (GST)

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

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the statement of financial position. Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flow.

Foreign currency translation

(i) Functional and presentation currency

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

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translations at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss, except when they are deferred in equity as qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the investment in a foreign operation. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

(iii) Group companies

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

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date on that statement of financial position.
- income and expenses for each statement of profit or loss and other comprehensive income are translated at average exchange rates (unless 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 transaction), and
- all resulting exchange differences are recognised in other comprehensive income.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Development assets

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified from exploration and evaluation expenditure to development expenditure.

Development expenditure includes capitalised exploration and evaluation costs, pre-production development costs, development studies and other expenditure pertaining to that area of interest. Costs related to surface plant and equipment and any associated land and buildings are accounted for as property, plant and equipment.

Development costs are accumulated in respect of each separate area of interest. Costs associated with commissioning new assets in the period before they are capable of operating in the manner intended by management, are capitalised.

Development costs incurred after the commencement of production are capitalised to the extent they are expected to give rise to a future economic benefit.

When an area of interest is abandoned or the Directors decide that it is not commercially or technically feasible, any accumulated cost in respect of that area is written off in the financial period that decision is made. Each area of interest is reviewed at the end of each accounting period and the accumulated costs written off to profit and loss to the extent that they will not be recoverable in the future.

Amortisation of development costs capitalised is charged on a unit of production basis over the life of estimated proven and probable reserves at the mine

Borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method. Where there is an unconditional right to defer settlement of the liability for at least 12 months after the reporting date, the loans or borrowings are classified as non-current.

Finance costs

Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred, including:

- interest on bank overdraft
- interest on short-term and long-term borrowings
- interest on finance leases
- unwinding of the discount on provisions

New and amended standards adopted by the Group

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2016 reporting periods. The Group's assessment of the impact of these new standards and interpretations is set out below.

- (i) AASB 9 Financial Instruments Amendments to Australian Accounting Standards (effective from 1 January 2018)

In December 2014 the AASB issued a revised AASB 9 Financial Instruments. It is effective for accounting periods on or after 1 January 2018. This amends the requirements for classification and measurement of financial assets. This standard will have no impact on the Groups financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(ii) AASB 15 (issued December 2014 – effective after 1 January 2018)

This standard requires an entity to recognise 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. This means that revenue will be recognised when control of goods or services is transferred, rather than on transfer of risks and rewards as is currently the case under IAS 18 Revenue.

The Group does not yet sell product to generate revenue. When it does it will comply with AASB 15. This standard has no impact on these financial statements or future financial statements until the Group completes development activities and becomes a producer and seller of product.

(iii) AASB 16 Leases

IFRS 16 eliminates the operating and finance lease classifications for leases accounted for under AASB 117 Leases. It instead requires an entity to bring most leases onto its statement of financial position in a similar way to how existing finance leases are treated under AASSB 117. An entity will be required to recognise a lease liability and a right of use asset in its statement of financial position for most leases.

There are some optional exemptions for leases with a period of 12 months or less and for low value leases. The application date for this standard is for annual operating periods beginning or after 1 January 2019. The Company has no such leases in place so this standard will have no impact on these or subsequent financial statements unless the Company chooses to, in the future, enter into a lease arrangement.

Note 2. Revenue

	Consolidated Entity	
	2016	2015
From continuing operations	\$	\$
Interest received	17,086	4,693
Miscellaneous income	22,124	117,930
	<u>39,210</u>	<u>122,623</u>

Note 3. Expenses

Loss before income tax includes the following specific expenses

	Consolidated Entity	
	2016	2015
	\$	\$
Development expenditure expensed as incurred	1,308,373	2,053,082
Tenement maintenance expense	26,951	78,670
<i>Other expenses</i>		
Administration expenses	2,509,155	1,918,559
Short term loan expense (Note 29)	12,785,600	10,752,354
Facilitation fee	-	637,200
Consultants	277,333	65,782
Depreciation	21,747	31,488
Operating lease	84,404	90,456
Employee benefits	1,222,239	1,058,453
Superannuation contributions	78,394	88,037
	<u>16,978,872</u>	<u>14,642,329</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Note 4. Income tax expense / (benefit)

	Consolidated Entity	
	2016	2015
	\$	\$
(a) Income tax expense / (benefit)		
The components of income tax expense comprise:		
Current tax	-	-
Deferred tax	-	-
	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>
(b) Numerical reconciliation of income tax expense to prima facie tax payable		
Loss from continuing operations before income tax expense	(17,078,017)	(19,079,735)
Tax expense / (benefit) at 30% (2015: 30%)	(5,123,405)	(5,723,921)
Add		
Tax effect of :		
Non-deductible expenses	4,959,700	5,571,460
Less:		
-adjustments for current tax of prior period	-	96,016
-temporary differences not recognised	28,823	123,515
-DTA re tax losses not recognised	134,882	(67,070)
Impairment of exploration assets	-	-
Income tax expense	<u>-</u>	<u>-</u>
The applicable weighted average effective tax rates are as follows	<u>0%</u>	<u>0%</u>

Note 5. Cash and cash equivalents

	Consolidated Entity	
	2016	2015
	\$	\$
Cash and cash equivalents	3,254,482	1,933,708
Refer note 23 for risk exposure commentary		

Note 6. Trade and other receivables

	Consolidated Entity	
	2016	2015
	\$	\$
Other receivables	-	891,524
GST receivable	50,729	37,638
	<u>50,729</u>	<u>929,162</u>

Due to the short term nature of these receivables, their carrying amount is assumed to approximate their fair value. There are no past due and no impaired receivables. Refer Note 23 for risk analysis.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Note 7. Property, plant and equipment

	Consolidated Entity	
	2016	2015
	\$	\$
Office equipment at cost	173,988	191,095
Less accumulated depreciation	(89,957)	(131,956)
	<u>84,031</u>	<u>59,139</u>
Movements in carrying amounts		
Balance at the beginning of the financial year	59,138	57,734
Additions	46,640	32,892
Depreciation expense	(21,747)	(31,488)
Disposals	-	-
Carrying amount at the end of the financial year	<u>84,031</u>	<u>59,138</u>

Note 8. Other financial assets

	Consolidated Entity	
	2016	2015
	\$	\$
Other financial assets		
Security deposits - rental bonds (Current)	54,975	54,975
	<u>54,975</u>	<u>54,975</u>

Note 9. Exploration expenditure - capitalised

	Consolidated Entity	
	2016	2015
	\$	\$
Exploration expenditure - capitalised		
Balance at the beginning of the financial year	-	502,760
Expenditure capitalised during the year	107,273	-
Impairment	-	(2,760)
Disposal	-	(500,000)
Balance at the end of the financial year	<u>107,273</u>	<u>-</u>

Directors have reviewed the carrying value of capitalised exploration expenditure and after seeking independent professional advice have formed a conservative view on the carrying value of these assets. The recoverability is dependent upon the continuation of the groups right to tenure of the interest, result of future exploration and successful development or alternatively, sale of the respective areas of interest.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Note 10. Trade and other payables

	Consolidated Entity	
	2016	2015
	\$	\$
Current liabilities	399,422	317,244
Short term loan(s) - refer Note 29	40,420,228	10,339,964
	<u>40,819,650</u>	<u>10,657,208</u>

Note 11. Contributed equity

	Consolidated Entity	
	2016	2015
	\$	\$
(a) Share capital		
108,043,080 fully paid ordinary shares. (2015: 95,820,857)	<u>42,215,894</u>	<u>36,733,494</u>
At beginning of reporting period	36,733,494	26,853,130
Share issues	5,800,000	9,880,364
Capital raising costs on issue of shares	(317,600)	-
At reporting date	<u>42,215,894</u>	<u>36,733,494</u>

Ordinary shares participate in dividends and the proceeds on winding up the company in proportion to the number of shares held

	2016 No.	2016 \$	2015 No.	2015 \$
(b) Reconciliation of movement in share capital				
Fully paid ordinary shares	<u>108,043,080</u>	<u>42,215,894</u>	<u>95,820,857</u>	<u>36,733,494</u>
At beginning of reporting year	95,820,857	36,733,494	83,146,052	26,853,130
Shares issued in consideration of borrowing costs	10,000,000	4,800,000	8,000,000	7,400,000
Placement shares	2,222,223	1,000,000	2,694,805	1,886,364
Options exercised AXZAM series	-	-	1,980,000	594,000
Capital raising costs	-	(317,600)	-	-
At close of reporting year	<u>108,043,080</u>	<u>42,215,894</u>	<u>95,820,857</u>	<u>36,733,494</u>

Note 12. Accumulated losses

	Consolidated Entity	
	2016	2015
	\$	\$
At beginning of reporting period	(47,133,195)	(28,053,462)
Loss attributable to members	<u>(17,078,017)</u>	<u>(19,079,735)</u>
Accumulated losses at reporting date	<u>(64,211,212)</u>	<u>(47,133,195)</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Note 13. Reserves

	Consolidated Entity	
	2016	2015
	\$	\$
(a) Option reserve		
Balance 1 July	12,377,325	11,740,125
Options issued	886,100	637,200
Balance 30 June	<u>13,263,425</u>	<u>12,377,325</u>

The options reserve is used to recognise the fair value of options issued as share based payments

	Consolidated Entity	
	2016	2015
	\$	\$
(b) Foreign currency translation reserve		
Balance 1 July	349,048	32,818
Currency translation differences arising during the year	180,241	316,230
Balance 30 June	<u>529,289</u>	<u>349,048</u>

Exchange differences arising on transactions of the foreign branch are recognised in other comprehensive income as described in note 1 and accumulated in the foreign currency translation reserve within equity. The cumulative amount is reclassified to profit or loss when the investment is disposed of.

Note 14. Loss per share

	2016	2015
	\$	\$
Net loss attributable to members of the company	<u>(17,078,017)</u>	<u>(19,079,735)</u>
Weighted average number of ordinary shares outstanding	103,084,175	90,373,548
Basic loss per share (cents per share)	<u>(16.57)</u>	<u>(21.11)</u>

None of the options have been included in the determination of the diluted loss per share as they are anti-dilutive.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Note 15. Cash flow statement reconciliation

	Consolidated Entity	
	2016	2015
	\$	\$
For the purpose of the cash flow statement cash includes cash on hand and cash on investment		
Reconciliation of loss after income tax to net cash flows from operating activities		
Loss after income tax	(17,078,017)	(19,079,735)
<i>Non-cash items</i>		
Option issue - part short term loan cost	179,000	-
Share issue - part short term loan cost	-	1,136,364
Share issue - short term loan extension(s)	-	7,400,000
Forex (gain) / loss - borrowings	(1,196,969)	2,425,517
Option issue for services	89,500	637,200
Facilitation fees written off	-	2,589,277
Interest expense non-cash component	11,717,900	-
Depreciation	21,747	31,488
Interest prepaid cash outlay	(6,848,412)	-
<i>Changes in assets & liabilities</i>		
(Increase) / decrease receivables	138,688	(881,181)
(Increase) / decrease inventories	-	-
(Increase) / decrease other assets	-	(554,495)
(Increase) / decrease reserves	-	-
Increase / (decrease) payables	(96,839)	25,558
Cash flows used in operating activities	<u>(13,073,402)</u>	<u>(6,270,007)</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Note 16. Segment Information

(a) Description of segments

Management has determined the operating segments based on the reports reviewed by the board that are used to make strategic decisions

The company operates as a mineral exploration company in two geographic segments, Australia and Fiji.

(b) Segment information provided to the board

The segment information provided to the board for the reportable segments for the year ended 30 June 2016 is as follows:

2016	Australia \$	Fiji \$	Total \$
Total segment revenue	-	-	-
Total segment expenses	(1,335,324)	-	(1,335,324)
Total segment loss	(1,335,324)	-	(1,335,324)
Total segment assets	107,273	9,627,836	9,735,109
Total segment liabilities	(40,816,274)	(3,376)	(40,819,650)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Note 16. Segment Information (Continued)

2015	Australia \$	Fiji \$	Total \$
Total segment revenue	-	-	-
Total segment expenses	(2,134,512)	-	(2,134,512)
Total segment loss	(2,134,512)	-	(2,134,512)
Total segment assets	-	10,061,872	10,061,872
Total segment liabilities	(10,649,144)	(8,064)	(10,657,208)

(c) Other segment information	Consolidated Entity	
	2016 \$	2015 \$

(i) Segment expense reconciles to total expense as follows:

Segment expense	(1,335,324)	(2,134,512)
Consulting fees	(277,333)	(65,782)
Employee benefit expense	(1,300,633)	(1,146,490)
Administration expense	(2,593,559)	(2,009,015)
Short term loan expenses	(12,785,600)	(11,389,554)
Impairment of investment	-	-
Depreciation	(21,747)	(31,488)
Foreign exchange gain / (loss)	1,196,969	(2,425,517)
Total expenses	<u>(17,117,227)</u>	<u>(19,202,358)</u>

(ii) Segment assets reconcile to total assets as follows:

Segment assets	9,735,109	10,061,872
Intersegment eliminations	-	-
Cash & cash equivalents	3,254,482	1,933,708
Property, plant & equipment	84,031	59,138
Other assets	19,543,423	929,162
Total assets	<u>32,617,045</u>	<u>12,983,880</u>

(iii) Segment liabilities reconcile to total liabilities as follows:

Segment liabilities	(40,819,650)	(10,657,208)
Intersegment eliminations	-	-
Total liabilities	<u>(40,819,650)</u>	<u>(10,657,208)</u>

(iv) Segment loss reconciles to loss before tax as follows:

Segment loss	(1,335,324)	(2,134,512)
Revenue from operations	39,210	122,623
Consulting fees	(277,333)	(65,782)
Employee benefits expense	(1,300,633)	(1,146,490)
Administration expense	(2,593,559)	(2,009,015)
Short term loan expense	(12,785,600)	(11,389,554)
Depreciation expense	(21,747)	(31,488)
Foreign exchange gain / (loss)	1,196,969	(2,425,517)
Income tax (expense) / benefit	-	-
	<u>(17,078,017)</u>	<u>(19,079,735)</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Note 17. Dividends

No dividends were provided for as at, or paid during, the financial year ended 30 June 2016. (2015: nil)

Note 18. Remuneration of auditors

During the period the following fees were paid or payable for services provided by the auditor of the Company:

a) Assurance services

BDO Corporate Tax (WA) Pty Ltd provided the Group advice with regard to tax consolidation matters and prepared the Group's tax returns.

Audit Services	2016 \$	2015 \$
BDO Audit (WA) Pty Ltd		
Audit and review of financial report	47,921	52,500

b) Tax services

Corporate Tax Services	2016 \$	2015 \$
BDO Corporate Tax (WA) Pty Ltd		
Consolidation advice and preparation of tax returns	17,594	16,500

BDO Corporate Tax (WA) Pty Ltd provided the Group advice with regard to tax consolidation matters and prepared the Group's tax returns.

Note 19. Contingencies

Other than a liability under SML60 to pay a 3% royalty on exports and the action described below, the Company does not have any contingent liabilities or contingent assets at 30 June 2016 that are not disclosed elsewhere in this report. (2015: nil)

The Group is continuing with a dispute arbitration process under a FIDIC design, procurement and construction contract with MCC Overseas Ltd for loss and damages as a result of non-performance on a construction contract in Fiji. There is insufficient information available to make a determination on the quantum of damages that may be awarded to the Group, if successful in the action, and as such no contingent asset has been recorded in this report.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Note 20. Commitments

a) Capital commitments

Other than the commitments listed below, including a USD76 million construction contract, the Company does not have any other material capital commitments as at reporting date:

Mba Delta Project construction commitments

A FIDIC yellow book construction contract and FIDIC engineer agreement was executed during the year.

Consolidated	2016 \$	2015 \$
No later than one year	61,998,565	-
Longer than one year, but not longer than five years	24,191,940	-
Longer than 5 years	-	-
	86,190,505	-

Tenement commitments

Consolidated	2016 \$	2015 \$
No later than one year	259,488	360,248
Longer than one year, but not longer than five years	518,975	-
Longer than 5 years	-	-
	778,463	360,248

Mine lease commitment SML60

Consolidated	2016 \$	2015 \$
No later than one year	30,645	29,342
Longer than one year, but not longer than five years	122,582	117,366
Longer than 5 years	367,746	381,441
	520,973	528,149

b) Lease commitments

The company leases office premises in West Perth, a port site and residential accommodation at Lautoka in Fiji and a base camp at Sorokoba in Fiji. These lease commitments are summarised in the table below.

Consolidated	2016 \$	2015 \$
No later than one year	353,310	322,516
Longer than one year, but not longer than five years	1,000,012	1,016,677
Longer than 5 years	1,308,336	1,490,683
	2,661,658	2,829,876

Fijian dollar commitments have been converted to AUD at the f/y 2016 closing rate of 1.5415. USD commitments have been converted to AUD at \$0.74426

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

c) Remuneration commitment

	<i>Consolidated</i>	
	<i>2016</i>	<i>2015</i>
Commitments for the payment of salaries and other remuneration under long term employment contracts in existence at reporting date but not recognised as liabilities payable		
Within one year	390,000	390,000
Later than one year and not later than five years	390,000	-
Later than five years	-	-
	<u>780,000</u>	<u>390,000</u>

Note 21. Events occurring after the reporting period

A General Meeting of Shareholders held 17 August 2016 approved six resolutions including the issue of a conditional call option to the construction contractor which is to be issued within three months of approval, approval to place up to 80,000,000 shares, ratification of previous issues of options to unrelated parties, approval to issue Director options to two Director's and approval to grant a security to a related party.

Special Prospecting Licence 1463 has been renewed for a further three years by the Mineral Resources Department of Fiji. SPL1463 surrounds the Company's existing mining lease ground.

At the 17 August 2016 General Meeting of Shareholders, two resolutions issuing options over shares to Directors, Mr Collard (3,000,000 @ \$0.80, forty eight month term) and Mr Qiu (1,000,000 @ \$0.80, forty eight month term) were approved by shareholders and the options have been issued prior to the date of this report. These options are to align Director interests with Shareholder interests in future periods.

Except for those items discussed above, no other matter or circumstance has arisen since 30 June 2016 that has significantly affected, or may significantly affect:

- (a) the Group's operations in future financial years, or
- (b) the results of those operations in future financial years, or
- (c) the Group's state of affairs in future financial years.

Note 22. Share-based payments

a) (i) Issue of shares to directors

No shares were issued to directors in financial year 2016. (2015: nil)

a) (ii) Issue of shares to other parties

10,000,000 fully paid ordinary shares were issued to other parties as part payment for the provision of a short term loan. (2015: 8,000,000)

b) (i) Options issued to directors

	<i>2016 number</i>	<i>2015 number</i>
Options issued to directors and key management personnel	2,000,000	-
	<u>2,000,000</u>	<u>-</u>

2,000,000 options were issued to directors and key management personnel in 2016 for nil consideration. (2015: no unlisted options at nil consideration)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

b) (ii) Options issued to other parties

2016

1,000,000 unlisted options with an exercise price of \$0.80 expiring 16 November 2019 were issued to an unrelated party as consideration for services provided. These options had a valuation at issue of \$89,500.

2,000,000 unlisted options with an exercise price of \$0.80 expiring 30 December 2020 were issued to unrelated parties for services in relation to a capital raise. These options had a valuation at issue of \$297,600.

10,000,000 unlisted options with an exercise price of \$0.80 expiring 16 November 2018 were issued to Fortunate Era Investments Limited as part consideration for a loan facility. These options had a valuation of \$300,000.

2015

2,000,000 unlisted options with an exercise price of \$0.80 expiring 4 February 2019 were issued to an unrelated party as consideration for services provided. These options had a valuation at issue of \$637,200.

Option valuation

When exercised each unlisted option is convertible into one ordinary share. The options granted to date carry no dividend or voting rights. Nil options that have been granted have been exercised in this period (2015: 1,980,000). 1,750,000 options have been forfeited or lapsed (2015: 245,000). The weighted average price of options issued during the year was \$0.80. (2015: \$0.80). All options granted have vested.

The weighted average remaining contractual life of share options outstanding at the end of the year was 2.77 years. (2015: 2.18 years)

The weighted average exercise price of granted options at the start of the year was \$1.04 (2015: \$1.13). The weighted average exercise price of options granted during the year was \$0.80 (2015: \$0.80). The weighted average exercise price of options vested and exercisable at the end of the year was \$1.04 (2015: \$1.18). Nil options were exercised during the year (2015: 1,980,000).

At the start of the year there were 25,250,000 (2015: 25,475,000) options on issue. At the end of the year there were 38,500,000 (2015: 25,250,000) options on issue.

Fair value of options granted

The assessed fair value of options at grant date was, \$0.0895 and \$0.1588 cents per option. The fair value at grant date is independently determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

The model inputs for options granted during the year included:

2016	Grant date	Share price at grant date	Exercise price	Expiry date	Volatility	Dividend yield	Risk free rate
Options issued to financier	16/11/2015	\$0.41	\$0.80	16/11/2018	50%	0%	2.25%
Options issued to supplier	16/11/2015	\$0.41	\$0.80	16/11/2019	50%	0%	2.25%
Director options	16/11/2015	\$0.41	\$0.80	16/11/2019	50%	0%	2.25%
Options issued to share subscriber	30/12/2015	\$0.495	\$0.80	30/12/2020	50%	0%	2.25%
Options issued to share facilitator	30/12/2015	\$0.495	\$0.80	30/12/2020	50%	0%	2.25%
2015	Grant date	Share price at grant date	Exercise price	Expiry date	Volatility	Dividend yield	Risk free rate
Options issued to loan facilitator	4/02/2015	\$0.65	\$0.80	4/02/2019	70%	0%	2.55%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

c) Expenses arising from share based payment transactions

Total expenses arising from share-based payment transactions recognised during the period were as follows:

	2016	2015
	\$	\$
Shares issued to directors	-	-
Shares issued to key management personnel	-	-
Shares issued to financiers	4,800,000	8,536,364
Options issued to directors	179,000	-
Options issued to key management personnel	-	-
Options issued to non-related parties	707,100	637,200
	<u>5,686,100</u>	<u>9,173,564</u>

Note 23. Financial risk management

Overview

The Company and Group have exposure to the following risks from their use of financial instruments:

- credit risk
- liquidity risk
- market risk

This note presents information about the Group's exposure to each of the above risks, their objectives, policies and processes for measuring and managing risk, and the management of capital.

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. Management monitors and manages the financial risks relating to the operations of the Group through regular reviews of the risks.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's cash and cash equivalents balance.

Cash and deposits

The Group limits its exposure to credit risk by only investing with counterparties that have an acceptable credit rating and dealing with recognised financial institutions with AA credit ratings.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Trade and other receivables

As the Group operates in the mining exploration and development sector, it does not have trade receivables and therefore is not exposed to credit risk in relation to trade receivables.

The Group has established an allowance for impairment that represents their estimate of incurred losses in respect of other receivables and investments. The main components of this allowance are a specific loss component that relates to individually significant exposures. Management does not expect any counterparty to fail to meet its obligations other than the amounts recognised as impaired this year.

Presently, the Group undertakes exploration and evaluation activities exclusively in Australia and Fiji. At the statement of financial position date there were no significant concentrations of credit risk other than with financial institutions which have an acceptable credit rating.

Exposure to credit risk

The carrying amount of the Group's financial assets represents the maximum credit exposure. The Group's maximum exposure to credit risk at the reporting date was:

		<i>Carrying amount</i>	
	<i>Note</i>	<i>2016</i>	<i>2015</i>
		<i>\$</i>	<i>\$</i>
Loans and receivables	6&8	74,798	984,137
Cash and cash equivalents	5	3,254,482	1,933,708

Impairment losses

None of the Group's other receivables are past due (2015: nil).

Guarantees

Group policy is to provide financial guarantees only to wholly-owned subsidiaries. No outstanding guarantees have been provided. No maximum guarantee position has been established. Directors will assess any requirement for guarantees on a case by case basis.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group manages liquidity risk by maintaining adequate reserves by continuously monitoring forecast and actual cash flows.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

The Company anticipates a need to raise additional capital in the next 12 months to meet forecasted operational activities in the 2016 / 2017 financial year. The decision on how the Company will raise future capital will depend on market conditions existing at that time.

Typically, the Group ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 365 days, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted. The Group maintains no lines of credit.

The following are the contractual maturities of financial liabilities for the consolidated entity.

Consolidated 2016	Note	Weighted average interest rate	1 year or less	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Remaining contractual maturities
		%	\$				\$
<i>Non-interest bearing</i>							
Trade and other payables	10	0%	341,278	-	-	-	341,278
<i>Interest-bearing-fixed rate</i>							
Borrowings	29	40%	38,263,472	-	-	-	38,263,472
Borrowings	29	16%	2,000,000	-	-	-	2,000,000
			40,604,750	-	-	-	40,604,750

Consolidated 2015	Note	Weighted average interest rate	1 year or less	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Remaining contractual maturities
		%	\$				\$
<i>Non-interest bearing</i>							
Trade and other payables	10	0%	317,244	-	-	-	317,244
<i>Interest-bearing-fixed rate</i>							
Borrowings	29	25%	8,339,964	-	-	-	8,339,964
Borrowings	29	17%	2,000,000	-	-	-	2,000,000
			10,657,208	-	-	-	10,657,208

Market risk

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Interest rate risk

The Group has two short term loans at fixed interest rates and is therefore not exposed to interest rate risk on borrowings. The funding arrangement the Company is negotiating will also have a fixed interest rate.

The Group holds its cash reserves in bank accounts consisting of two cheque accounts, and an on line account. This maximises the return on funds held while providing sufficient funds at call to settle short term creditor liabilities. The Groups exposure to interest rate risk is that the fixed term interest rate will decline over time.

Foreign exchange risk

As the branch operation grows in size and complexity in Fiji the group will have increased risk to unfavourable foreign exchange movements. Management is monitoring exchange risk exposure and, if deemed prudent and cost effective, will enter into hedging arrangements.

Currently management deems foreign exchange risk in Fiji as not yet material. However, as construction begins on the port infrastructure and mining barges and plant and equipment the board will look to examine costs and benefits of hedging the Groups increasing exposure to foreign exchange rate risk.

Where the Group borrows in US dollars a foreign exchange rate movement risk arises. Where practicable the Group will enter into hedging contracts. However, the Group will enter into borrowing and construction contracts and hold cash predominately denominated in USD, as it has in the past, and the translation of these assets and liabilities into the Groups' functional currency will give rise to foreign exchange gains and losses on translation. Given the book, non-cash effect of this translation and the cost of hedging it may be practical for the Group to consider changing its functional currency to US dollars in a future period.

The Group has borrowings in US dollars and is exposed to movements in the AUD USD exchange rate.

Profile

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

	Consolidated Carrying amount	
	2016	2015
Fixed rate instruments	\$	\$
Financial assets	-	-
Financial Liabilities	40,263,472	10,339,964
	<u>40,263,472</u>	<u>10,339,964</u>
Variable rate instruments		
Financial assets	3,254,482	1,933,708
	<u>3,254,482</u>	<u>1,933,708</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2015.

	<i>Profit or loss</i>		<i>Equity</i>	
	<i>100bp increase</i>	<i>100bp decrease</i>	<i>100bp increase</i>	<i>100bp decrease</i>
30 June 2016	\$	\$	\$	\$
Variable rate instruments	32,544	(32,544)	32,544	(32,544)
Cash flow sensitivity (net)	32,544	(32,544)	32,544	(32,544)
30 June 2015				
Variable rate instruments	19,337	(19,337)	19,337	(19,337)
Cash flow sensitivity (net)	19,337	(19,337)	19,337	(19,337)

Fair values

Fair values versus carrying amounts

The fair values of financial assets and liabilities, together with the carrying amounts shown in the statement of financial position, are as follows:

Consolidated	30 June 2016		30 June 2015	
	<i>Carrying amount \$</i>	<i>Fair value \$</i>	<i>Carrying amount \$</i>	<i>Fair value \$</i>
Receivables	129,773	129,773	984,137	984,137
Cash and cash equivalents	3,254,482	3,254,482	1,933,708	1,933,708
Trade and other payables	(341,278)	(341,278)	(317,244)	(317,244)
Borrowings	(40,263,472)	(40,263,472)	(10,339,964)	(10,339,964)
	(37,220,495)	(37,220,495)	(7,739,363)	(7,739,363)

The basis for determining fair values is disclosed in Note 1.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Capital Management

The Board's policy is to maintain a strong capital base in order to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the cash position of the Group versus the exploration, development and maintenance requirements of the Group over the following twelve month period. Where the board identifies a requirement for additional cash the Group goes to market to raise funds accordingly.

As the Group moves through the engineering, procurement, management and construction phase of the Mba Delta project the Group will look to borrowings to fund a proportion of the development cost. The Group will ensure borrowings are contemplated only after an analysis of the weighted average cost of borrowing compared to the weighted average cost of equity capital to determine the most appropriate and risk adverse level of borrowing that may be appropriate in the circumstances for the maximum return to shareholders. While the Group would prefer to source equity in this development phase, the lack of available equity for investment in our sector has

The Group does not purchase its own shares on the market nor does it have a defined share buyback plan.

There were no changes in the Group's approach to capital management during the year.

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

Note 24. Critical accounting estimates and significant judgements

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

Critical accounting estimates and assumptions

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.

Capitalised exploration and evaluation expenditure

The Group tests annually whether capitalised exploration expenditure has suffered any impairment. Such testing requires the use of assumptions, professional advice and judgement. These judgements may be found to be subsequently in error and the carrying amount of the asset may be found to be impaired.

Share based payments

The Group may issue options over ordinary shares as a component of key management personnel remuneration. In determining the amount to expense to the profit and loss the group uses the Black- Scholes option pricing model. This model requires assumptions to be made in performing the valuation calculation. To the extent these assumptions are inaccurate then the expense recognised will be correspondingly inaccurate. The assumptions made are detailed at Note 22.

Borrowings

The consolidated entity has entered into finance facilities during the current year. In addition to interest, some of these facilities also contain transaction costs which were settled in equity. On initial recognition of these borrowings, they are required to be recognised at fair value which requires estimates and judgements in order to determine the fair value of the liability and the corresponding value of the equity transaction costs. Following initial recognition, the borrowings are accounted for at amortised cost using the effective interest method.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Development expenditure

Development activities commence after commercial viability and technical feasibility of the project is established. Judgement is applied by management in determining when a project is commercially viable and technically feasible. In exercising this judgement, management is required to make certain estimates and assumptions as to the future events. If, after having commenced the development activity, a judgement is made that a development asset is impaired, the relevant capitalised amount will be written off to profit and loss. Refer Note 28.

Tax in foreign jurisdictions

The consolidated entity has operates in overseas jurisdiction and accordingly is required to comply with the taxation requirements of those relevant countries. This results in the consolidated entity making estimates in relation to taxes including but not limited to Income tax, VAT, withholding tax and employee income tax. The consolidated entity estimates its tax liabilities based on the consolidated entity's understanding of the tax law. Where the final outcome of these matters is different from the amounts that were initially recorded, such differences will impact profit or loss in the period in which they are settled.

Note 25. Subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of Teakdale Nominees Pty Ltd.

At June 30 2016 the Company has interest in 100% (2015: 100%) of the issued ordinary shares in Teakdale Nominees Pty Ltd. Teakdale holds no mining tenements in Western Australia and is incorporated in Australia. The proportion of ownership interest is equal to the proportion of voting power held. The Fiji operation is recorded as a branch operation in these financial statements. The branch is 100% (2015: 100%) owned by Amex Resources Limited.

(a) Parent entity

The parent entity within the Group, and ultimate Australian parent entity, is Amex Resources Limited.

(b) Subsidiaries

Interests in subsidiaries are set out above.

(c) Key management personnel

Disclosures relating to key management personnel are set out in the remuneration report included in the Directors' Report.

	Consolidated	
	2016	2015
	\$	\$
Short term employee benefits	848,342	998,390
Annual leave paid out	-	46,500
Post – employment benefits	73,542	106,449
Consultant fee benefits	230,000	230,440
	1,151,884	1,381,779

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(d) Transactions with related parties

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

Teakdale Nominees Pty Ltd, a wholly owned subsidiary of Amex Resources Limited, owes an unsecured loan balance to Amex of \$46,904 (2015: \$50,756). No interest is charged and no repayment arrangement is in place.

Note 26. Related party transactions

Matthew Collard is in the first year of a three-year contract at an annual salary of \$390,000 plus statutory superannuation contributions, reviewed annually. Other than unused annual leave entitlement, a long service leave entitlement and a notice period no termination benefits exist. Yibo Qiu is providing his services as an executive director, without contract, for annual remuneration of \$150,000 plus statutory superannuation contributions, reviewed annually. Hon Richard Alston is providing his services as non-executive Chairman of the Board, without contract, for annual remuneration of \$100,000 plus statutory superannuation contributions, reviewed annually.

Note 27. Parent entity disclosure

The following details information related to the parent entity, Amex Resources Limited, at 30 June 2016. The information presented here has been prepared using consistent accounting policies as presented in Note 1.

Statement of profit or loss and other comprehensive income

	Parent Entity	
	2016	2015
	\$	\$
Loss after income tax	(15,831,528)	(19,046,118)
Total comprehensive income	(15,831,528)	(19,046,118)

Statement of financial position

	Parent Entity	
	2016	2015
	\$	\$
Total current assets	10,054,931	7,040,003
Total assets	33,168,823	12,657,369
Total current liabilities	(40,623,626)	(10,649,144)
Total liabilities	(40,623,626)	(10,649,144)
Equity		
Issued capital	(42,215,894)	(36,733,494)
Options reserve	(13,263,425)	(12,377,325)
Accumulated losses	62,934,120	47,102,594
Total equity	7,454,801	(2,008,226)

Guarantees: No guarantees have been entered into by the parent entity on behalf of subsidiaries.

Contingent liabilities: No contingent liabilities exist, other than as detailed for the consolidated entity at Note 19.

Capital Commitments: The parent entity holds ultimate liability for payment of the FIDIC construction contract detailed at Note 20.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Note 28. Development expenditure

	2016	2015
	\$	\$
Opening balance	10,006,897	11,517,757
Development expenditure capitalised during the year	-	1,433,746
R & D rebate received	(434,036)	(891,524)
Facilitation fees written off (i)	-	(2,053,082)
Closing balance	9,572,861	10,006,897

(i) Development activities commence after commercial viability and technical feasibility of the project is established. Judgement is applied by management in determining when a project is commercially viable and technically feasible. Any judgements may change as new information becomes available. If, after having commenced the development activity, a judgment is made that a development asset is impaired, the appropriate amount will be written off to the statement of profit or loss and other comprehensive income. The last formal assessment for impairment was undertaken at 30 June 2015. At 30 June 2016 the company has undertaken an assessment and determined that there are no internal or external factors prevalent to suggest that the asset is required to be tested for impairment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Note 29. Short term loans

	Consolidated Entity	
	2016	2015
	\$	\$
Borrowings summary		
Short term loan #2	-	8,339,964
Short term loan #3	-	2,000,000
Short term loan #4	38,420,228	-
Short term loan #6	2,000,000	-
	40,420,228	10,339,964

	2016	2015
	\$	\$
Short term loan #2 – USD6 million		
Opening balance	8,339,964	-
Funds borrowed (repaid)	(8,803,807)	7,605,526
Accrued interest and fees	-	554,833
Foreign exchange (gain) / loss	463,843	179,605
Closing balance	-	8,339,964

Short term loan number 2 was unsecured, incurred interest at 25% per annum and was rolled several times after a 14 September maturity date while the Company arranged alternative financing. The cost of this period recorded under short term loan expense is \$202,762 (2015: 554,883). The loan was settled on 13 November 2015 from part proceeds of short term loan number 4. The Company incurred a total of AUD 782,345 for interest and fees during the loan period from an initial maturity date of 13 May 2015 to settlement.

	2016	2015
	\$	\$
Short term loan #3 – AUD2 million		
Opening balance	2,000,000	-
Funds borrowed (repaid)	(2,000,000)	2,000,000
Foreign exchange (gain) / loss	-	-
Closing balance	-	2,000,000

Short term loan number 3 -- was unsecured and incurred interest at 17% per annum in the amount of \$113,324 paid in advance. The loan matured 15 August 2015. The loan was settled 13 November 2015 from part proceeds of short term loan number 4. An additional AUD 56,201 was charged to short term loan expense as interest for the extension period at 17% per annum.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Short term loan #4– USD30 million	2016	2015
	\$	\$
Funds borrowed (repaid)	38,420,228	-
Closing balance	38,420,228	-

Short term loan number 4 -- a USD30 million loan is secured with a fixed and floating charge over all the property and assets of the Company in Fiji. This charge has not been executed by the lender as at the date of this report, interest is 18% per annum, paid in advance in the amount of AUD 7,393,412 and a USD 1,500,000 facilitation fee also paid in advance. The loan matures twelve months from drawdown date (progressive from 14 October 2015 to 14 November 2015). The cost of the loan includes the cost to the Company of issuing ten million fully paid ordinary shares at a valuation of \$4,800,000 and ten million \$0.80 thirty six month unlisted options with a valuation of AUD300,000. The loan has an effective interest rate of 40% including prepaid interest of \$7,393,412 (refer Note 30). This facility also includes terms for an underwritten USD50 million facility which has a term of at least 2 years, an interest rate of 18% and otherwise on terms and conditions equivalent for a facility of that nature.

Short term loan #5 – AUD2 million	2016	2015
	\$	\$
Opening balance	-	-
Funds borrowed	2,000,000	-
Funds repaid	(2,000,000)	-
Closing balance	-	-

Terms of short term loan number 5 -- the loan is unsecured; interest is 18% per annum, paid in advance in the amount of \$90,000. The loan was repaid 8 March 2016 from part proceeds of short term loan number 4.

Short term loan #6 – AUD2 million	2016	2015
	\$	\$
Opening balance	-	-
Funds borrowed (repaid)	2,000,000	-
Foreign exchange (gain) / loss	-	-
Closing balance	2,000,000	-

Terms of short term loan number 6 -- the loan is unsecured; interest is 16% per annum, paid in advance in the amount of \$160,000. The loan was drawn on 19 May 2016 and matures 18 November 2016

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Note 30. Prepayments

	2016	2015
	\$	\$
<u>Current prepayments</u>		
Prepaid interest on short term loan #4	7,393,412	-
Prepaid interest unwound	(5,266,540)	-
<u>Non current prepayments</u>		
Deposit paid (repaid) on construction contract	17,365,822	-
Foreign exchange gain	-	-
Closing balance	<u>19,492,694</u>	<u>-</u>

The deposit prepayment represents a US\$12,800,000 advance payment that was paid on 14 June 2016 following execution of the Mba Delta design, procurement and construction contract with CCCC First Harbor Consultants Co. Limited and upon receipt from them of an approved bank guarantee under the terms of the contract. The prepaid interest amount of AUD7,393,412 represents interest paid in advance on short term loan number 4 (Refer Note 29).

DIRECTORS' DECLARATION

The directors' of the Company declare that:

1. The financial statements, comprising the consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position, consolidated statement of cash flow, consolidated statement of changes in equity and accompanying notes, are in accordance with the Corporations Act 2001 and:
 - (a) Comply with accounting standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - (b) Give a true and fair view of the financial position as at 30 June 2016 and of the performance for the year ended on that date of the consolidated entity.
2. In the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
3. The consolidated entity has included in the notes to the financial statements an explicit and unreserved statement of compliance with International Financial Reporting Standards.
4. The directors have been given declarations by the Managing Director, who fulfils the roles of chief executive officer and by the Company Secretary, who fulfils the role of chief financial officer, required by section 295A of the Corporations Act 2001.

This declaration is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the directors by:



MATTHEW COLLARD

Director

Dated at Perth on this the 30th day of September 2016

INDEPENDENT AUDITOR'S REPORT

To the members of Amex Resources Limited

Report on the Financial Report

We have audited the accompanying financial report of Amex Resources Limited, which comprises the consolidated statement of financial position as at 30 June 2016, the consolidated statement of profit or loss and other 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 control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, that the financial statements comply with International Financial Reporting Standards.

Auditor's Responsibility

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

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

We believe that the audit evidence 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 confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of Amex Resources Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

Opinion

In our opinion:

- (a) the financial report of Amex 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; and
 - (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001; and
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Emphasis of matter

Without modifying our opinion, we draw attention to Note 1 in the financial report, which indicates that the ability of the consolidated entity to continue as a going concern is dependent upon the refinancing of two existing debt facilities, and the successful raising of necessary funding through equity or debt facilities to fund future working capital requirements and the development of its Mba Delta Project. These conditions, along with other matters as set out in Note 1, indicate the existence of a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity 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 page 7 and 13 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 Amex Resources Limited for the year ended 30 June 2016 complies with section 300A of the Corporations Act 2001.

BDO Audit (WA) Pty Ltd

Dean Just
Director

Perth, 30 September 2016