ABN 84 118 522 124

ANNUAL REPORT

For the year ended 30 June 2016

CORPORATE DIRECTORY

Directors

Ross Ernest Ashton	–	Non-Executive Chairman
Joseph Allen Treacy	–	Managing Director
John Ralston Hutton	–	Non-Executive Director
Geoffrey Michael Jones	–	Non-Executive Director

Company Secretary

Jeremy Robinson

Principal and Registered Office

Level 3, 35-37 Havelock Street
West Perth, Western Australia, 6005

Telephone: (618) 9322 2338

Share Registry

Security Transfer Registrars Pty Ltd
770 Canning Highway
Applecross Western Australia 6153

Telephone: (618) 9315 2333
Facsimile: (618) 9323 2033

Auditors

Stantons International
Level 2,
1 Walker Avenue
West Perth, Western Australia, 6005

Bankers

National Australia Bank Limited
1232 Hay Street
West Perth, Western Australia, 6005

Solicitors

Eaton Hall
PO Box 419
Claremont, Western Australia, 6910

Stock Exchange

Australian Securities Exchange Limited
Level 40, Central Park
152-158 St Georges Terrace
Perth, Western Australia, 6000

ASX Code: MZN

MARINDI METALS

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Overview

The reported financial year was a transformational period for Marindi Metals Limited (Marindi or the Company) following the merger of Marindi and Brumby Resources Limited (Brumby). The year saw two high impact drilling programs being conducted at the Newman Base Metal Project located in the Pilbara of WA for a total of 6,374.2m.

A significant body of zinc chlorite mineralisation has been identified at the Wolf Prospect with further metallurgical studies underway to determine whether it can be economically extracted. Significant effort has also been put in to understanding controls on mineralisation at the Prairie Deposit that will allow for further high grade targets to be tested at this deposit, such as that intersected in PDD 429, which returned an intersection of 3.7m @ 22.4% Zn, 1.8% Pb and 25 g/t Ag (including 1.24m @ 51.7% Zn, 2.2% Pb, and 39g/t Ag).

Marindi has also expanded its tenement position in the Newman region most importantly acquiring the historic Deadman Flat gold prospect located near to Prairie Downs and opening up an exciting new area for Marindi to explore.

Much further afield at Forrestania, Marindi has secured a substantial ground position in the emerging Lithium Province just north of Ravensthorpe and also remains committed to its ground in the Northern Territory at both its 100% owned Caranbirini project, and through the JV with Teck Australia Pty Ltd (Teck) at Yalco (near to the world class McArthur River Mine and recent Teena discovery), all located in the McArthur River Basin.

On the Corporate side, the Company raised an additional $2.85m in new equity to support its aggressive exploration program and also remains committed to assessing new opportunities to grow shareholder value.

Further detail of the Company's activities is detailed below.

Newman Base Metal Project (Marindi right to earn 100%)

Wolf Prospect

Drilling at Wolf during the year has defined a very large zone of zinc mineralisation extending for approximately 1.75km in strike. The mineralisation is hosted in a silica chlorite hematite breccia within the Prairie Downs Fault Zone (PDFZ) and varies between 30-50m true width.

Highlights of the year's drilling at the Wolf Prospect included:

PDD 426	***58m at 2.3 % Zn, 0.1 % Pb, 13.0 g/t Ag from 155m, including:*** ***8.45m at 5.5% Zn, 0.2% Pb, 32g/t Ag from 195.05m, and*** ***1.51m at 9.4% Zn, 0.7% Pb, 141g/t Ag from 200m.***
PDD 424	***66.3m at 2.1% Zn, 0.1% Pb, 7g/t Ag from 71.7m, including:*** ***3.9m at 4.9% Zn, 0.1% Pb, 3g/t Ag from 128m.***
PDD 428	***45m at 1.7% Zn, 0.1% Pb and 9 g/t Ag from 235m, including:*** ***16.4m @ 2.8% Zn, 0.1% Pb and 17 g/t Ag from 259m; and*** ***1.6m @ 5.2% Zn, 0.1% Pb and 14 g/t Ag from 267.5m***
PDD 425	***22.1m at 2.8% Zn, 0.1% Pb, 9g/t Ag from 98.6m.***
PDD 452	***28m @ 1% zinc from 42m to 68m;*** ***56m @ 1.6% zinc from 94m to 150m, including:*** ***22m at 2.6% zinc from 128m to 150m, and*** ***40m @ 1.2% zinc from 259m down-hole.***
PDD 447	***44m @ 1.2% zinc from 259m to 303m.***

The Company sent a suite of samples to the Federation University in Ballarat, Victoria where the mineral "Baileychlore" was identified using X-ray diffraction techniques.

Baileychlore, a zinc-rich chlorite mineral, is the primary host of the zinc mineralisation, together with both galena (lead sulphide) and sphalerite (zinc sulphide). The drilling at Wolf shows that sulphide appears to be a relatively minor part of the zinc depositional environment in the upper part of the Wolf system where drilling has been concentrated.

Elsewhere in the world where Baileychlore has been reported it usually occurs as a secondary mineral deposited during the weathering process and derived from a nearby zinc sulphide deposit. The presence of such a large amount of zinc as Baileychlore is most unusual and indicates a highly prospective environment for zinc deposition. This can be used as a vector to locate possible sulphide mineralisation.

Marindi's geological team believes that the Baileychlore may indicate the presence of sulphide mineralisation in close proximity to the mineralisation identified at Wolf, either at depth or along strike. It is also possible that the presence of Baileychlore indicates a lack of sulphur in the geological environment at Wolf, suggesting that the next step for exploration is to track the Baileychlore halo to an area where the rock chemistry changes.

The Prairie zinc sulphide deposit, located two kilometres to the south-east of Wolf on the PDFZ, is such an area.

Baileychlore Leach Results

The Baileychlore mineralisation has been intersected in 69 holes and the drilling has outlined a zone of potential mineralisation over 1.75km in length. Marindi has continued to explore the potential to economically extract zinc from the Baileychlore mineralisation at Wolf. Recent test results at 100degC, 120degC, 150degC and 200degC were conducted to see how the Baileychlore reacted to low pressure leaching.

In all cases an extraction of 88-89% was achieved with 84% to 88% extraction taking place in the first 10 minutes of the leach process. These results have just been received and are yet to be fully considered but they are viewed as being very encouraging.

Titan Gravity Anomaly

The Titan gravity anomaly was tested by hole PDP448, which was drilled to a depth of 306m. The hole intersected 140m of medium-grained dolerite to 286m before intersecting a further 20m of graphitic sediments containing up to 2% disseminated pyrrhotite and pyrite to the end of the hole at 306m.

All drill samples were tested on site with a hand-held XRF device and no anomalous base metal mineralisation was detected. The drill samples will be composited and assayed for gold analysis in the coming quarter.

In-fill gravity surveying and remodelling of the data by the Company's geophysical consultants has confirmed that the dolerite is the likely cause of the gravity anomaly with the sulphidic sediments intersected interpreted to be the cause of the coincident IP anomaly.

Titan Magnetic Anomaly

The Titan magnetic anomaly hole was drilled to a depth of 700m targeting an interpreted strong magnetic anomaly. It was tested for base metal mineralisation using the hand-held XRF gun and, while elevated zinc and lead geochemistry was intersected in the hole, no significant mineralisation was noted.

A revised geophysical interpretation that puts the depth of the anomaly at 1600m precludes further drill testing at this stage.

Prairie Pup

Assay results from Reverse Circulation drilling at Prairie Pup were received during the year. A zone of highly anomalous zinc mineralisation was intersected in two drill holes at the eastern end of the drill traverse. Both drill holes have highly anomalous zinc in the upper 30m with values to 0.12% zinc, hosted in altered mafic volcanics. The holes are 50m apart and are collared in a sediment and mafic sequence.

Two holes were also drilled to test a Prairie-style Induced Polarisation (IP) anomaly. The holes encountered a significantly thicker package of Bresnahan (cover) sediments than expected and were unable to effectively test the anomaly, which remains unexplained. The geological environment in this area requires further investigation.

Prairie Deposit

During the year, the Company reported that the high-grade mineralisation intersected in PDD 429, which returned an intersection of 3.7m @ 22.4% Zn, 1.8% Pb and 25 g/t Ag (including 1.24m @ 51.7% Zn, 2.2% Pb, and 39g/t Ag), remains open along strike for approximately 500m and is also open down-dip.

In light of the continued improvement in the zinc price, the Company is also continuing to review options to advance the Prairie Base Metal Deposit, which comprises an Indicated and Inferred Sulphide Resource of 3Mt grading 5.0 % Zn, 1.6 % Pb and 15g/t Ag, including an Indicated Resource of 1.24Mt of 6.4% Zn, 1.7% Pb and 21 g/t Ag (see ASX Release 25th May 2015).

It is expected that a detailed review of the structural setting of the deposit coupled with re-logging and standardisation of the drill hole data base will result in the generation of new resource targets at the Prairie Deposit.

Geophysical Surveys

The Company has also completed an in-fill gravity survey of the PDFZ that will be used to target follow-up drilling of the yet to be tested Husky and African Hunting Dog geochemical anomalies. The gravity survey has also been enlarged to cover the portion of the exploration licence to the south and west of the PDFZ which is obscured by barren cover sequences. Gravity data has been shown to be very effective in mapping structural complexities in areas of cover along the PDFZ. Four diamond holes covering the Wolf Prospect have been cased with PVC to allow down-hole geophysical surveying to be completed.

Regional Exploration (Marindi 100%)

The Newman Base Metal Project represents a major base metal occurrence in the Capricorn Orogen of Western Australia, where Marindi holds over 1,000 km^2 of tenure granted or under application.

The Prairie Downs Fault Zone (PDFZ) is the dominant structural feature and is anomalous in base metal geochemistry over its entire 23km strike length. Multi-element geochemistry conducted by Marindi has outlined three major hydrothermal cells along the PDFZ.

During the year, Marindi applied for EL 52/3326. The new tenement covers an extension to the mineralised PDFZ, the main geological structure which hosts the base metal mineralisation in the area, and the historical Deadman Flats alluvial and hard rock gold workings (see plans attached and ASX release 20th June 2016).

A review of open file data from the tenements (WAMEX A29372 and A 53459) has revealed maximum gold rock chip values from Deadman Flats of up to **21.0g/t Au** with historical (Rotary Airblast Drilling) RAB drill intersections of **4m @ 1.43 g/t Au** from 24m in hole DMP032. Sampling of the RAB drilling was by 4m composites and anomalous results at or above 0.1 g/t Au were returned from 23 holes of the 83 RAB holes drilled. The gold mineralisation intersected is believed to represent a depleted zone within the leached weathering profile with the potential supergene and primary zones yet to be tested with drilling.

The gold mineralisation lies on the Nirran Nirran Fault, which is interpreted to be a parallel structure to the PDFZ that hosts several zones of mineralisation including the Deadman Flats gold workings, the Jillary Well copper and uranium occurrence, the Prairie uranium occurrence and quartz veins anomalous in barium, antimony and base metals. Marindi have commenced regional exploration field work on the large 1000 km^2 tenement holdings that make up the Capricorn Project including the Deadman Flat tenement.

Forrestania Lithium Project

Following a geological review of the potential for lithium mineralisation in the Yilgarn and the Pilbara, Marindi has applied for six Exploration Licences covering a total area of approximately 850 km^2 on the eastern and southern sides of the Forrestania Greenstone Belt, north of Ravensthorpe.

This Greenstone belt, which hosts the highly successful Bounty Gold Mine and Flying Fox Nickel deposits, was recognised historically for its strategic metals potential but has had virtually no exploration for these commodities since the 1970s. Marindi's applications build on information gathered from previous field experience working in the belt in the 1980s. The accompanying plan shows the extent of the Marindi tenements.

Numerous pegmatites are known within the Forrestania Greenstone Belt as a result of accidental intersections in drill holes dating back to the 1970s that were targeting gold and nickel. Despite this, there is no indication that the known pegmatites have ever been appraised for their economic potential. Nor is there any record of exploration in the district specifically for lithium, tin, tantalum or other specialty metals. Hence, there is a significant opportunity to assemble the existing data and to progress rapidly to the point of identifying specific drilling targets.

In the past few weeks, both Kidman Resources (ASX: KDR) and Western Areas Limited (ASX: WSA) have released the results of resampling of pegmatites intersected by holes drilled by previous explorers targeting gold and nickel mineralisation, revealing intersections which are comparable to those of the Pilangoora district of the Pilbara, firmly establishing Forrestania as a pre-eminent lithium province.

These intersections include:

- 45m @ 1.81% Li2O including 7m @ 2.23% Li2O - Kidman Resources ASX Release 19th July 2016;
- 39m @ 1.93% Li2O including 12m @ 2.46% Li2O - Kidman Resources ASX Release 19th July 2016;
- 52m @ 1.53% Li2O - Kidman Resources ASX Release 19th July 2016;
- 21.5m @ 1.61% Li2O – Western Areas ASX Release 21st July 2016;
- 23.6m @ 1.36% Li2O – Western Areas ASX Release 21st July 2016, and
- 33.8m @ 1.22% Li2O – Western Areas ASX Release 21st July 2016.

These intersections are large and confirm Marindi's view of the potential of the area to host significant lithium mineralisation. Marindi has commenced acquisition of aeromagnetic and Landsat data and has defined several high priority targets. Prospecting and initial assessment has begun but detailed field based exploration will await the granting of the tenements which is expected in the coming quarter.

Previous exploration has been primarily directed toward gold and nickel however regional lag sampling conducted in the 1990s returned several samples with anomalous tin values (WAMEX Database A 18389). A very preliminary investigation of these anomalies has resulted in the location of a pegmatitic rock outcrop at Digger Rocks South within the Marindi ELA's. A review of the open file database also confirms that the tenements have anomalous gold geochemistry.

McArthur River

Marindi's second major land-holding for base metal mineralisation is in the Northern Territory, where it has the Yalco Joint Venture area with Teck and the 100% Marindi owned Caranbirini Project located 8km north of Glencore's operating McArthur River Mine. The McArthur River Mine, which had Reserves of 110Mt at 10% Zn, 4.7% Pb and 47g/t Ag as at 31 December 2012, is hosted in the Barney Creek Formation (BCF), a mineralised pyritic shale unit (see Plan 6).

Yalco (Teck earning 70%)

Marindi have received a report from Teck which details the results of the significant exploration program completed in the December 2015 quarter. Teck have the right to earn up to a 70% interest in the Yalco Project by spending $3.5 million prior to June 30, 2018. Teck have spent approximately $1.8 million on the Project to date with $1.36 million of that having been expended in the past 12 months.

Teck completed a significant body of field work in 2015 and have undertaken amongst other activities, multi element soil sampling, infill gravity surveying, 36 kilometres of seismic surveying on three separate lines and complimentary Audio Magneto Telluric (AMT) surveys over substantially the same area as was covered by the seismic survey.

The data generated by this work is still being processed however some strong targets have been defined at Yalco East and in the Emu Fault Corridor that will require follow up.

Caranbirini, NT (Marindi 100%)

The Caranbirini Project covers 10km of the prospective Batten Trough and is located only 8km from the McArthur River Mine. Historical exploration has intersected base metal mineralisation in close proximity to the Emu Fault. The Emu Fault together with cross-cutting structures played an important role in the deposition of the McArthur River Deposit. The strategic value of this project has recently been highlighted by the announcement of a significant lead-zinc resource at the nearby Teena Project, owned by Rox Resources (ASX: RXL).

On 1 June, Rox announced a maiden Inferred Mineral Resource of **58 million tonnes at 12.7% Pb+Zn** at Teena, which is located just 8km along strike from Caranbirini and covers a similar geological environment.

Historical drilling on Marindi's ground has returned a best intersection of 1m @17.5% Zn (refer to Marindi's December 2015 Quarterly Report).

Marindi will conduct a gravity survey over the tenement in the coming quarter with the aim of developing a 3D geological model that will incorporate the existing EM surveys, geochemical and structural data with the aim of targeting follow up drilling.

Oakover (Marindi 100%)

The Oakover Manganese Project lies approximately 80km east of Newman in Western Australia's East Pilbara Manganese Province. The project is situated about 100km south of the Ant Hill Manganese Deposit owned by Mineral Resources Ltd and about 50km from the Nicholas Downs Manganese Deposit.

A scoping study report on the project has been received and is not economic at current manganese prices. The Company is considering its options with regard to this project.

Corporate

During the year, the Company raised a total of $2.85 million dollars at $0.01 with an oversubscribed placement of $2.05m and a well-supported Share Purchase Plan raising an additional $850,000. The Company acknowledges and appreciates the support of its new and existing shareholders and is now well funded to pursue exploration at both the Newman Base Metal Project and the Forrestania Lithium Project.

Marindi continues to review more advanced opportunities, primarily in zinc and other base metals within Australia and will add quality projects to its portfolio as appropriate.

Cash at the end of the year was approximately $3.3 million.

Competent Persons Statement

Information in this release that relates to Exploration Results is based on information prepared by Mr Joseph Treacy a Member of the Australasian Institution of Mining and Metallurgy and the Australian Institute of Geoscientists Mt Treacy is the Managing Director of Marindi Metals Ltd, a full time employee and shareholder. Mr Treacy has sufficient experience which is relevant to the styles of mineralisation and types of deposits under consideration and to the activities being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Treacy consents to the inclusion in this release of the matters based on his information in the form and context in which it appears.

The information in this announcement relating to the Minerals Resources within the Prairie Deposit is based on information prepared by Mr Mark Drabble, who is a Member of the Australasian Institution of Mining and Metallurgy. Mr Drabble is an employee of Optiro Pty Ltd. Mr Drabble has sufficient experience which is relevant to the styles of mineralisation and types of deposits under consideration and to the activities being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Details of which were released to the ASX on the 25th May 2015.

Marindi confirms that that it is not aware of any new information or data that materially affects the information relating to the Prairie Deposit Mineral Resources included in the 25th May 2015 announcement referred to above. Marindi confirms that all material assumptions and technical parameters underpinning the Mineral Resource estimates in the 25th May 2015 announcement continue to apply and have not materially changed.

Forward Looking Statements

Some statements in this report regarding future events are forward-looking statements. They involve risk and uncertainties that could cause actual results to differ from estimated results. Forward-looking statements include, but are not limited to, statements concerning the Company's exploration programme, outlook, target sizes, resource and mineralised material estimates. They include statements preceded by words such as "potential", "target", "scheduled", "planned", "estimate", "possible", "future", "prospective" and similar expressions.

The directors present their report together with the financial report of Marindi Metals Limited (the "Company") and its controlled entities (the "Group"), for the year ended 30 June 2016 and the auditor's report thereon.

DIRECTORS

The directors of the Company at any time during the year and to the date of this report are:

Mr Ross Ernest Ashton – age 65

Non-Executive Chairman – Appointed 31 January 2016

Non-Executive Director - Appointed 6 July 2015

Mr Ashton has over 41 years' experience as a geologist specialising in gold, base metals and industrial minerals exploration and development in Australia and overseas. He was the founder of Red Back Mining Limited before its takeover by Kinross for $7Bn in 2010. He was also a director of TSX/ASX listed PMI Gold Limited and ASX listed Brockman Resources Ltd. Both companies were involved in significant corporate transactions. Mr Ashton brings broad geological and commercial experience to the Board.

Mr Joseph Allen Treacy – age 61

Managing Director – Appointed 6 July 2015

Mr Treacy has more than 31 years' experience as a geologist specialising in gold and base metals exploration and development in Australia and overseas. He was a founding director of Kagara Limited and Mungana Goldmines Ltd and has been involved in the exploration, development and mining of both open cut and underground base metal deposits. He is a member of the Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists.

Mr John Ralston Hutton – age 50

Non-Executive Director - Appointed 15 December 2010

Mr Hutton has a background in accounting and finance and is a Member of the Australian Institute of Company Directors. Mr Hutton has over 27 years' experience in the direction and management of a diverse range of commercial activities, including over the last 17 years as a director of several ASX listed companies. He was a non-executive Director of Sandfire Resources NL (SFR) during the copper/gold discovery at Degrussa, tenement holdings vended into SFR by the late Graeme Hutton. Mr Hutton has spent many years successfully prospecting in Western Australia and is a director of a number of private entities involved in the resources, pearling and fish farming industries. He is currently a director of the peak representative body, the WA Fishing Industry Council.

Mr Geoffrey Michael Jones – age 54

Non-Executive Director - Appointed 24 February 2006

Non-Executive Chairman – Appointed 24 November 2010, resigned 6 July 2015

Mr Jones is a Fellow of Engineers Australia, with a Bachelor of Engineering (Civil) degree. He has over 230 years' experience covering the areas of construction, engineering, mineral processing and project development. Mr Jones has been responsible for the preparation of feasibility studies for gold and base metals projects and has completed numerous project evaluations and due diligence reviews and has managed the successful development of projects both domestically and overseas.

He spent over six years (1994-2001) with Resolute Limited, where as Group Project Engineer he was responsible for the development of its mining projects in Australia, Ghana and Tanzania.

On leaving Resolute Limited he commenced the operation of his own project management and engineering consultancy, JMG Projects Pty Ltd, servicing the mining industry. In this capacity Mr Jones has completed works on gold and base metal projects for Australian and overseas based mining groups.

Mr Jones is currently Managing Director of GR Engineering Services Limited, and a Non-Executive Director of Energy Metals Limited, Azumah Resources Limited and Ausgold Limited.

Mr Jones will be seeking re-election by shareholders at the 2016 Annual General Meeting.

Mr Thomas Henderson – age 50

Non-Executive Director – Appointed 22 March 2011, resigned 6 July 2015

Mr Drew Totterdell – age 40

Non-Executive Director – Appointed 3 June 2014, resigned 6 July 2015

COMPANY SECRETARY

Mr Jeremy Robinson – age 34 *- Appointed 6 July 2015*

Mr Robinson started in stockbroking working as a mining and resources analyst before spending the last 11 years directly in the resources industry, working in areas such as business development, project development, investor relations and company secretary. He has served as company secretary of both Mungana Goldmines Ltd and Apex Minerals Ltd.

Mr Kim Hogg – age 57 *- Appointed 24 February 2006, resigned 6 July 2015*

DIRECTORSHIPS IN OTHER LISTED ENTITIES

Directorships of other listed entities held by directors of the Company during the 3 years immediately before the end of the year are as follows:

Director	Company	Period of directorship From	To
Geoffrey Michael Jones	GR Engineering Services Limited	26/06/13	Present
	Azumah Resources Limited	20/10/09	Present
	Energy Metals Limited	29/08/08	Present
	Ausgold Limited	29/07/16	Present
Joseph Allen Treacy	Mungana Goldmines Limited	16/04/09	31/12/14
Ross Ernest Ashton	PMI Gold Corporation	21/12/10	06/02/14
John Ralston Hutton	Resource and Investment NL	12/01/99	05/11/14
	Marine Produce Australia Limited	14/08/06	21/03/14

DIRECTORS' MEETINGS

The number of directors' meetings (including meetings of committees of directors) and the number of meetings attended by each of the directors of the Company during the financial year are:

	Board Meetings		Audit Committee Meetings	
Director	Held while Director	Attended	Held while Director	Attended
Ross Ernest Ashton	11	11	-	-
Joseph Allen Treacy	11	11	-	-
John Ralston Hutton	11	11	-	-
Geoffrey Michael Jones	11	11	-	-

DIRECTORS' INTERESTS

The relevant interest of each director in the shares and options in the Company at the date of this report is as follows:

Director	Shares	31 December 2019 Options (ex. at $0.025 each)	31 December 2016 Listed Options (ex. at $0.02 each)
Geoffrey Michael Jones	10,221,436	7,500,000	1,299,927
Joseph Allen Treacy	24,126,658	20,000,000	-
Ross Ernest Ashton	66,026,687	7,500,000	12,500,014
John Ralston Hutton	35,237,901	5,000,000	5,039,650

PRINCIPAL ACTIVITY

The principal activity of the Group during the year was mineral exploration.

OPERATING AND FINANCIAL REVIEW

Operating review

A review of the operating activities undertaken within the Group during the year is contained in the section entitled Review of Activities in this Annual Report.

Financial review

The Group incurred a loss of $3,513,989 (2015: loss of $488,785) for the year. The loss included the write-off of $2,425,270 (2015: $175,003) in exploration expenditure in accordance with the Company's accounting policies, and corporate and administrative costs of $1,148,827 (2015: $326,322). The corporate and administrative costs include a non-cash charge of $285k for share-based payments, and transaction costs of $89k related to the acquisition of Marindi Metals Operations.

ENVIRONMENTAL REGULATION

The Group's exploration activities are subject to various environmental regulations under Commonwealth and State legislation. The Directors are responsible for the regular monitoring of environmental exposures and compliance with environmental regulations. The Directors believe that the Group has adequate systems in place for the management of the requirements under those regulations, and are not aware of any breach of such requirements as they apply to the Group.

CORPORATE GOVERNANCE

The Company's Corporate Governance Statement can be found on the Company's website: www.marindi.com.au.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

On 6 July 2015, Marindi Metals Limited (previously Brumby Resources Limited) (**the Company**) acquired Marindi Metals Operations Pty Ltd (formerly Marindi Metals Pty Ltd) (ACN 166 203 578) (**MMO**). As consideration, the Company issued 250 million shares at a deemed issue price of $0.01 each per share and 25 million options exercisable at $0.02 each on or before 31 December 2016 to the vendors of MMO.

The Group continued to explore for minerals during the year, spending approximately $2.4 million on exploration activities.

The Group's net assets, which amount to approximately $6,581,930 at 30 June 2016, comprise principally of cash and exploration tenements.

Total shares on issue at 30 June 2016 were 1,153,068,084. Of these, 12,000,000 shares included are shares to be issued in August 2016.

DIVIDENDS

No dividend has been declared or paid by the Company to the date of this report.

EVENTS SUBSEQUENT TO REPORTING DATE

On 31 August 2016, the Company issued 12,000,000 ordinary fully paid shares at an issue price of $0.01 each pursuant to a placement, raising $120,000 before costs. The shares were issued to Mr Ross Ashton, the Non-executive Chairman of the Company. The issue was approved by shareholder resolution at a general meeting held on 29 July 2016.

On 16 August 2016, the Company signed a Binding Heads of Agreement to acquire Rox Resources Ltd's (ASX: RXL) 49% interest in the Reward Zinc Project, under a structured arrangement comprising $21 million in cash, shares, convertible notes and a payment upon a successful Bankable Feasibility Study.

On 12 September 2016, the Company renegotiated the final payment terms required to complete the acquisition of 100% of the Newman Base Metal Project. Under the revised terms of the Farm-in Agreement with Prairie, Marindi must make a final payment of $650,000 cash to move to 100% ownership (previously $1 million in cash or shares). The $650,000 is to be paid in two tranches, $325,000 by the end of September 2016 and $325,000 by the end of March 2017. Prairie will maintain a 2.5% Net Smelter Return Royalty over the project.

On 20 September 2016, the Company signed an option and joint venture agreement to acquire up to a 70% interest in Mining Lease 77/549 that will form part of the Forrestania Lithium Project. The Company is required to pay

- $50,000 cash payment for a six month option, subject to registration of interests
- On exercise of option, a $50,000 cash payment and $100,000 in shares

EVENTS SUBSEQUENT TO REPORTING DATE (continued)

- A minimum spend of $300,000 on exploration over 24 months to earn a 51% interest
- The Company has the right to spend a further $150,000 on exploration to earn up to a 70% interest within 30 months of exercising of the option by way of issuing a further $40,000 in shares
- Upon earning 70% interest, the remaining 30% interest can be purchased on terms to be mutually agreed

LIKELY DEVELOPMENTS

The Company will continue to pursue its principal activity of mineral exploration. The Review of Activities sets out more details about likely developments in the operations of the Group going forward.

SHARE OPTIONS

Options granted

During or since the end of the financial year, the following options were granted:

Class	Expiry Date	Exercise Price	Number of Options
Unlisted Options	31 December 2019	$0.025	62,000,000
Vendor Listed Options	31 December 2016	$0.02	25,000,000
Listed Options	31 December 2016	$0.02	236,811,325

Unissued shares under option

At the date of this report, unissued shares of the Company under option are:

Class	Expiry Date	Exercise Price	Number of Options
Unlisted Options	31 December 2019	$0.025	62,000,000
Vendor Listed Options	31 December 2016	$0.02	25,000,000
Listed Options	31 December 2016	$0.02	236,811,325

These options do not entitle the holder to participate in any share issue of the Company or any other entity.

Options expired

During or since the end of the financial year, no options over unissued ordinary shares in the Company have lapsed.

Shares issued on exercise of options

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

INDEMNIFICATION AND INSURANCE OF OFFICERS

Indemnification

The Company has agreed to indemnify the current directors of the Company against all liabilities to another person (other than the Company or a related body corporate) that may arise from their position as directors of the Company, except where the liability arises out of conduct involving a lack of good faith. The agreement stipulates that the Company will meet the full amount of any such liabilities, including costs and expenses.

INDEMNIFICATION AND INSURANCE OF OFFICERS (continued)

Insurance

The Company paid a premium during the year in respect of director's and officer's liability insurance policy, insuring the directors of the Company, the company secretary, and all executive officers of the Company against a liability incurred as such a director, secretary or executive officer to the extent permitted by the Corporations Act 2001. The directors have not included details of the nature of the liabilities covered or the amount of the premium paid in respect of the directors' and officers' liability and legal expenses' insurance contracts, as such disclosure is prohibited under the terms of the contract.

NON-AUDIT SERVICES

The Company's auditor, Stantons International, did not provide any non-audit services during the year.

Amounts paid to Stantons International for audit services provided during the year are set out below:

	2016 $	2015 $
Audit and review of financial reports	27,500	9,519

REMUNERATION REPORT

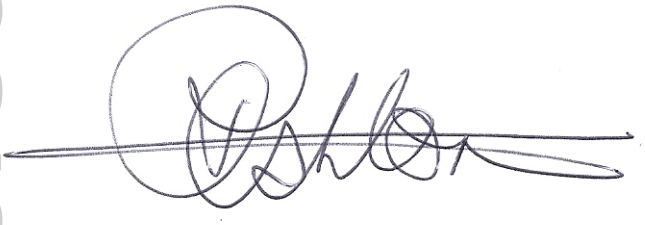
The remuneration report is set out on pages 12 to 15 and forms part of the Directors' Report.

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration is included on page 44 of the financial report.

Dated at Perth, Western Australia this 28th day of September 2016.

Signed in accordance with a resolution of the directors:



Ross Ernest Ashton
Non-Executive Chairman

This Remuneration Report, which has been audited, outlines the director and executive remuneration arrangements of the Company and the Group in accordance with the requirements of the Corporations Act 2001 and the Corporations Regulations 2001.

For the purposes of this report, key management personnel of the Company are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company and the Group, directly or indirectly, including any director (whether executive or otherwise) of the Company.

KEY MANAGEMENT PERSONNEL

The key management personnel for the Company during the year were:

Directors

Mr Ross Ashton	Non-Executive Director, Appointed 6 July 2015
Mr Joseph Treacy	Managing Director and Chief Executive Officer, Appointed 6 July 2015
Mr John Hutton	Non-Executive Director
Mr Geoffrey Michael Jones	Non-Executive Director
Mr Jeremy Robinson	Company Secretary
Mr Thomas Henderson	Non-Executive Director, Appointed 22 March 2011, resigned 6 July 2015
Mr Drew Totterdell	Non-Executive Director, Appointed 3 June 2014, resigned 6 July 2015

PRINCIPLES OF REMUNERATION

The directors have authority and responsibility for planning, directing and controlling the activities of the Company and the Group.

Compensation levels for key management personnel of the Group are competitively set to attract and retain appropriately qualified and experienced directors and executives. The remuneration structures explained below are designed to attract suitably qualified candidates, reward the achievement of strategic objectives, and achieve the broader outcome of creation of value for shareholders. The structures take into account the capability and experience of the key management personnel, as well as the key management personnel's ability to control the performance of their division.

Compensation packages can include a mix of fixed compensation and equity-based compensation as well as employer contributions to superannuation funds.

Shares and options may only be issued to directors subject to approval by shareholders in general meeting.

The Company does not have any scheme relating to retirement benefits for its key management personnel, other than payment of statutory superannuation contributions.

REMUNERATION STRUCTURE

The structure of non-executive directors' remuneration is distinguished from that of executives.

Non-Executive director remuneration

The Company's Constitution and the ASX Listing Rules specify that the aggregate remuneration of non-executive directors shall be determined from time to time by a general meeting of members. Total remuneration for all non-executive directors, last voted upon by shareholders at the 2011 Annual General Meeting, is not to exceed $250,000 per annum. Directors' fees cover all main board activities and membership of committees. Non-executive directors generally do not receive performance related compensation, although directors have previously been granted options following receipt of shareholder approval. The issue of options as part of director remuneration ensures that director remuneration is competitive with market standards as well as providing an incentive to pursue longer term success for the Company. It also reduces the demand on the critical cash resources of the Company, and assists in ensuring the continuity of service of directors who have extensive knowledge of the Company, its business activities and assets and the industry in which it operates. Neither the non-executive directors nor executives of the Company receive any retirement benefits, other than superannuation.

Executive remuneration

Remuneration for executives is set out in employment agreements. Details of the employment agreement with the Managing Director are provided below.

Executive directors may receive performance related compensation but do not receive any retirement benefits, other than statutory superannuation.

Fixed compensation

Fixed compensation consists of base compensation as well as employer contributions to superannuation funds. Compensation levels are reviewed annually through a process that considers individual and overall performance of the Group.

PRINCIPLES OF REMUNERATION (continued)

Equity-based compensation (long-term incentives)

Equity-based long-term incentives may be provided to key management personnel via the Marindi Metals Limited Employee Share Option Plan (refer to Note 21 to the financial statements) or to directors with the prior approval of shareholders. The incentives are provided as options over ordinary shares of the Company and may be provided to directors and key management personnel based on their role within the Company. Such incentives are considered to promote continuity of employment and provide additional incentive to recipients to increase shareholder wealth. The incentives are also designed to ensure that remuneration is competitive and in line with market standards. Vesting conditions may be imposed on any option grants if considered appropriate, and in accordance with the terms and conditions applicable to the options or ESOP.

Consequences of performance on shareholder wealth

Given the Group's principal activity during the course of the financial year consisted of mineral exploration, the Company has given more significance to service criteria instead of market related criteria in setting the Company's remuneration levels and incentive schemes. Accordingly, at this stage the Board does not consider the Group's earnings or earnings measures to be an appropriate key performance indicator. The issue of options as part of the remuneration package of directors and key executives is an established practice for listed exploration companies and has the benefit of conserving cash whilst appropriately rewarding the recipients. In considering the relationship between the Company's remuneration policy and the consequences for the Company's shareholder wealth, changes in share price are considered.

EMPLOYMENT CONTRACTS

The Company has entered into an executive services agreement ("agreement") with Mr Joseph Treacy, Managing Director, effective from 6 July 2015. The agreement specifies the duties and obligations to be fulfilled by Mr Treacy in his role as Managing Director and Chief Executive Officer. The agreement is for a term of 3 years.

In accordance with the agreement, the Company currently pays Mr Treacy $220,000 per annum, and contributes the minimum superannuation amount prescribed by the *Superannuation Guarantee (Administration) Act* 1992 (Cth) (9.50% of base salary effective 6 July 2015) for his services.

Mr Treacy has no entitlement to any termination payment in the event of removal for misconduct or in other specified circumstances. The agreement is to be reviewed on an annual basis.

REMUNERATION OF KEY MANAGEMENT PERSONNEL

Details of the nature and amount of each major element of remuneration of each key management person of the Company for the year are:

		Short-term		Post-employment		Share-based payments		
		Salary/ fees $	Non-monetary benefits $	Super-annuation contributions $	Termination benefits $	Options $	Total $	Value of options as proportion of remuneration %
Mr R Ashton[1]	2016	23,925	1,565	2,273	-	65,901	93,664	70%
	2015	-	-	-	-	-	-	-
Mr J Treacy[2]	2016	217,338	1,565	20,647	-	52,619	292,169	18%
	2015	-	-	-	-	-	-	-
Mr J Hutton	2016	20,102	1,591	1,910	-	43,934	67,537	65%
	2015	25,114	1,683	2,386			29,183	-
Mr G Jones	2016	25,939	1,591	2,464	-	65,901	95,895	69%
	2015	34,247	1,683	3,253	-	-	39,183	-
Mr J Robinson[3]	2016	163,003	1,565	15,485	-	52,619	232,672	23%
	2015	-	-	-	-	-	-	-
Mr T Henderson[4]	2016	452	26	-	-	-	478	-
	2015	27,500	1,683	-	-	-	29,183	-
Mr D Totterdell[5]	2016	413	26	39	-	-	478	-
	2015	25,114	1,683	2,386			29,183	-
Total key management personnel remuneration	2016	**451,172**	**7,929**	**42,818**	**-**	**280,974**	**782,893**	
	2015	**111,975**	**6,732**	**8,025**	**-**	**-**	**126,732**	

REMUNERATION OF KEY MANAGEMENT PERSONNEL (continued)

Notes in relation to the table of remuneration:

1. Mr Ashton was appointed on 6 July 2015.
2. Mr Treacy was appointed on 6 July 2015.
3. Mr Robinson was appointed on 6 July 2015.
4. Mr Henderson resigned on 6 July 2015.
5. Mr Totterdell resigned on 6 July 2015.

KEY MANAGEMENT PERSONNEL EQUITY HOLDINGS

Fully Paid Ordinary Shares

The movement during the reporting period in the number of fully paid ordinary shares in Marindi Metals Limited held, directly, indirectly or beneficially by each key management person, is as follows:

2016	Held at 1 July 2015	Held at date of appointment	Purchases	Sales	Held at date of resignation	Held at 30 June 2016
Mr R Ashton[1]	-	24,126,658	41,900,029	-	-	66,026,687
Mr J Treacy[2]	-	24,126,658	-	-	-	24,126,658
Mr J Hutton	20,158,600	-	15,079,301	-	-	35,237,901
Mr G Jones	5,621,582	-	4,599,854	-	-	10,221,436
Mr J Robinson[3]	-	19,626,658	-	-	-	19,626,658
Mr T Henderson[4]	6,250,197	-	-	-	6,250,197	-
Mr D Totterdell[4]	-	-	-	-	-	-

2015	Held at 1 July 2014	Held at date of appointment	Purchases	Sales	Held at date of resignation	Held at 30 June 2015
Non-Executive Director						
Mr G Jones	4,643,978	-	977,604	-	-	5,621,582
Mr T Henderson[4]	6,250,197	-	-	-	6,250,197	6,250,197
Mr J Hutton	20,158,600	-	-	-	-	20,158,600
Mr D Totterdell[5]	-	-	-	-	-	-

Options over Ordinary Shares

The movement during the reporting period in the number of options over ordinary shares in Marindi Metals Resources Limited held, directly, indirectly or beneficially by each key management person, is as follows:

2016	Held at 1 July 2015	Granted as compensation	Other Options[6]	Held at date of resignation	Held at 30 June 2016	Vested and exercisable at 30 June 2016
Mr R Ashton[1]	-	7,500,000	12,500,014	-	7,500,000	7,500,000
Mr J Treacy[2]	-	20,000,000	-	-	20,000,000	5,000,000
Mr J Hutton	-	5,000,000	5,039,650	-	5,000,000	5,000,000
Mr G Jones	-	7,500,000	1,299,927	-	7,500,000	7,500,000
Mr J Robinson[3]	-	20,000,000	-	-	20,000,000	5,000,000
Mr T Henderson[4]	-	-	-	-	-	-
Mr D Totterdell[5]	-	-	-	-	-	-

KEY MANAGEMENT PERSONNEL EQUITY HOLDINGS (continued)

2015	Held at 1 July 2014	Granted as compensation	Expired/ Lapsed	Held at date of resignation	Held at 30 June 2015	Vested and exercisable at 30 June 2015
Directors						
Mr G Jones	1,000,000	-	1,000,000	-	-	-
Mr T Henderson[4]	1,000,000	-	1,000,000	-	-	-
Mr J Hutton	1,000,000	-	1,000,000	-	-	-
Mr D Totterdell[5]	-	-	-	-	-	-

Notes in relation to the tables above:

1. Mr Ashton was appointed on 6 July 2015.
2. Mr Treacy was appointed on 6 July 2015.
3. Mr Robinson was appointed on 6 July 2015.
4. Mr Henderson resigned on 6 July 2015.
5. Mr Totterdell resigned on 6 July 2015.
6. The Company completed a share placement and entitlements issue which came with a free attaching option.

SHARE BASED COMPENSATION

Options granted as compensation

On 6 July 2015 the Company granted 60,000,000 options to key management personnel. The options are exercisable at $0.025 each on or before 31 December 2019 with varying vesting conditions.

No options that were granted to key management personnel as part of their remuneration in previous years were exercised during the year.

No options that were granted to key management personnel as part of their remuneration in previous years lapsed during the year.

Analysis of options granted as compensation

Details of vesting profiles of the options granted as remuneration to each key management person of the Company are detailed below:

Name	Options granted Number	Date	Expiry date	% vested in year	% lapsed in year	% not vested at 30 June 2016	Financial year in which grant vested
Mr R Ashton	7,500,000	6 Jul 2015	31 Dec 2019	100%	0%	0%	2015/16*
Mr J Treacy	20,000,000	6 Jul 2015	31 Dec 2019	25%	0%	75%	Market Based*
Mr J Hutton	5,000,000	6 Jul 2015	31 Dec 2019	100%	0%	0%	2015/16*
Mr G Jones	7,500,000	6 Jul 2015	31 Dec 2019	100%	0%	0%	2015/16*
Mr J Robinson	20,000,000	6 Jul 2015	31 Dec 2019	25%	0%	75%	Market Based*

*See Note 21 on Share Based Payments for fair value

Modification of terms of equity-settled share-based payment transactions

No terms of equity-settled share-based payment transactions (including options granted as compensation to a key management person) have been altered or modified by the issuing entity during the year.

END OF REMUNERATION REPORT

MARINDI METALS

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 30 June 2016

	Note	2016 $	2015 $
Income	3	60,108	12,540
Exploration and evaluation expenses		(2,425,270)	(175,003)
Corporate and administrative expenses		(1,148,827)	(326,322)
Loss before income tax		(3,513,989)	(488,785)
Income tax	6	-	-
Net loss for the year		(3,513,989)	(488,785)
Other comprehensive income			
Items that will not be reclassified to profit or loss		-	-
Items that may be reclassified subsequently to profit or loss		-	-
Other comprehensive income for the year		**-**	**-**
Total comprehensive loss for the year		(3,513,989)	(488,785)
Net loss for the year attributable to members of the Company		(3,513,989)	(488,785)
Total comprehensive loss for the year attributable to members of the Company		(3,513,989)	(488,785)
Basic loss per share			
Ordinary shares (cents)	19	(0.4)	(0.2)

Diluted loss per share is not shown as all potential ordinary shares on issue would decrease the loss per share and are thus not considered dilutive.

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

MARINDI METALS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at 30 June 2016

	Note	2016 $	2015 $
CURRENT ASSETS			
Cash and cash equivalents	7	3,289,330	265,658
Trade and other receivables	8	69,749	33,929
Prepayments	9	30,928	11,286
Total Current Assets		3,390,007	310,873
NON CURRENT ASSETS			
Trade and other receivables	8	44,370	12,500
Property, plant and equipment	10	40,259	1,604
Exploration and evaluation expenditure	11	3,344,884	688,600
Total Non-Current Assets		3,429,513	702,704
TOTAL ASSETS		6,819,520	1,013,577
CURRENT LIABILITIES			
Trade and other payables	12	226,465	48,743
Provisions	13	11,125	-
TOTAL LIABILITIES		237,590	48,743
NET ASSETS		**6,581,930**	**964,834**
EQUITY			
Issued capital	14	28,175,330	19,429,513
Reserves	15	1,642,704	1,257,436
Accumulated losses	16	(23,236,104)	(19,722,115)
TOTAL EQUITY		**6,581,930**	**964,834**

The consolidated statement of financial position is to be read in conjunction with the accompanying notes.

MARINDI METALS

CONSOLIDATED STATEMENT OF CASH FLOWS
for the year ended 30 June 2016

	Note	2016 $	2015 $
Cash flows from operating activities			
Cash receipts in the course of operations		10,814	-
Cash payments in the course of operations		(3,213,395)	(495,984)
Interest received		21,900	12,855
Government grant received		27,578	-
Net cash used in operating activities	23	(3,153,103)	(483,129)
Cash flows from investing activities			
Payments for plant and equipment		(47,344)	-
Payments for bonds		(31,870)	-
Refunds of bonds		9,744	52,066
Cash acquired on acquisition of subsidiaries		428	-
Net cash (used in)/ provided by investing activities		(69,042)	52,066
Cash flows from financing activities			
Net proceeds from issue of share capital	14	6,125,817	-
Proceeds from shares to be issued	14	120,000	-
Net cash provided by financing activities		6,245,817	-
Net increase/ (decrease) in cash and cash equivalents		3,023,672	(431,063)
Cash and cash equivalents at the beginning of the year		265,658	696,721
Cash and cash equivalents at the end of the year	7	**3,289,330**	**265,658**

The consolidated statement of cash flows is to be read in conjunction with the accompanying notes.

MARINDI METALS

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2016

	Issued Capital $	Reserves $	Accumulated Losses $	Total $
Balance as at 30 June 2014	**19,429,513**	**1,257,436**	**(19,233,330)**	**1,453,619**
Net loss for the year	-	-	(488,785)	(488,785)
Other comprehensive income	-	-	-	-
Total comprehensive loss for the year	-	-	(488,785)	(488,785)
Issue of share capital (net of capital raising costs)	-	-	-	-
Share based payments	-	-	-	-
Balance as at 30 June 2015	**19,429,513**	**1,257,436**	**(19,722,115)**	**964,834**
Net loss for the year	-	-	(3,513,989)	(3,513,989)
Other comprehensive income	-	-	-	-
Total comprehensive loss for the year	-	-	(3,513,989)	(3,513,989)
Issue of share capital (net of capital raising costs)*	8,745,817	-	-	8,745,817
Share based payments	-	385,268	-	385,268
Balance as at 30 June 2016	**28,175,330**	**1,642,704**	**(23,236,104)**	**6,581,930**

*Includes 12,000,000 shares to be issued amounting to $120,000 which were only issued in August 2016.

The consolidated statement of changes in equity is to be read in conjunction with accompanying notes.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Reporting entity

Marindi Metals Limited is a company domiciled in Australia. The consolidated financial report of the Company for the year ended 30 June 2016 comprises the Company and its subsidiaries (together referred to as the "Group").

Basis of preparation

Statement of compliance

The financial report is a general-purpose financial report, which has been prepared in accordance with the Australian Accounting Standards (including Australian Interpretations) adopted by the Australian Accounting Standards Board ("AASB") and the Corporations Act 2001. The consolidated financial report of the Group also complies with the International Financial Reporting Standards ("IFRSs") and interpretations adopted by the International Accounting Standards Board.

The financial statements were approved by the Board of Directors on 28 September 2016.

Basis of measurement

The financial report is prepared on the accruals basis and the historical cost basis.

Use of estimates and judgements

The Directors evaluate estimates and judgements incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are outlined below:

- *Share based payment transactions:* The cost of equity-settled transactions with employees is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined through an option valuation model, taking into account the terms and conditions upon which the instruments were granted – refer Note 20 *Share Based Payments*.
- *Exploration expenditure:* The write-off and carrying forward of exploration acquisition costs is based on an assessment of an area of interest's viability and/or the existence of economically recoverable reserves.
- *Estimation of useful lives of assets:* The estimation of the useful lives of assets has been based on historical experience. The condition of the assets is assessed at least once per year and considered against the remaining useful life. Depreciation charges are included in Note 10.
- *Deferred taxation:* Deferred tax assets in respect of tax losses have not been brought to account as it is not considered probable that future taxable profits will be available against which they could be utilised.

Going concern basis of preparation

The financial report has been prepared on a going concern basis, which assumes continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

Based upon the Group's existing cash resources, the directors consider there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable, and therefore the going concern basis of preparation to be appropriate for the preparation of the Company's 2016 annual financial report. During the year, a total of 651,822,695 shares have been issued following a placement and share purchase plan, raising a total of $6,518,227 in cash, before capital raising costs.

Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, and have been applied consistently by all entities in the Group unless otherwise stated.

Principles of consolidation

The consolidated financial statements incorporate all of the assets, liabilities and results of the parent (Marindi Metals Limited) and all of the subsidiaries. Subsidiaries are entities the parent controls. The parent controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. A list of the subsidiaries is provided in Note 20.

The assets, liabilities and results of all subsidiaries are fully consolidated into the financial statements of the Group from the date on which control is obtained by the Group. The consolidation of a subsidiary is discontinued from the date that control ceases. Intercompany transactions, balances and unrealised gains or losses on transactions between Group entities are fully eliminated on consolidation. Accounting policies of subsidiaries have been changed and adjustments made where necessary to ensure uniformity of the accounting policies adopted by the Group.

Equity interests in a subsidiary not attributable, directly or indirectly, to the Group are presented as “non-controlling interests". The Group initially recognises non-controlling interests that are present ownership interests in subsidiaries and are entitled to a proportionate share of the subsidiary's net assets on liquidation at either fair value or at the non-controlling interests' proportionate share of the subsidiary's net assets. Subsequent to initial recognition, non-controlling interests are attributed their share of profit or loss and each component of other comprehensive income. Non-controlling interests are shown separately within the equity section of the statement of financial position and statement of profit or loss and other comprehensive income.

Operating revenue

Revenue represents interest received and reimbursements of exploration expenditures. Interest income is recognised as it accrues.

Loss per share

Basic loss per share is calculated by dividing the net loss attributable to members of the parent entity for the reporting period by the weighted average number of ordinary shares of the Company.

Trade and other accounts payable

Trade and other accounts payable represent the principal amounts outstanding at balance date, plus, where applicable, any accrued interest.

Recoverable amount of non-current assets

The carrying amounts of non-current assets are reviewed annually to ensure they are not in excess of the recoverable amounts from those assets. The recoverable amount is assessed on the basis of the expected net cash flows, which will be received from the assets employed and subsequent disposal. The expected net cash flows have been or will be discounted to present values in determining recoverable amounts.

Acquisition of assets

Assets acquired are recognised at cost. Cost is measured as the fair value of the assets given up, shares issued or liabilities undertaken at the date of acquisition plus incidental costs directly attributable to the acquisition. When equity instruments are issued as consideration in a business combination, their market price at the date of acquisition is used as fair value. Transaction costs arising on the issue of equity instruments are recognised directly in equity.

Where settlement of any part of cash consideration is deferred, the amounts payable are recorded at their present value, discounted at the rate applicable to the Company if a similar borrowing were obtained from an independent financier under comparable terms and conditions.

Costs incurred on assets subsequent to initial acquisition are capitalised when it is probable that future economic benefits in excess of the original performance of the asset will flow to the Company in future years. Costs that do not meet the criteria for capitalisation are expended as incurred.

Property, plant and equipment

Each class of property, plant and equipment is carried at cost or fair value, less where applicable, any accumulated depreciation and impairment losses. The carrying amount of the plant and equipment is reviewed annually by the Directors to ensure it is not in excess of the recoverable amount of these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets employed and their subsequent disposal. The expected net cash flows have been discounted to their present value in determining recoverable amounts.

Depreciation

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment.

The estimated useful lives are as follows:

Office furniture and equipment	3 to 5 years
Plant and equipment	5 years

Depreciation methods, useful lives and residual values are reassessed at the reporting date.

Exploration and evaluation expenditure

Exploration and evaluation costs are written off in the year they are incurred apart from acquisition costs which are carried forward where right of tenure of the area of interest is current and they are expected to be recouped through sale or successful development and exploitation of the area of interest or, where exploration and evaluation activities in the area of interest have not reached a stage that permits reasonable assessment of the existence of economically recoverable reserves. Where an area of interest is abandoned or the Directors decide that it is not commercial, any accumulated acquisition costs in respect of that area are written off in the financial period the decision is made.

Each area of interest is also reviewed at the end of each accounting period and accumulated costs written off to the extent that they will not be recoverable in the future.

Amortisation is not charged on costs carried forward in respect of areas of interest in the development phase until production.

Issued capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options, or for the acquisition of a business, are included in the cost of the acquisition as part of the purchase consideration.

Impairment

Financial assets

A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised.

Non-financial assets

The carrying amounts of the Group's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite lives or that are not yet available for use, recoverable amount is estimated at each reporting date.

An impairment loss is recognized if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a *pro rata* basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Employee benefits

Provision is made for employee benefits accumulated as a result of employees rendering services up to the reporting date. These benefits include wages and salaries, annual leave, and long service leave.

Liabilities arising in respect of wages and salaries, annual leave and any other employee benefits expected to be settled within twelve months of the reporting date are measured at their nominal amounts based on remuneration rates which are expected to be paid when the liability is settled. All other employee benefit liabilities are measured at the present value of the estimated future cash outflow to be made in respect of services provided by employees up to the reporting date. In determining the present value of future cash outflows, the market yield as at the reporting date on national government bonds, which have terms to maturity approximating the terms of the related liability, are used.

Share based payments

The Group provides benefits to employees (including Directors) and consultants of the Group in the form of share based payment transactions, whereby services are rendered in exchange for shares or rights over shares ("equity-settled transactions"). The cost of these equity-settled transactions with employees and consultants is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an internal valuation using Black-Scholes or Binomial option pricing models.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant recipients become fully entitled to the award ("vesting date"). The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the number of awards that, in the opinion of the Directors of the Group, will ultimately vest. This opinion is formed based on the best available information at balance date. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition. Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award.

Income tax

The charge for current income tax expense is based on the profit for the year adjusted for any non – assessable or disallowed items. It is calculated using tax rates that have been enacted or are substantially enacted as at balance date. Deferred tax is accounted for using the statement of financial position liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxation profit or loss. Deferred income tax assets are recognised to the extent that it is probable that the future tax profits will be available against which deductible temporary differences will be utilised. The amount of the benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in the income taxation legislation and the anticipation that the economic unit will derive sufficient future assessable income to enable the benefits to be realised and comply with the conditions of deductibility imposed by law.

Marindi Metals Limited and its subsidiaries have unused tax losses. However, no deferred tax balances have been recognised, as it is considered that asset recognition criteria have not been met at this time.

Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Tax Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the statement of financial position. Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

Adoption of new and revised Accounting Standards

During the year, the Group has reviewed the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for reporting periods beginning on or after 1 January 2015.

None of the new standards and amendments to standards that are mandatory for the first time for annual reporting periods beginning after 1 January 2015 affected any of the amounts recognised in the current period or any prior period.

New Accounting Standards for Application in Future Periods

A number of new standards, amendments to standards and interpretations issued by the AASB which are not yet mandatorily applicable to the Group have not been applied in preparing these consolidated financial statements. Those which may be relevant to the Group are set out below. The Group does not plan to adopt these standards early.

- *AASB 9 Financial Instruments* and associated Amending Standards (applicable for annual reporting period commencing 1 January 2018)

  The Standard will be applicable retrospectively (subject to the comment on hedge accounting below) and includes revised requirements for the classification and measurement of financial instruments, revised recognition and derecognition requirements for financial instruments and simplified requirements for hedge accounting.

  Key changes made to this standard that may affect the Group on initial application include certain simplifications to the classification of financial assets, simplifications to the accounting of embedded derivatives, and the irrevocable election to recognise gains and losses on investments in equity instruments that are not held for trading in other comprehensive income.

  The directors anticipate that the adoption of AASB 9 will not have a material impact on the Group's financial instruments.

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

  When effective, this Standard will replace the current accounting requirements applicable to revenue with a single, principles-based model. Except for a limited number of exceptions, including leases, the new revenue model in AASB 15 will apply to all contracts with customers as well as non-monetary exchanges between entities in the same line of business to facilitate sales to customers and potential customers.

  The core principle of the Standard is that an entity will 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 the goods or services. To achieve this objective, AASB 15 provides the following five-step process:

  - identify the contract(s) with a customer;
  - identify the performance obligations in the contract(s);
  - determine the transaction price;
  - allocate the transaction price to the performance obligations in the contract(s); and
  - recognise revenue when (or as) the performance obligations are satisfied.

  This Standard will require retrospective restatement, as well as enhanced disclosures regarding revenue.

  The directors anticipate that the adoption of AASB 15 will not have a material impact on the Group's revenue recognition and disclosures.

- *AASB 16: Leases* (applicable to annual reporting periods commencing on or after 1 January 2019).

  AASB 16 removes the classification of leases as either operating leases or finance leases for the lessee effectively treating all leases as finance leases. Short term leases (less than 12 months) and leases of a low value are exempt from the lease accounting requirements. Lessor accounting remains similar to current practice.

  Although the directors anticipate that the adoption of AASB 16 may have an impact on the Group's financial statements, it is impracticable at this stage to provide a reasonable estimate of such impact.

- AASB 2014-3: Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations [AASB 1 & AASB 11]

  AASB 2014-3 amends AASB 11 *Joint Arrangements* to provide guidance on the accounting for acquisitions of interests in joint operations in which the activity constitutes a business. The amendments require:

  a) the acquirer of an interest in a joint operation in which the activity constitutes a business, as defined in AASB 3 *Business Combinations*, to apply all of the principles on business combinations accounting in AASB 3 and other Australian Accounting Standards except for those principles that conflict with the guidance in AASB 11
  b) the acquirer to disclose the information required by AASB 3 and other Australian Accounting Standards for business combinations

  This Standard also makes an editorial correction to AASB 11.

- AASB 2014-9: Amendments to Australian Accounting Standards – Equity Method in Separate Financial Statements (AASB 2014-9 applies to annual reporting periods beginning on or after 1 January 2016. Early adoption permitted).

  AASB 2014-9 amends AASB 127 *Separate Financial Statements*, and consequentially amends AASB 1 *First-time Adoption of Australian Accounting Standards* and AASB 128 *Investments in Associates and Joint Ventures*, to allow entities to use the equity method of accounting for investments in subsidiaries, joint ventures and associates in their separate financial statements. AASB 2014-9 also makes editorial corrections to AASB 127.

- *Other standards not yet applicable*

  There are no other standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions

2. FINANCIAL RISK MANAGEMENT

Risk management is carried out under policies set by the Board of Directors. The Board provides principles for overall risk management, as well as policies covering specific areas.

Financial risk management objectives

The Board monitors and manages the financial risk relating to the operations of the Group. The Group's activities include exposure to market risk, fair value interest rate risk and price risk, credit risk, liquidity risk and cash flow interest rate risk. The overall risk management strategy focuses on the unpredictability of the finance markets and seeks to minimise the potential adverse effects on the financial performance of the Group. Risk management is carried out under the direction of the Board.

Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 1 to the financial statements.

Market price risk

The Group is involved in the exploration and development of mining tenements for minerals, including manganese and base metals. Should the Group successfully progress to a producer, revenues associated with mineral sales, and the ability to raise funds through equity and debt, will have some dependence upon commodity prices.

Credit risk

There is a limited amount of credit risk relating to the cash and cash equivalents that the Group holds in deposits. The Company receives interest on its cash management deposits based on daily balances and at balance date was exposed to a variable interest rate of 1.05% per annum. The Group's operating account does not attract interest. The Group's cash reserves are only placed with major Australian banks. The Group is not materially exposed to changes in market interest rates.

The Group does not presently have customers and consequently does not have credit exposure to outstanding receivables. The Company may in the future be exposed to interest rate risk should it borrow funds for acquisition and development.

Fair value of financial instruments

The fair values of financial assets and liabilities are determined in accordance with generally accepted pricing models based on estimated future cash flows. The Directors consider that the carrying amounts of financial assets and financial liabilities recorded in the financial statements approximate their fair values.

Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Board of Directors. The Board has determined an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves and continuously monitoring budgeted and actual cash flows and matching the maturity profiles of financial assets, expenditure commitments and liabilities.

Cash flow and interest rate risk

The Group's income and operating cash flows are not materially exposed to changes in market interest rates.

	Consolidated	
	2016 $	2015 $
3. INCOME		
Interest income	21,716	12,540
Other income	38,392	-
	60,108	12,540
4. EXPENSES		
(a) Depreciation		
Office equipment	3,724	1,098
Plant and equipment	14,490	1,100
	18,214	2,198
(b) Personnel expenses		
Wages and salaries costs	571,719	-
Associated on-costs	840	-
Superannuation costs	57,783	-
Liability for annual leave	11,125	-
Non-executive directors' fees (inc superannuation)	77,517	-
Equity-settled share based payment transactions	285,269	120,000
	1,004,253	120,000
5. AUDITOR'S REMUNERATION		
Audit services:		
Stantons International		
Audit and review of financial reports	27,500	9,519

The Company's auditor, Stantons International, did not provide any non-audit services during the year.

	Consolidated	
	2016 $	2015 $
6. INCOME TAX		
(a) Income tax benefit	-	-
(b) Numerical reconciliation between tax benefit and pre-tax net loss		
Loss before income tax benefit	(3,513,989)	(488,785)
Income tax calculated at 30%	(1,054,197)	(146,636)
Tax effect of:		
- Cost of equity settled awards	85,581	-
- Sundry amounts	11,437	-
- Section 40-880 deduction	(40,916)	(27,920)
- Exploration acquisition costs written off	42,947	-
- Exploration acquisition costs incurred	(839,832)	-
Future income tax benefit not brought to account	1,794,980	174,556
Income tax benefit	-	-
(c) Tax losses		
Unused tax losses for which no deferred tax asset has been recognised (as recovery is currently not probable)		
Potential at 30%	7,463,975	5,666,759
(d) Unrecognised temporary differences		
Temporary differences for which deferred tax assets have not been recognised (at 30%):		
- Provisions	13,061	3,000
- Section 40-880 deduction	99,302	22,495
Unrecognised deferred tax assets relating to the above temporary differences	112,363	25,495
Temporary differences for which deferred tax liabilities have not been recognised:		
- Capitalised exploration costs	1,003,465	206,580
(e) Tax Rates		
The potential tax benefit at 30 June 2016 in respect of tax losses not brought into account has been calculated at 30%. These same rates applied for the year ended 30 June 2015.		
7. CASH AND CASH EQUIVALENTS		
Bank balances	3,289,330	265,658
Cash and cash equivalents	**3,289,330**	**265,658**

		Consolidated	
		2016 $	2015 $
8.	**TRADE AND OTHER RECEIVABLES**		
	Current		
	Sundry receivables	**69,749**	**33,929**
	Non Current		
	Deposits and bonds	**44,370**	**12,500**
9.	**PREPAYMENTS**		
	Prepaid insurance	30,928	7,306
	Prepaid capital raising expenses	-	3,580
	Prepaid meeting expenses	-	400
	Total	**30,928**	**11,286**
10.	**PROPERTY, PLANT AND EQUIPMENT**		
	Office equipment, at cost	50,254	38,046
	Less: Accumulated depreciation	(41,541)	(37,817)
		8,713	**229**
	Plant & equipment, at cost	50,161	5,500
	Less: Accumulated depreciation	(18,615)	(4,125)
		31,546	**1,375**
	Total	**40,259**	**1,604**
	Reconciliation		
	Office equipment		
	Carrying amount at beginning of the year	229	1,327
	Acquired through acquisition of subsidiary	5,789	-
	Additions	6,419	-
	Depreciation	(3,724)	(1,098)
	Carrying amount at end of the year	**8,713**	**229**
	Plant & equipment		
	Carrying amount at beginning of the year	1,375	2,475
	Acquired through acquisition of subsidiary	3,737	-
	Additions	40,924	-
	Depreciation	(14,490)	(1,100)
	Carrying amount at end of the year	**31,546**	**1,375**

	Consolidated	
	2016 $	2015 $
11. EXPLORATION AND EVALUATION EXPENDITURE		
Mineral acquisition costs carried forward in respect of areas of interest (net of amounts written off) (a)	**3,344,884**	**688,600**
Reconciliation		
Carrying amount at the beginning of the year	688,600	688,600
Expenditure during the year - exploration	2,282,114	175,003
Expenditure during the year – acquisitions	2,799,440	-
Expenditure written off	(2,425,270)	(175,003)
Carrying amount at the end of the year	**3,344,884**	**688,600**

(a) The ultimate recoupment of exploration and evaluation expenditure is dependent upon successful development and commercial exploitation, or alternatively, sale of the respective areas. During the year the Group wrote off expenditure totalling $2,425,270 [2015: $175,003], including acquisition costs of $143,156 [2015: $nil].

12. TRADE AND OTHER PAYABLES		
Trade creditors	155,967	40,633
Other creditors and accruals	70,498	8,110
	226,465	**48,743**
13. PROVISIONS		
Employee entitlements	11,125	-
	11,125	**-**
14. ISSUED CAPITAL		
(a) 1,153,068,084 [2015: 251,245,389] fully paid ordinary shares	**28,055,330**	**19,429,513**

The following movements in issued capital occurred during the year:

	Shares		Consolidated	
	2016 No.	2015 No.	2016 $	2015 $
Balance at beginning of year	251,245,389	251,245,389	19,429,513	19,429,513
Issue of shares at $0.01 each in consideration for the acquisition of Marindi Metals Pty Ltd	250,000,000	-	2,500,000	-
Issue of shares at $0.01 each for cash pursuant to a share placement	125,000,000	-	1,250,000	-
Issue of shares at $0.01 each for cash pursuant to an entitlements issue	176,076,773	-	1,760,768	-
Issue of shares at $0.01 each for cash pursuant to an entitlements issue shortfall	74,545,922	-	745,459	-
Issue of shares at $0.01 each for cash pursuant to a share placement	191,200,000	-	1,912,000	-
Issue of shares at $0.01 each for cash pursuant to a share purchase plan	85,000,000	-	850,000	-
Share issue costs	-	-	(392,410)	-
Balance at end of year	1,153,068,084	251,245,389	28,055,330	19,429,513

14. ISSUED CAPITAL (continued)

	Shares		Consolidated	
	2016 No.	2015 No.	2016 $	2015 $
(b) Shares to be issued*	12,000,000	-	120,000	-

*Funds were received as part of the placement in June 2016 but were only issued in July 2016 after shareholder approval.

Options

Options issued or granted during the year

The following options to subscribe for ordinary fully paid shares were granted during the year:

Class	Expiry Date	Exercise Price	Number of Options
Listed options	31 December 2016	$0.020	236,811,325
Unlisted options	31 December 2019	$0.025	62,000,000

Options exercised or lapsed during the year

There were no options exercised or lapsed during the year.

Unissued shares under option

The following options to subscribe for ordinary fully paid shares were outstanding at the end of the year.

Class	Expiry Date	Exercise Price	Number of Options
Listed options	31 December 2016	$0.020	236,811,325
Unlisted options	31 December 2019	$0.025	62,000,000

15. RESERVES

	Consolidated	
	2016 $	2015 $
Share Option Reserve		
Balance at beginning of year	122,667	122,667
Value of options issued during year	100,000	-
Balance at end of year	222,667	122,667
The share option reserve comprises the values attributed to options over ordinary shares granted to vendors and consultants in consideration for the sale of assets or the provision of services.		
Employee Option Reserve		
Balance at beginning of year	1,134,769	1,134,769
Value of director options granted during year	175,735	-
Value of employee options granted during year	109,533	-
Balance at end of year	1,420,037	1,134,769
The employee option reserve comprises the values attributed to options over ordinary shares granted to directors and employees in consideration for the provision of services.		
TOTAL RESERVES	**1,642,704**	**1,257,436**

	Consolidated	
	2016 $	2015 $
16. ACCUMULATED LOSSES		
Accumulated losses at the beginning of the year	(19,722,115)	(19,233,330)
Net loss attributable to members of the Company	(3,513,989)	(488,785)
Accumulated losses at the end of the year	**(23,236,104)**	**(19,722,115)**

17. KEY MANAGEMENT PERSONNEL

Names and positions held of key management personnel in office at any time during the financial year are:

Key Management Person	Position
Mr R Ashton	Non-Executive Chairman – appointed 6 July 2015
Mr J Treacy	Managing Director and Chief Executive Officer – appointed 6 July 2015
Mr J Hutton	Non-Executive Director
Mr G Jones	Non-Executive Director
Mr J Robinson	Company Secretary – appointed 6 July 2015
Mr T Henderson	Non-Executive Director – resigned on 6 July 2015
Mr D Totterdell	Non-Executive Director – resigned on 6 July 2015

Compensation for Key Management Personnel

Short-term employee benefits	459,101	118,707
Post employment benefits	42,818	8,025
Share based payments	280,974	-
Total Compensation	**782,893**	**126,732**

18. COMMITMENTS AND CONTINGENCIES

Exploration commitments

The Group has certain obligations to perform minimum exploration work on mineral leases held. These obligations may vary over time, depending on the Group's exploration programme and priorities. These obligations are also subject to variations by negotiation, joint venturing or relinquishing some of the relevant tenements. As at balance date, total exploration expenditure commitments of the Group which have not been provided for in the financial statements amount to $1,082,000 per annum.

Project commitments

McArthur River Project

In May 2014, Marindi entered into an earn-in option arrangement with Teck Australia Pty Ltd ("Teck"), a wholly-owned subsidiary of Canadian miner Teck Resources Limited, to explore for zinc on Marindi's McArthur River tenements (EL 25467 and EL29021) in the Northern Territory. Under the agreement, Teck may earn up to a 70% interest in the McArthur River Project by spending a minimum of $3.5 million on exploration expenditure before 30 June 2018, with a minimum of $0.5 million of this total to be spent before 30 June 2015. Marindi acquired the remaining 20% of Exploration Licence 25467 from Arnhem Resources Pty Ltd ("Arnhem") in consideration for the issue of 5 million shares in Marindi.

Prairie Downs Farm-In Agreement

On the 8th April 2015, Marindi Metals Pty Ltd entered into an agreement with Prairie Mining Ltd whereby it can earn a 100% interest in tenements E52/1758 and E52/1926 by making an initial payment of $500,000 and issuing a further $1,000,000 in cash or shares, at Marindi Metals Pty Ltd's election, by September 2016. The payment of $500,000 was paid in June 2015. On 12 September 2016, the Company renegotiated the final payment terms to $650,000 cash to move to 100% ownership. The $650,000 is to be paid in two tranches, $325,000 by the end of September 2016 and $325,000 by the end of March 2017. Prairie will maintain a 2.5% Net Smelter Return Royalty over the project.

18. COMMITMENTS AND CONTINGENCIES (continued)

Operating lease commitments

The Company leases its offices in West Perth. The lease is for a 3-year period from September 2015, and the operating lease rentals are payable as follows:

	Consolidated	
	2016 $	2015 $
Not longer than 1 year	55,741	44,790
Longer than 1 year and not longer than 5 years	60,049	115,789
Longer than 5 years	-	-
	115,790	**160,579**

Remuneration commitments

Commitments for the payment of salaries and other remuneration under long-term employment contracts in existence at 30 June 2016 but not recognised as liabilities, are payable as follows:

Not longer than 1 year	545,000	529,167
Longer than 1 year and not longer than 5 years	398,333	945,833
Longer than 5 years	-	-
	943,333	**1,475,000**

Service commitments

The Company entered into an accounting services agreement with Townshend York Pty Ltd (**Townshend**) (**Company ASA**). The Company ASA is effective for a term of 12 months commencing from 1 July 2016. Townshend receives $2,150 (excluding GST) per month under the Company ASA. The Company ASA contains standard termination rights.

Future payables arising from the above service agreements as at the reporting date are as follows:

Not longer than 1 year	25,800	25,800
Longer than 1 year and not longer than 5 years	-	-
Longer than 5 years	-	-
	25,800	**25,800**

Contingencies

The Group does not have any contingent liabilities at balance and reporting dates.

19. LOSS PER SHARE

Basic loss per share

The calculation of basic loss per share for the year ended 30 June 2016 was based on the following:

Loss attributable to ordinary shareholders		
Net loss for the year	(3,513,989)	(488,785)
	2016 Number	**2015 Number**
Weighted average number of ordinary shares		
Weighted average number of ordinary shares used as the denominator in the calculation of basic earnings per share	848,928,085	251,245,389

Diluted earnings per share are calculated where potential ordinary shares on issue are dilutive. As the potential ordinary shares on issue would decrease the loss per share in the current period, they are not considered dilutive, and not shown. The number of potential ordinary shares is set out in Note 14.

20. PARENT ENTITY DISCLOSURES

Financial Position

	Note	30 June 2016 $	30 June 2015 $
CURRENT ASSETS			
Cash and cash equivalents		3,166,618	265,658
Trade and other receivables		44,692	33,929
Prepayments		23,771	11,286
Total Current Assets		3,235,081	310,873
NON CURRENT ASSETS			
Trade and other receivables	(a)	589,358	12,500
Other financial assets	(b)	100	-
Property, plant and equipment		2,986	1,604
Exploration and evaluation expenditure		688,600	688,600
Total Non-Current Assets		1,281,044	702,704
TOTAL ASSETS		4,516,125	1,013,577
CURRENT LIABILITIES			
Trade and other payables		79,354	48,743
Provisions		11,125	-
TOTAL LIABILITIES		90,479	48,743
NET ASSETS		**4,425,646**	**964,834**
EQUITY			
Issued capital		28,175,329	19,429,513
Reserves		1,642,705	1,257,436
Accumulated losses		(25,392,388)	(19,722,115)
TOTAL EQUITY		**4,425,646**	**964,834**
Note (a)			
Deposits and bonds		44,370	12,500
Loans to controlled entities – at cost *		4,668,443	2,276,437
Provision for non-recovery of loan		(4,123,455)	(2,276,437)
		589,358	**12,500**

* The loans to controlled entities, are unsecured, interest-free and of no fixed term. The ultimate recoupment of the loans is dependent upon successful development and commercial exploitation, or alternatively, sale of respective tenement interests.

Note (b)			
Shares in controlled entities – at cost		3,050,100	450,000
Provision for diminution		(3,050,000)	(450,000)
		100	-

20. PARENT ENTITY DISCLOSURES (continued)

	Class of shares	30 June 2016 $ Beneficial interest 2016	30 June 2015 $ Beneficial interest 2015
Shares in controlled entity:			
Brumby Creek Pty Ltd (incorporated in WA)	Ordinary	100%	100%
Marindi Metals Operations Pty Ltd (incorporated in WA)	Ordinary	100%	0%
Forrestania Pty Ltd (incorporated in WA)	Ordinary	100%	0%

Financial Performance

Loss for the year	(5,670,273)	(488,785)
Other comprehensive income	-	-
Total comprehensive loss for the year	(5,670,273)	(488,785)

Contingent liabilities

The parent entity had no contingent liabilities as at 30 June 2016 and 30 June 2015.

Capital commitments

The parent entity had no capital commitments for property, plant and equipment as at 30 June 2016 and 30 June 2015.

Significant account policies

The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in Note 1.

21. SHARE BASED PAYMENTS

Marindi Metals Limited Employee and Consultant Share Option Plan ("ESOP")

In 2006, Marindi established an employee incentive scheme for the purpose of recognising the ongoing ability of employees and consultants of the Group and their expected efforts and contribution in the long term to the performance and success of the Group, as well as providing an incentive to retain a long-term association with the Group and to foster and promote loyalty between the Company and its employees and consultants.

The maximum number of options that can be granted under the ESOP is determined by the Board in its discretion and in accordance with the ESOP and applicable law. There is no issue price for any options granted under the ESOP.

Each option is convertible to one ordinary share. The exercise price of the options is determined by the Board on such terms as the Board considers appropriate determined by reference to the market value of the shares when the Board resolves to offer the options, subject to any minimum price specified in the Listing Rules of the ASX.

Options expire on the earlier of their expiry date or 1 month after the termination of the individual's employment, unless otherwise determined by the Board.

There are no voting or dividend rights attaching to the options. There are no voting rights attached to the unissued ordinary shares. Voting rights will be attached to the unissued ordinary shares when the options have been exercised.

Employee Options

On 6 August 2015 the Company granted 2,000,000 options to employees under the Company's Employee and Consultant Share Option Plan (ESOP). The options are exercisable at $0.025 each on or before 31 December 2019 with varying vesting conditions.

Grant date	Number of options	Exercise price	Expiry date of options	Vesting conditions
6 August 2015	500,000	$0.025	31 December 2019	Vested immediately
6 August 2015	500,000	$0.025	31 December 2019	Market based*
6 August 2015	500,000	$0.025	31 December 2019	Market based**
6 August 2015	500,000	$0.025	31 December 2019	Market based***

21. SHARE BASED PAYMENTS (continued)

The fair value of options granted to employees was calculated at the date of grant using the Black-Scholes option-pricing model. The value of the options which vested immediately has been allocated to the present reporting period. The following table gives the assumptions made in determining the fair value of options on grant date:

Vesting conditions	Immediately	Market based*	Market based**	Market based***
Fair value per option	$0.007255	$0.003990	$0.001814	$0.000725
Grant date	6 August 2015	6 August 2015	6 August 2015	6 August 2015
Number of options	500,000	500,000	500,000	500,000
Expiry date	31 December 2019	31 December 2019	31 December 2019	31 December 2019
Exercise price	$0.025	$0.025	$0.025	$0.025
Price of shares on grant date	$0.015	$0.015	$0.015	$0.015
Estimated volatility	75%	75%	75%	75%
Risk-free interest rate	2.80%	2.80%	2.80%	2.80%
Dividend yield	0%	0%	0%	0%

* Options to vest on the Company's share price closing above $0.04 for 10 consecutive trading days
** Options to vest on the Company's share price closing above $0.08 for 10 consecutive trading days
*** Options to vest on the Company's share price closing above $0.12 for 10 consecutive trading days

The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may not necessarily be the actual outcome.

The number and weighted average exercise prices ("WAEP") of options granted under the ESOP are as follows:

	2016 Number	2016 WAEP	2015 Number	2015 WAEP
Outstanding at the beginning of the year	-		2,800,000	
Granted during the year	2,000,000		-	
Expired during the year	-		(2,800,000)	
Outstanding at the end of the year	2,000,000	$0.025	-	-
Exercisable at the end of the year	2,000,000	$0.025	-	-
	2,000,000	$0.025	-	-

The options outstanding at 30 June 2016 have a weighted average exercise price of $0.025 (2015: $nil) and a weighted average contractual life of 42 months (2015: nil).

Total expense recognised as employee costs in the year was $4,295 (2015: $nil).

Director and Officer Options

On 6 July 2015 the Company granted 60,000,000 options to directors and officers. The options are exercisable at $0.025 each on or before 31 December 2019 with varying vesting conditions.

Grant date	Number of options	Exercise price	Expiry date of options	Vesting conditions
6 July 2015	30,000,000	$0.025	31 December 2019	Vested immediately
6 July 2015	10,000,000	$0.025	31 December 2019	Market based*
6 July 2015	10,000,000	$0.025	31 December 2019	Market based**
6 July 2015	10,000,000	$0.025	31 December 2019	Market based***

21. SHARE BASED PAYMENTS (continued)

The fair value of options granted to directors and officers was calculated at the date of grant using the Black-Scholes option-pricing model. The value of the options which vested immediately has been allocated to the present reporting period. The following table gives the assumptions made in determining the fair value of options on grant date:

Vesting conditions	Immediately	Market based*	Market based**	Market based***
Fair value per option	$0.008787	$0.004833	$0.002197	$0.000879
Grant date	6 July 2015	6 July 2015	6 July 2015	6 July 2015
Number of options	30,000,000	10,000,000	10,000,000	10,000,000
Expiry date	31 December 2019	31 December 2019	31 December 2019	31 December 2019
Exercise price	$0.025	$0.025	$0.025	$0.025
Price of shares on grant date	$0.017	$0.017	$0.017	$0.017
Estimated volatility	75%	75%	75%	75%
Risk-free interest rate	2.80%	2.80%	2.80%	2.80%
Dividend yield	0%	0%	0%	0%

* Options to vest on the Company's share price closing above $0.04 for 10 consecutive trading days
** Options to vest on the Company's share price closing above $0.08 for 10 consecutive trading days
*** Options to vest on the Company's share price closing above $0.12 for 10 consecutive trading days

The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may not necessarily be the actual outcome.

The number and weighted average exercise prices ("WAEP") of options granted directors and officers are as follows:

	2016 Number	2016 WAEP	2015 Number	2015 WAEP
Outstanding at the beginning of the year	-		3,000,000	
Granted during the year	60,000,000		-	
Expired during the year	-		(3,000,000)	
Outstanding at the end of the year	60,000,000	$0.025	-	-
Exercisable at the end of the year	60,000,000	$0.025	-	-
	60,000,000	$0.025	-	-

The options outstanding at 30 June 2016 have a weighted average exercise price of $0.025 (2015: $nil) and a weighted average contractual life of 42 months (2015: nil).

Total expense recognised as director and officer costs in the period was $280,973 (2015: $nil).

Vendor Options

On 6 July 2015 the Company issued 25,000,000 options to the vendors of Marindi Metals Pty Ltd as consideration for the acquisition (See Note 25 for more information). The options are exercisable at $0.02 each on or before 31 December 2016 and vested immediately.

The number and weighted average exercise prices ("WAEP") of options issued to vendors are as follows:

	2016 Number	2016 WAEP	2015 Number	2015 WAEP
Issued during the year	25,000,000		-	
Outstanding at the end of the year	25,000,000	$0.020	-	-
Exercisable at the end of the year	25,000,000	$0.020	-	-

The options outstanding at 30 June 2016 have a weighted average exercise price of $0.020 (2015: $nil) and a weighted average contractual life of 6 months (2015: nil).

Total expense recognised as vendor costs in the period was $100,000 (2015: $nil).

22. SEGMENT NOTE

The Group operates predominantly in the mineral exploration industry in Australia. For management purposes, the Group is organised into one main operating segment which involves the exploration of minerals in Australia. All of the Group's activities are interrelated and discrete financial information is reported to the Board (Chief Operating Decision Maker) as a single segment. Accordingly, all significant operating decisions are based upon analysis of the Group as one segment. The financial results from this segment are equivalent to the financial statements of the Group as a whole.

23. RECONCILIATION OF CASH USED IN OPERATING ACTIVITIES

	Consolidated	
	2016	2015
	$	$
Cash flows from operating activities		
Loss for the year	(3,513,989)	(488,785)
Add/(less) non-cash items:		
Exploration acquisition costs written off	143,156	-
Depreciation	18,214	2,198
Share based payments expense	285,268	-
Operating loss before changes in working capital and provisions and net of acquisition of subsidiary	(3,067,351)	(486,587)
Change in trade and other receivables	(11,495)	315
Change in prepayments	(19,642)	(4,566)
Change in trade and other payables	(65,740)	7,709
Change in provisions	11,125	-
Net cash used in operating activities	(3,153,103)	(483,129)

Non-cash financing and investing activities

On 6 July 2015, the Company acquired Marindi Metals Operations Pty Ltd (formerly Marindi Metals Pty Ltd) (ACN 166 203 578) (**MMO**). As consideration, the Company issued 250 million shares at a deemed issue price of $0.01 each per share and 25 million options exercisable at $0.02 each on or before 31 December 2016 to the vendors of MMO.

24. FINANCIAL INSTRUMENTS

Maturity profile of financial instruments

The following table details the Group's exposure to interest rate risk and the maturity profile of financial assets and financial liabilities:

At 30 June 2016	Weighted average interest rate %	Variable interest rate $	Fixed maturity (less than 1 year) $	Non-interest bearing $	Total $
Financial assets					
Cash and cash equivalents	1.05	3,133,241	-	156,089	3,289,330
Trade and other receivables	2.60	-	24,000	90,119	114,119
Total financial assets		3,133,241	24,000	246,208	3,403,449
Financial liabilities					
Trade and other payables	-	-	-	226,465	226,465
Total financial liabilities		-	-	226,465	226,465
Net financial assets		3,133,241	24,000	19,743	3,176,984

At 30 June 2015	Weighted average interest rate %	Variable interest rate $	Fixed maturity (less than 1 year) $	Non-interest bearing $	Total $
Financial assets					
Cash and cash equivalents	1.50	252,014	-	13,644	265,658
Trade and other receivables	2.83	-	24,000	22,429	46,429
Total financial assets		252,014	24,000	36,073	312,087
Financial liabilities					
Trade and other payables	-	-	-	48,743	48,743
Total financial liabilities		-	-	48,743	48,743
Net financial assets/ (liabilities)		252,014	24,000	(12,670)	263,344

Risk and sensitivity

Refer to Note 2 for details on the Group's approach to financial risk management.

At present, the Group is not exposed to foreign exchange risk or commodity price risk. It does not have any borrowings, nor does it have exposure to equity securities price risk.

The Group does not presently have customers and consequently does not have credit exposure to outstanding receivables. Trade and other receivables represent GST refundable from the Australian Taxation Office and security bonds and deposits. Trade and other receivables are neither past due nor impaired.

The Group is not materially exposed to changes in market interest rates. A 1% variation in interest rates would result in interest revenue changing by $31,332 (2015: $2,520) based on year-end cash balances, and $240 (2015: $240) based on year-end security bonds and deposits balances, assuming all other variables remain unchanged.

25. ASSET ACQUISITION

On 6 July 2015, Marindi Metals Limited (previously Brumby Resources Limited) (**the Company**) acquired Marindi Metals Operations Pty Ltd (formerly Marindi Metals Pty Ltd) (ACN 166 203 578) (**MMO**). As consideration, the Company issued 250 million shares at a deemed issue price of $0.01 each per share and 25 million options exercisable at $0.02 each on or before 31 December 2016 to the vendors of MMO.

For accounting purposes, the transaction is not considered to be a business combination, as the Company's acquired assets did not meet the definition of a "business" as defined in the Australian Accounting Standards. The substance and intent of the transaction was for the Company to acquire the exploration and evaluation assets at MMO's Newman Zinc Project in the Pilbara region of Western Australia, which includes the Prairie Downs base metal deposit and the highly prospective Wolf prospect. After assessment of MMO it has been concluded that the business contains mining exploration tenement assets, with no reserves and it remains uncertain as to whether the assets will reach development stage. Therefore, this transaction has been accounted for as an asset acquisition.

The fair value of the assets acquired at the date of acquisition and share based payments are outlined as follows:

	Fair value $
Exploration and evaluation expenditure	500,000
Property, plant and equipment	9,525
Trade and other receivables	34,069
Cash and cash equivalents	428
	544,022
Trade and other payables	243,462
Net assets acquired	300,560
Intangible asset – Exploration and evaluation asset	2,299,440
Acquisition-date fair value of the total consideration transferred	2,600,000
Consideration transferred	
Equity instruments issued (250,000,000 fully paid ordinary shares)	2,500,000
Equity instruments issued (25,000,000 options exercisable at $0.02 each before 31 December 2016)	100,000
	2,600,000

Equity instruments issued

The fair value of the fully paid ordinary shares issued was based on the deemed issue price of $0.01 each per share.

For the Options granted as part consideration, these are Listed Options trading on ASX under the ticker code MZNO. The first traded date for the Options was 17 August 2015 at a traded value of $0.004 per security. The directors believe this to be a reasonable basis for valuation of the Options. The lowest/highest trading point reached is $0.002/$0.006 per security further supporting the $0.004 valuation as the midpoint.

The issue of shares and options was approved by shareholders at the Company's general meeting held 6 July 2015.

26. EVENTS SUBSEQUENT TO REPORTING DATE

On 31 August 2016, the Company issued 12,000,000 ordinary fully paid shares at an issue price of $0.01 each pursuant to a placement, raising $120,000 before costs. The shares were issued to Mr Ross Ashton, the Non-executive Chairman of the Company. The issue was approved by shareholder resolution at a general meeting held on 29 July 2016.

On 16 August 2016, the Company signed a Binding Heads of Agreement to acquire Rox Resources Ltd's (ASX: RXL) 49% interest in the Reward Zinc Project, under a structured arrangement comprising $21 million in cash, shares, convertible notes and a payment upon a successful Bankable Feasibility Study.

On 12 September 2016, the Company renegotiated the final payment terms required to complete the acquisition of 100% of the Newman Base Metal Project. Under the revised terms of the Farm-in Agreement with Prairie, Marindi must make a final payment of $650,000 cash to move to 100% ownership (previously $1 million in cash or shares). The $650,000 is to be paid in two tranches, $325,000 by the end of September 2016 and $325,000 by the end of March 2017. Prairie will maintain a 2.5% Net Smelter Return Royalty over the project.

On 20 September 2016, the Company signed an option and joint venture agreement to acquire up to a 70% interest in Mining Lease 77/549. The Company is required to pay

- $50,000 cash payment for a six month option, subject to registration of interests
- On exercise of option, a $50,000 cash payment and $100,000 in shares
- A minimum spend of $300,000 on exploration over 24 months to earn a 51% interest
- The Company has the right to spend a further $150,000 on exploration to earn up to a 70% interest within 30 months of exercising of the option by way of issuing a further $40,000 in shares
- Upon earning 70% interest, the remaining 30% interest can be purchased on terms to be mutually agreed

DIRECTORS' DECLARATION

In the opinion of the directors of Marindi Metals Limited:

(a) the financial statements and notes, set out on pages 16 to 40, are in accordance with the Corporations Act 2001, including:

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

(ii) giving a true and fair view of the Group's financial position as at 30 June 2016 and its performance for the year ended on that date; and

(b) the financial report also complies with International Financial Reporting Standards as issued by the International Accounting Standards Board; and

(c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration has been made after receiving the declarations from the Managing Director required by section 295A of the Corporations Act 2001 for the year ended 30 June 2016. In accordance with section 295A, those declarations were that:

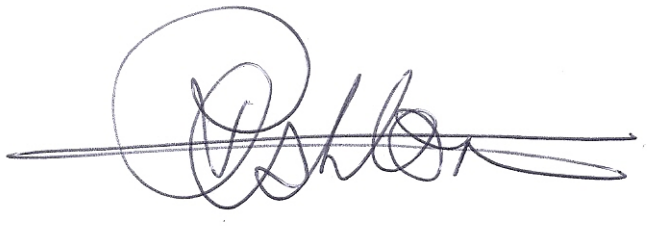
(i) the financial records of the Group have been properly maintained in accordance with section 286 of the Corporations Act 2001;

(ii) the financial statements and notes comply with the Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001 in all material respects; and

(iii) the financial statements and notes give a true and fair view, in all material respects, of the financial position and performance of the Group.

Dated at Perth, Western Australia this 28th day of September 2016.

Signed in accordance with a resolution of the directors.



Ross E Ashton
Non-Executive Chairman

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MARINDI METALS LIMITED

Report on the Financial Report

We have audited the accompanying financial report of Marindi Metals 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 Australian 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 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*.

Auditor's Opinion

In our opinion:

(a) the financial report of Marindi Metals 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.

(b) the consolidated financial report also complies with International Financial Reporting Standards as disclosed in note 1.

Report on the Remuneration Report

We have audited the remuneration report included in pages 12 to 15 of the directors' report for the year ended 30 June 2016. The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001.* Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards

Auditor's Opinion
In our opinion the remuneration report of Marindi Metals Limited for the year ended 30 June 2016 complies with section 300A of the Corporations Act 2001.

STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD
(Trading as Stantons International)
(An Authorised Audit Company)

Stantons International

Samir Tirodkar
Director

West Perth, Western Australia
28 September 2016

Stantons International Audit and Consulting Pty Ltd
trading as
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28 September 2016

The Directors

Marindi Metals Limited
Level 3, 35-37 Havelock Street
West Perth, Western Australia, 6005

Dear Sirs

RE: MARINDI METALS LIMITED

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Marindi Metals Limited.

As Audit Director for the audit of the financial statements of Marindi Metals Limited for the year ended 30 June 2016, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

Yours faithfully

STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD
(Trading as Stantons International)
(An Authorised Audit Company)

Samir Tirodkar
Director

Details of shares and options as at 20 September 2016:

Top holders

The 20 largest registered holders of each class of quoted equity security as at 20 September 2016 were:

Ordinary fully paid shares

	Name	No. of Shares	%
1.	FRESHWATER RES PL	66,026,687	5.67%
2.	BATLEY DON FORSHAW	38,000,000	3.26%
3.	TREACY KAYE LYNETTE	34,126,658	2.93%
4.	NUTSVILLE PL	28,837,661	2.48%
5.	TECK AUST PL	25,000,000	2.15%
6.	GOLDRICH HLDGS PL	24,713,993	2.12%
7.	GECKO RES PL	24,500,000	2.10%
8.	ROBINSON JENNIFER GRACE	24,126,658	2.07%
9.	TREACY JOSEPH ALLEN	24,126,658	2.07%
10.	J P MORGAN NOM AUST LTD	22,276,839	1.91%
11.	STAAF TIRREN KY	19,050,000	1.64%
12.	ROBINSON JEREMY KIM	18,626,658	1.60%
13.	VALSER HLDGS PL	18,000,000	1.54%
14.	JCO INV PL	17,912,877	1.54%
15.	PERSHING AUST NOM PL	16,683,335	1.43%
16.	FAYD'HERBE STEPHANE N	15,943,077	1.37%
17.	WYTHENSHAWE PL	14,475,996	1.24%
18.	HSBC CUSTODY NOM AUST LTD	13,500,000	1.16%
19.	T T NICHOLLS PL	11,550,000	0.99%
20.	BIRD TIMOTHY PANGBOURNE	11,500,000	0.99%
		468,977,097	**40.26%**

Listed options (exercisable at $0.02 before 31st December 2016)

	Name	No. of Shares	%
1.	ARGONAUT INV PL	19,281,250	8.14%
2.	NUTSVILLE PL	19,090,725	8.06%
3.	FRESHWATER RES PL	12,500,014	5.28%
4.	GECKO RES PL	12,133,390	5.12%
5.	BT PORTFOLIO SVCS LTD	10,000,000	4.22%
6.	GOLDRICH HLDGS PL	5,933,814	2.51%
7.	BATLEY DON FORSHAW	5,744,004	2.43%
8.	HSBC CUSTODY NOM AUST LTD	5,200,000	2.20%
9.	J P MORGAN NOM AUST LTD	5,138,889	2.17%
10.	CALDOW RICHARD ARMSTRONG	5,000,000	2.11%
11.	BNP PARIBAS NOMS PL	5,000,000	2.11%
12.	TREACY KAYE LYNETTE	5,000,000	2.11%
13.	WYTHENSHAWE PL	4,727,481	2.00%
14.	HASSLINGER ALBAN HORST	4,480,000	1.89%
15.	SUPER MSJ PL	4,000,000	1.69%
16.	SUBRAMANIAM R + S	3,772,199	1.59%
17.	DUNFORD CHEYNE MICHAEL	3,679,063	1.55%
18.	MUSIC MARTIN	3,263,861	1.38%
19.	BUZAI DANIEL R + WU T	3,002,231	1.27%
20.	PILGRIM JEFFREY STANLEY	3,000,000	1.27%
		147,979,751	**62.64%**

Distribution schedules

A distribution schedule of each class of equity security as at 20 September 2016

Ordinary fully paid shares

Range	Holders	Units	%
1 - 1,000	38	4,855	0.00%
1,001 - 5,000	71	228,767	0.02%
5,001 - 10,000	116	1,020,409	0.09%
10,001 - 100,000	515	25,666,416	2.20%
100,001 - Over	653	1,138,147,637	97.69%

Listed options

Range	Holders	Units	%
1 - 1,000	8	5,206	0.00%
1,001 - 5,000	29	82,959	0.04%
5,001 - 10,000	23	169,518	0.07%
10,001 - 100,000	55	2,274,753	0.96%
100,001 - Over	138	234,278,889	98.93%

Unlisted options

The following unlisted options are presently on issue:

Class	Expiry Date	Exercise Price	No. of Options	No. of Holders	Distribution 10,000-100,000	Distribution >100,000
Unlisted Options	31st December 2019	0.025	64,000,000	7	0	7

Substantial shareholders

The names of substantial shareholders and the number of shares to which each substantial shareholder and their associates have a relevant interest, as disclosed in substantial shareholding notices given to the Company, are set out below:

Substantial Shareholder	No. of Shares
Freshwater Resources Pty Ltd	66,026,687

Restricted Securities

As at 20 September 2016, the Company had no restricted securities.

Unmarketable parcels

Holdings less than a marketable parcel of ordinary shares (being 50,000 shares as at 20 September 2016):

Holders	Units
473	7,080,568

Voting Rights

The voting rights attaching to ordinary shares are:

On a show of hands, every member present in person or by proxy shall have one vote, and upon a poll, each share shall have one vote.

Options do not carry any voting rights.

On-Market Buy Back

There is no current on-market buy-back.

Resources and Reserves

Oakover

The tables below compare the Mineral Resource statements for 2015 and 2016, which were unchanged from previous years.

Resources as at 30 June 2016							
Prospect	Tonnes (Mt)	Mn (%)	Fe (%)	Al2O3 (%)	BaO (%)	SiO2 (%)	Resource Category
Sixty Sixer	61	10	9	10	0.1	40	Inferred
JayEye	3	10.6	9.2	12	0.1	44.5	Inferred
Total	64	10	9	10.1	0.1	40.2	Inferred

***Figures may not sum due to rounding, significant figures do not imply an added level of precision**

Resources as at 30 June 2015							
Prospect	Tonnes (Mt)	Mn (%)	Fe (%)	Al2O3 (%)	BaO (%)	SiO2 (%)	Resource Category
Sixty Sixer	61	10	9	10	0.1	40	Inferred
JayEye	3	10.6	9.2	12	0.1	44.5	Inferred
Total	64	10	9	10.1	0.1	40.2	Inferred

***Figures may not sum due to rounding, significant figures do not imply an added level of precision**

Competent Person's Statement

The information in this report that relates to Mineral Resource Estimate and Reporting is based on information compiled by Robert H Spiers (BSc (Hons), MAIG), who is a Member of the Australasian Institute of Geoscientists. Robert Spiers is a full time employee of H&S Consultants Pty Ltd and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Spiers consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Resources and Reserves (continued)

Prairie Downs

The tables below compare the Mineral Resource statements for 2015 and 2016, which were unchanged from previous years.

Resources as at 30 June 2016					
Zone	**Resource classification**	**Tonnes**	**Zinc (%)**	**Lead (%)**	**Silver (ppm)**
Central	Indicated	310,000	5.55	1.69	15.8
East	Indicated	930,000	6.68	1.73	22.2
Main Splay	Indicated	670,000	3.75	1.01	6.3
West	Indicated	360,000	3.88	2.24	11.8
Total Indicated		**2,280,000**	**5.22**	**1.59**	**15**
Central	Inferred	220,000	3.62	1.88	18.4
East	Inferred	140,000	5.81	1.73	21.1
Intermediate Splay	Inferred	90,000	4.62	1.69	22.4
Main Splay	Inferred	190,000	3.13	1.24	5.9
West	Inferred	70,000	3.51	1.17	6.8
Total Inferred		**700,000**	**4.03**	**1.58**	**14.9**
Total		**2,980,000**	**4.94**	**1.59**	**15**

Resources as at 30 June 2015					
Zone	**Resource classification**	**Tonnes**	**Zinc (%)**	**Lead (%)**	**Silver (ppm)**
Central	Indicated	310,000	5.55	1.69	15.8
East	Indicated	930,000	6.68	1.73	22.2
Main Splay	Indicated	670,000	3.75	1.01	6.3
West	Indicated	360,000	3.88	2.24	11.8
Total Indicated		**2,280,000**	**5.22**	**1.59**	**15**
Central	Inferred	220,000	3.62	1.88	18.4
East	Inferred	140,000	5.81	1.73	21.1
Intermediate Splay	Inferred	90,000	4.62	1.69	22.4
Main Splay	Inferred	190,000	3.13	1.24	5.9
West	Inferred	70,000	3.51	1.17	6.8
Total Inferred		**700,000**	**4.03**	**1.58**	**14.9**
Total		**2,980,000**	**4.94**	**1.59**	**15**

Competent Person's Statement

Information in this Report that relates to Exploration Results is based on information prepared by Mr Joseph Treacy a Member of the Australasian Institution of Mining and Metallurgy and the Australian Institute of Geoscientists Mt Treacy is the Managing Director of Marindi Metals Ltd, a full time employee and shareholder. Mr Treacy has sufficient experience which is relevant to the styles of mineralisation and types of deposits under consideration and to the activities being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Treacy consents to the inclusion in this release of the matters based on his information in the form and context in which it appears.

The information in this Report relating to the Minerals Resources within the Prairie Deposit is based on information prepared by Mr Mark Drabble, who is a Member of the Australasian Institution of Mining and Metallurgy. Mr Drabble is an employee of Optiro Pty Ltd. Mr Drabble has sufficient experience which is relevant to the styles of mineralisation and types of deposits under consideration and to the activities being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Details of which were released to the ASX on the 25th May 2015.

Marindi confirms that that it is not aware of any new information or data that materially affects the information relating to the Prairie Deposit Mineral Resources included in the 25th May 2015 announcement referred to above. Marindi confirms that all material assumptions and technical parameters underpinning the Mineral Resource estimates in the 25th May 2015 announcement continue to apply and have not materially changed.

SUMMARY OF TENEMENTS

Projects	Tenement Number	Area (blocks)	Registered Holder	Status	Marindi Interest
Western Australia					
Forrestania	E46/1140	23	Forrestania Pty Ltd	Application	100%
Forrestania	E74/0591	70	Forrestania Pty Ltd	Application	100%
Forrestania	E77/2364	20	Forrestania Pty Ltd	Application	100%
Forrestania	E74/0592	70	Forrestania Pty Ltd	Application	100%
Forrestania	E74/0586	20	Forrestania Pty Ltd	Application	100%
Forrestania	E77/2361	3	Forrestania Pty Ltd	Application	100%
Forrestania	E77/2348	70	Forrestania Pty Ltd	Application	100%
Forrestania	E46/1104	47	Forrestania Pty Ltd	Application	100%
Forrestania	E46/1105	26	Forrestania Pty Ltd	Application	100%
Forrestania	E77/2345	20	Forrestania Pty Ltd	Application	100%
Forrestania	E77/2346	20	Forrestania Pty Ltd	Application	100%
Oakover	E52/2889	8	Marindi Metals Limited	Granted	100%
Oakover	E52/1939-I	20	Marindi Metals Limited	Granted	100%
Newman	E52/3119	47	Marindi Metals Operations Pty Ltd	Application	100%
Newman	E52/3344	101	Marindi Metals Operations Pty Ltd	Application	100%
Newman	E52/3345	42	Marindi Metals Operations Pty Ltd	Application	100%
Newman	E52/3362	30	Marindi Metals Operations Pty Ltd	Application	100%
Newman	E52/3411	99	Marindi Metals Operations Pty Ltd	Application	100%
Newman	E52/3415	11	Marindi Metals Operations Pty Ltd	Application	100%
Newman	E52/3421	3	Marindi Metals Operations Pty Ltd	Application	100%
Newman	E52/3444	31	Marindi Metals Operations Pty Ltd	Application	100%
Newman	E52/1758	68	Mineral Investments Pty Ltd	Granted	0%*
Newman	E52/1926	44	Prairie Mining Ltd	Granted	0%*
Newman	E52/3103	75	Marindi Metals Operations Pty Ltd	Granted	100%
Newman	E52/3230	9	Marindi Metals Operations Pty Ltd	Granted	100%
Newman	E52/3231	17	Marindi Metals Operations Pty Ltd	Granted	100%
Newman	E52/3241	32	Marindi Metals Operations Pty Ltd	Granted	100%
Newman	E52/3283	57	Marindi Metals Operations Pty Ltd	Granted	100%
Newman	E52/3284	72	Marindi Metals Operations Pty Ltd	Granted	100%
Newman	E52/3410	68	Marindi Metals Operations Pty Ltd	Granted	100%

SUMMARY OF TENEMENTS

Northern Territory					
Caranbirini	EL25313	8	Marindi Metals Limited	Granted	100%
Caranbirini	EL28006	19	Marindi Metals Limited	Granted	100%
Caranbirini	EL28007	13	Marindi Metals Limited	Granted	100%
Caranbirini	EL28951	3	Marindi Metals Limited	Granted	100%
Caranbirini	EL28952	3	Marindi Metals Limited	Granted	100%
Yalco	EL25467	100	Marindi Metals Limited	Granted	100%**
Yalco	EL29021	46	Marindi Metals Limited	Granted	100%**

**Marindi earning 100% as per the Farm-In Agreement*

***Teck Australia Pty Ltd earning in to 70%*